

*Reports on Compliance*

**Government of Guam**

*Year ended September 30, 2024*



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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*

Honorable Lourdes A. Leon Guerrero  
Governor  
Government of Guam

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Government of Guam (GovGuam), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise GovGuam's basic financial statements, and have issued our report thereon dated April 23, 2026.

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

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2024-001 through 2024-006 and 2024-008 through 2024-009 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2024-007 to be a significant deficiency.

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

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

### **GovGuam's Response to Findings**

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

### **Purpose of This Report**

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

*Ernst + Young LLP*

April 23, 2026



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

Honorable Lourdes A. Leon Guerrero  
Governor  
Government of Guam

### **Report of Independent Auditors on Compliance for Each Major Federal Program**

#### ***Qualified, Unmodified and Disclaimer of Opinions***

We have audited Government of Guam's (GovGuam'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 Assistance Listing Number (ALN) 10.551/10.561 Supplemental Nutrition Assistance Program (SNAP) Cluster, ALN 10.557 Special Supplemental Food Program for Women, Infants and Children, ALN 11.031 Broadband Infrastructure Program, ALN 17.225 Unemployment Insurance, ALN 17.277 Workforce Investment Act (WIA) National Emergency Grants, ALN 21.023 Emergency Rental Assistance Program, ALN 21.027 Coronavirus State and Local Fiscal Recovery Funds, ALN 66.600 Environmental Protection Consolidated Grants for the Insular Areas - Program Support, ALN 93.575/93.596 Child Care and Development (CCDF) Cluster, ALN 93.767 Children's Health Insurance Program and ALN 93.778 Medicaid Cluster; and we were engaged to audit GovGuam's compliance with the types of compliance requirements identified in the OMB *Compliance Supplement* that could have a direct and material effect on ALN 15.875 Economic, Social and Political Development of the Territories, ALN 21.026 Homeowner Assistance Fund, ALN 21.029 Coronavirus Capital Projects Fund, ALN 93.323 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC), and ALN 97.036 Disaster Grants – Public Assistance (Presidentially Declared Disasters), for the year ended September 30, 2024. GovGuam's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

## Summary of Opinions

<u>ALN</u>	<u>Name of Federal Program or Cluster</u>	<u>Type of Opinion</u>
10.551/10.561	Supplemental Nutrition Assistance Program (SNAP) Cluster	Unmodified
10.557	Special Supplemental Food Program for Women, Infants and Children	Qualified
11.031	Broadband Infrastructure Program	Unmodified
15.875	Economic, Social and Political Development of the Territories	Disclaimer
17.225	Unemployment Insurance	Unmodified
17.277	Workforce Investment Act (WIA) National Emergency Grants	Unmodified
21.023	Emergency Rental Assistance Program	Qualified
21.026	Homeowner Assistance Fund	Disclaimer
21.027	Coronavirus State and Local Fiscal Recovery Funds	Qualified
21.029	Coronavirus Capital Projects Fund	Disclaimer
66.600	Environmental Protection Consolidated Grants for the Insular Areas - Program Support	Qualified
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	Disclaimer
93.575/93.596	Child Care and Development Fund (CCDF) Cluster	Qualified
93.767	Children's Health Insurance Program	Qualified
93.778	Medicaid Cluster	Qualified
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)	Disclaimer

### *Disclaimer of Opinion on Five Major Federal Programs*

We do not express an opinion on GovGuam's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the following major federal programs. Because of the significance of the matter described in the Basis for Disclaimer of Opinion on Five Major Federal Programs section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on the following major federal programs.

<u>ALN</u>	<u>Name of Federal Program or Cluster</u>
15.875	Economic, Social and Political Development of the Territories
21.026	Homeowner Assistance Fund
21.029	Coronavirus Capital Projects Fund
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)

*Qualified Opinion on Seven Major Federal Programs*

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, GovGuam complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the following major federal programs for the year ended September 30, 2024:

<u>ALN</u>	<u>Name of Federal Program or Cluster</u>
10.557	Special Supplemental Food Program for Women, Infants and Children
21.023	Emergency Rental Assistance Program
21.027	Coronavirus State and Local Fiscal Recovery Funds
66.600	Environmental Protection Consolidated Grants for the Insular Areas - Program Support
93.575/93.596	Child Care and Development Fund (CCDF) Cluster
93.767	Children’s Health Insurance Program
93.778	Medicaid Cluster

*Unmodified Opinion on Four Major Federal Programs*

In our opinion, GovGuam complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the following major federal programs 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.

<u>ALN</u>	<u>Name of Federal Program or Cluster</u>
10.551/10.561	Supplemental Nutrition Assistance Program (SNAP)
11.031	Broadband Infrastructure Program
17.225	Unemployment Insurance
17.277	Workforce Investment Act (WIA) National Emergency Grants

*Basis for Disclaimer of Opinion on Five Major Federal Programs*

As described in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain audit evidence supporting GovGuam’s compliance with the applicable compliance requirements, as described in Findings 2024-010, 2024-013 through 2024-016, 2024-021 through 2024-024, 2024-029 through 2024-031, 2024-036 through 2024-039, and 2024-49 through 2024-053. As a result of these matters, we were unable to determine whether GovGuam complied with the requirements applicable to the following major federal programs:

<u>Finding Number</u>	<u>ALN</u>	<u>Name of Federal Program or Cluster</u>	<u>Compliance Requirement</u>
2024-010	15.875	Economic, Social and Political Development of the Territories	Cash Management

<u>Finding Number</u>	<u>ALN</u>	<u>Name of Federal Program or Cluster</u>	<u>Compliance Requirement</u>
2024-013	15.875	Economic, Social and Political Development of the Territories	Allowable Costs/Cost Principles Procurement and Suspension and Debarment
2024-014	15.875	Economic, Social and Political Development of the Territories	Equipment and Real Property Management
2024-015	15.875	Economic, Social and Political Development of the Territories	Reporting
2024-016	15.875	Economic, Social and Political Development of the Territories	Subrecipient Monitoring
2024-021	21.026	Homeowner Assistance Fund	Activities Allowed or Unallowed Allowable Costs/Cost Principles
2024-022	21.026	Homeowner Assistance Fund	Eligibility
2024-023	21.026	Homeowner Assistance Fund	Matching, Level of Effort, Earmarking
2024-024	21.026	Homeowner Assistance Fund	Reporting
2024-029	21.029	Coronavirus Capital Projects Fund	Matching, Level of Effort, Earmarking
2024-030	21.029	Coronavirus Capital Projects Fund	Reporting
2024-031	21.029	Coronavirus Capital Projects Fund	Subrecipient Monitoring
2024-036	93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	Cash Management
2024-037	93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	Equipment and Real Property Management
2024-038	93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	Period of Performance
2024-039	93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	Procurement and Suspension and Debarment
2024-049	97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)	Activities Allowed or Unallowed Allowable Costs/Cost Principles
2024-050	97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)	Matching, Level of Effort, Earmarking
2024-051	97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)	Period of Performance
2024-052	97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)	Reporting
2024-053	97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)	Special Tests and Provisions

### ***Basis for Qualified and Unmodified Opinions***

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

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

### ***Other Matter – Federal Expenditures Not Included in the Compliance Audit***

As discussed in Note 3b to the Schedule of Expenditures of Federal Awards, GovGuam’s basic financial statements include the operations of certain organizational units, which expended federal awards which are not included in GovGuam’s Schedule of Expenditures of Federal Awards during the year ended September 30, 2024. Our compliance audit, described in the “Qualified and Modified Opinions” section, does not include the operations of each organizational unit identified in Note 3b because the organizational unit engaged other auditors to perform an audit of compliance, if required.

### ***Matters Giving Rise to Qualified Opinion on Seven Major Federal Programs***

As described in Findings 2024-010 through 2024-012, 2024-018 through 2024-020, 2024-025, 2024-027 through 2024-028, 2024-033, 2024-035, and 2024-040 through 2024-041, 2024-043, 2024-045, and 2024-048 in the accompanying Schedule of Findings and Questioned Costs, GovGuam did not comply with requirements regarding the following:

<u>Finding Number</u>	<u>ALN</u>	<u>Name of Federal Program or Cluster</u>	<u>Compliance Requirement</u>
2024-010	10.557	Special Supplemental Food Program for Women, Infants and Children	Cash Management
2024-011	10.557	Special Supplemental Food Program for Women, Infants and Children	Period of Performance
2024-012	10.557	Special Supplemental Food Program for Women, Infants and Children	Procurement and Suspension and Debarment
2024-018	21.023	Emergency Rental Assistance Program	Eligibility
2024-019	21.023	Emergency Rental Assistance Program	Matching, Level of Effort, Earmarking

<u>Finding Number</u>	<u>ALN</u>	<u>Name of Federal Program or Cluster</u>	<u>Compliance Requirement</u>
2024-020	21.023	Emergency Rental Assistance Program	Reporting
2024-025	21.027	Coronavirus State and Local Fiscal Recovery Funds	Activities Allowed or Unallowed Allowable Costs/Cost Principles
2024-027	21.027	Coronavirus State and Local Fiscal Recovery Funds	Procurement and Suspension and Debarment
2024-028	21.027	Coronavirus State and Local Fiscal Recovery Funds	Subrecipient Monitoring
2024-033	66.600	Environmental Protection Consolidated Grants for the Insular Areas - Program Support	Cash Management
2024-035	66.600	Environmental Protection Consolidated Grants for the Insular Areas - Program Support	Program Income
2024-040	93.575/ 93.596	Child Care and Development Fund (CCDF) Cluster	Activities Allowed or Unallowed Allowable Costs/Cost Principles
2024-041	93.575/ 93.596	Child Care and Development Fund (CCDF) Cluster	Eligibility
2024-043	93.575/ 93.596	Child Care and Development Fund (CCDF) Cluster	Reporting
2024-045	93.767	Children's Health Insurance Program	Eligibility
2024-048	93.778	Medicaid Cluster	Eligibility Special Tests and Provisions

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

***Responsibilities of Management for Compliance***

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

## ***Auditor's Responsibilities for the Audit of Compliance***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding GovGuam's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of GovGuam's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of GovGuam's internal control over compliance. Accordingly, no such opinion is expressed.

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

### ***Other Matters***

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2024-017, 2024-026, 2024-032, 2024-034, 2024-042, 2024-044, and 2024-046 through 2024-047. Our opinion on each major federal program is not modified with respect to these matters.

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

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

### **Report on Internal Control Over Compliance**

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2024-010 through 2024-016, 2024-018 through 2024-025, 2024-027 through 2024-031, 2024-033, 2024-035 through 2024-045, and 2024-047 through 2024-053 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 2024-017, 2024-026, 2024-032, 2024-034, and 2024-046 to be significant deficiencies.

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

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

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

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

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

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of GovGuam as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise GovGuam's basic financial statements. We issued our report thereon, dated April 23, 2026, 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*

April 23, 2026

Government of Guam

Schedule of Expenditures of Federal Awards by Grantor

Year ended September 30, 2024

<u>Agency/Program</u>	<u>Federal Expenditures</u>	<u>Amounts Passed Through To Subrecipients</u>
U.S. Department of Agriculture	\$ 151,257,003	\$ 497,992
U.S. Department of Commerce	7,881,743	5,010,913
U.S. Department of Defense	11,079,224	2,452,768
U.S. Department of Housing and Urban Development	62,646	-
U.S. Department of the Interior	15,597,479	1,385,686
U.S. Department of Justice	5,681,768	1,496,139
U.S. Department of Labor	18,173,600	-
U.S. Department of Transportation	33,533,347	-
Department of Treasury	61,336,132	4,150,852
Federal Communications Commission	152,928	-
National Foundation on the Arts and the Humanities	367,759	132,949
U.S. Environmental Protection Agency	6,448,836	-
U.S. Department of Energy	1,179,558	-
U.S. Department of Education	1,735,199	526,492
U.S. Department of Health and Human Services	283,964,650	457,012
Corporation for National and Community Service	1,131,349	644,528
U.S. Department of Homeland Security	<u>4,989,856</u>	<u>1,063,060</u>
 GRAND TOTAL	 <u>\$ 604,573,077</u>	 <u>\$ 17,818,391</u>

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

Government of Guam

Schedule of Expenditures of Federal Awards

Year ended September 30, 2024

<u>Agency/Program</u>	<u>Federal Expenditures</u>	<u>Amounts Passed Through To Subrecipients</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>		
SNAP Cluster:		
10.551 Supplemental Nutrition Assistance Program	\$ 119,035,772	\$ -
10.561 State Administrative Matching Grant for Food Stamp Program	2,506,107	244,521
10.561 COVID-19 State Administrative Matching Grant for Food Stamp Program	-	-
Subtotal SNAP Cluster	<u>121,541,879</u>	<u>244,521</u>
Community Facilities Loans and Grants Cluster		
10.766 Community Facilities Loans and Grants	176,177	-
Subtotal Community Facilities Loan and Grants Cluster	<u>176,177</u>	<u>-</u>
10.170 In Vitro Dev of Clean Planting Stock	\$ 332,774	\$ 217,979
10.179 Micro- Grants for Food Security Program	16,582	-
10.182 Pandemic Relief Activities: Local Food Purchase Agreements with States, Tribes, and Local Governments	-	-
	195,000	-
10.525 Farm and Ranch Stress Assistance Network Competitive Grants Program	118	-
10.537 Supplemental Nutrition Assistance Program (SNAP) Employment and Training (E&T) Data and Technical Assistance Grants	8,732	-
10.542 Pandemic EBT Benefits	17,948,447	-
10.557 Special Supplemental Food Program for Women, Infants and Children	10,423,286	-
10.578 WIC Grants to States (WGS)	-	-
10.649 State Pandemic Electronic Benefit Transfer (p-ebt) Administrative Costs	477,335	-
10.664 Cooperative Forestry Assistance	71,452	35,492
10.698 State & Private Forestry Cooperative Fire Assistance	65,221	-
U.S. DEPARTMENT OF AGRICULTURE TOTAL	<u>\$ 151,257,003</u>	<u>\$ 497,992</u>
<b>U.S. DEPARTMENT OF COMMERCE</b>		
Economic Development Cluster		
11.307 Economic Adjustment Assistance	\$ 694,766	\$ 675,986
11.307 COVID-19 Economic Adjustment Assistance	320,192	-
Subtotal Economic Development Cluster	<u>1,014,958</u>	<u>675,986</u>
11.031 Broadband Infrastructure Program	\$ 4,072,643	\$ 4,072,643
11.032 State Digital Equity Planning and Capacity Grant	95,741	-
11.035 Broadband Equity, Access, and Deployment Program	431,604	-
11.407 Interjurisdictional Fisheries Act of 1986	8,488	-
11.419 Coastal Zone Management Administration Awards	1,157,000	130,625
11.437 Pacific Fisheries Data Program	178,050	-
11.452 Unallied Industry Projects	1,512	-
11.454 Unallied Management Projects	-	-
11.463 Habitat Conservation	74,751	-
11.467 Meteorologic and Hydrologic Modernization Development	379,489	-
11.472 Unallied Science Program	34,865	-
11.473 Office for Coastal Management	83,324	-
11.482 Coral Reef Conservation Program	349,318	131,659
U.S. DEPARTMENT OF COMMERCE TOTAL	<u>\$ 7,881,743</u>	<u>\$ 5,010,913</u>

# Government of Guam

## Schedule of Expenditures of Federal Awards, continued

<u>Agency/Program</u>	<u>Federal Expenditures</u>	<u>Amounts Passed Through To Subrecipients</u>
<b>U.S. DEPARTMENT OF DEFENSE</b>		
12.005 Conservation and Rehabilitation of Natural Resources on Military Installations	\$ 1,143	\$ -
12.113 State Memorandum of Agreement Program for the Reimbursement of Technical Services (DSMOA)	136,492	-
12.401 National Guard Military Operations and Maintenance (O&M) Projects	6,449,113	-
12.404 National Guard Challenge Program	626,148	-
12.600 Community investment	2,228,721	1,488,392
12.618 Community Economic Adjustment Assistance for Establishment or Expansion of a Military Installation	<u>1,637,607</u>	<u>964,376</u>
<b>U.S. DEPARTMENT OF DEFENSE TOTAL</b>	<b>\$ <u>11,079,224</u></b>	<b>\$ <u>2,452,768</u></b>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>		
14.267 Promotion of the Arts-Partnership Agreements	<u>\$ 62,646</u>	<u>\$ -</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT TOTAL</b>	<b>\$ <u>62,646</u></b>	<b>\$ <u>-</u></b>
<b>U.S. DEPARTMENT OF THE INTERIOR</b>		
Fish and Wildlife Cluster:		
15.605 Sport Fish Restoration	\$ 1,953,144	\$ 250,000
15.611 Wildlife Restoration	777,087	-
15.626 Enhanced Hunter Education and Safety	482	-
Subtotal Fish and Wildlife Cluster	<u>2,730,713</u>	<u>250,000</u>
15.615 Cooperative Endangered Species Conservation Fund	817,055	417,586
15.634 State Wildlife Grants	33,260	-
15.663 NFWF-USFWS Conservation Partnership	4,278	4,278
15.669 Cooperative Landscape Conservation	14,528	-
15.875 Economic, Social, and Political Development of the Territories	11,639,098	713,822
15.904 Historic Preservation Fund Grants-In-Aid	<u>358,547</u>	<u>-</u>
<b>U.S. DEPARTMENT OF THE INTERIOR TOTAL</b>	<b>\$ <u>15,597,479</u></b>	<b>\$ <u>1,385,686</u></b>
<b>U.S. DEPARTMENT OF JUSTICE</b>		
16.017 Sexual Assault Services Formula Program	\$ 98,010	\$ 88,340
16.034 Coronavirus Emergency Supplemental Funding	274,095	-
16.043 Veterans Treatment Court Discretionary Grant Program	161,697	-
16.320 Services for Trafficking Victims	-	-
16.540 Juvenile Justice and Delinquency Prevention-Allocation to States	3,966	-
16.554 National Criminal History Improvement Program (NCHIP)	1,010,199	-
16.575 Crime Victim Assistance	612,922	358,496
16.576 Victim Compensation Program	116,649	7,371
16.585 Drug Court Discretionary Grant Program	207,478	-
16.588 Violence Against Women Formula Grants	508,379	400,088
16.589 Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program	48,024	6,321
16.590 Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	183,167	134,795
16.593 Residential Substance Abuse Treatment for State Prisoners	97,641	81,184
16.710 Public Safety Partnership and Community Policing Grants	775,912	-
16.735 PREA Program: Strategic Support for PREA Implementation	167,839	-
16.738 Edward Byrne Memorial Justice Assistance Grant Program	327,628	305,101
16.742 Paul Coverdell Forensic Science	124,875	114,443
16.745 Justice and Mental Health Collaboration Program	92,345	-
16.750 Support for Adam Walsh Act Implementation Grant Program	160,452	-
16.754 Harold Rogers Prescription Drug Monitoring Program	-	-
16.812 Adult Reentry Demonstration Program	354,726	-
16.828 Swift Certain and Fair Sanctions Program	1,000	-
16.922 Equitable Sharing Funds	<u>354,764</u>	<u>-</u>
<b>U.S. DEPARTMENT OF JUSTICE TOTAL</b>	<b>\$ <u>5,681,768</u></b>	<b>\$ <u>1,496,139</u></b>

Government of Guam

Schedule of Expenditures of Federal Awards, continued

<u>Agency/Program</u>	<u>Federal Expenditures</u>	<u>Amounts Passed Through To Subrecipients</u>
U.S. DEPARTMENT OF LABOR		
17.002 Labor Force Statistics	\$ 60,528	\$ -
17.005 Compensation and Working Conditions Data	51,407	-
Employment Service Cluster:		
17.207 Employment Service	330,624	-
17.801 Disabled Veteran's Outreach Program (DVOP)	126,028	-
Subtotal Employment Service Cluster	<u>456,652</u>	<u>-</u>
WIOA Cluster:		
17.258 WIA Adult Program	837,384	-
17.259 WIA Youth Activities	990,385	-
17.278 WIA Dislocated Worker Formula Grant	731,895	-
Subtotal WIOA Cluster	<u>2,559,664</u>	<u>-</u>
17.225 Unemployment Insurance	7,319,645	-
17.225 COVID-19 Unemployment Insurance	1,007,320	-
17.235 Senior Community Service Employment Program	829,303	-
17.273 Foreign Labor Certification	-	-
17.277 WIA-Natl Emerg Grants	5,080,328	-
17.277 COVID-19 WIA-Natl Emerg Grants	-	-
17.285 Apprenticeship USA Grants	183,968	-
17.290 WIOA Adult, Dislocated Worker and Youth Outlying Areas Consolidated Grants	308,194	-
17.504 Consultation Agreements	<u>316,591</u>	<u>-</u>
U.S. DEPARTMENT OF LABOR TOTAL	<u>\$ 18,173,600</u>	<u>\$ -</u>
U.S. DEPARTMENT OF TRANSPORTATION		
20.205 Highway Planning & Construction	\$ 31,029,096	\$ -
20.205 COVID-19-Highway Planning & Construction	234,250	-
Highway Safety Cluster:		
20.600 State & Community Highway Safety	804,259	-
Subtotal Highway Safety Cluster	<u>804,259</u>	<u>-</u>
20.602 Occupant Protection Incentive Grants	55,516	-
20.218 Motor Carrier Safety Assistance Program	393,234	-
20.530 Public Transportation Innovation	87,395	-
20.530 COVID-19 Public Transportation Innovation	792,985	-
20.509 Formula Grants for Other Than Urbanized Areas	84,030	-
20.509 COVID-19 -Formula Grants for Other Than Urbanized Areas	-	-
20.610 St Traffic Safety Info System Improvement	5,325	-
20.703 Interagency Hazardous Materials Public Sector Training and Planning Grants	<u>47,257</u>	<u>-</u>
U.S. DEPARTMENT OF TRANSPORTATION TOTAL	<u>\$ 33,533,347</u>	<u>\$ -</u>

# Government of Guam

## Schedule of Expenditures of Federal Awards, continued

<u>Agency/Program</u>	<u>Federal Expenditures</u>	<u>Amounts Passed Through To Subrecipients</u>
 DEPARTMENT OF TREASURY		
21.016 Equitable Sharing Program	\$ 153,239	\$ -
21.019 Coronavirus Relief Fund	-	-
21.023 Emergency Rental Assistance	8,746,138	-
21.026 Homeowners Assistance Program	754,930	-
21.027 COVID-19 Coronavirus State and Local Fiscal Recovery Funds	47,490,554	39,938
21.029 COVID-19 Coronavirus Capital Projects Fund	4,191,271	4,110,914
DEPARTMENT OF TREASURY TOTAL	<u>\$ 61,336,132</u>	<u>\$ 4,150,852</u>
 FEDERAL COMMUNICATIONS COMMISSION		
32.011 Affordable Connectivity Outreach Grant Program	\$ 152,928	\$ -
FEDERAL COMMUNICATIONS COMMISSION TOTAL	<u>\$ 152,928</u>	<u>\$ -</u>
 NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES		
45.025 Promotion of the Arts-Partnership Agreements	\$ 295,233	\$ 132,949
45.310 State Library Program	72,526	-
NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES TOTAL	<u>\$ 367,759</u>	<u>\$ 132,949</u>
 U.S. ENVIRONMENTAL PROTECTION AGENCY		
66.600 Environmental Protection Consolidated Grants - Program Support	\$ 5,842,677	\$ -
66.040 Diesel Emissions Reduction Act	126,609	-
66.046 Climate Pollution Reduciton Grants	479,550	-
U.S. ENVIRONMENTAL PROTECTION AGENCY TOTAL	<u>\$ 6,448,836</u>	<u>\$ -</u>
 U.S. DEPARTMENT OF ENERGY		
81.041 State Energy Program	\$ 779,200	\$ -
81.042 ARRA Weatherization Assistance for Low-Income Persons	381,349	-
81.128 Energy Efficiency and Conservation Block Grant	19,009	-
U.S. DEPARTMENT OF ENERGY TOTAL	<u>\$ 1,179,558</u>	<u>\$ -</u>
 U.S. DEPARTMENT OF EDUCATION		
84.126A Rehabilitation Services-Vocational Rehabilitation Grants to States	\$ 1,139,156	\$ -
84.177B Rehabilitation Services - Independent Living Services for Older Individuals Who are Blind (B)	9,587	-
84.425H Education Stablization Fund	586,456	526,492
U.S. DEPARTMENT OF EDUCATION TOTAL	<u>\$ 1,735,199</u>	<u>\$ 526,492</u>

# Government of Guam

## Schedule of Expenditures of Federal Awards, continued

<u>Agency/Program</u>	<u>Federal Expenditures</u>	<u>Amounts Passed Through To Subrecipients</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Aging Cluster:		
93.044 Special Programs for the Aging - Title III, Part B - Grants	\$ 1,361,552	\$ -
93.044 COVID-19-Special Programs for the Aging - Title III, Part B - Grants	64,951	-
93.045 Special Programs for the Aging - Title III, Part C - Nutrition Services	3,053,616	-
93.045 COVID-19 Special Programs for the Aging - Title III, Part C - Nutrition Services	6,882	-
93.053 Nutrition Services Incentive Program	264,399	-
Subtotal Aging Cluster	4,751,400	-
93.224 Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, Public Housing Primary Care, and School Based Health Centers)	1,775,794	-
93.224 COVID-19 Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, Public Housing Primary Care, and School Based Health Centers)	598,698	-
93.527 Grants for New and Expanded Services under the Health Center Program	25,896	-
93.527 COVID-19 Grants for New and Expanded Services under the Health Center Program	73,428	-
Subtotal Health Center Program Cluster	2,473,816	-
93.575 Child Care and Development Block Grant	18,136,018	-
93.575 COVID-19 Child Care and Development Block Grant	16,551,160	-
93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund	4,076,262	-
Subtotal CCDF Cluster	38,763,440	-
Medicaid Cluster:		
93.778 Medical Assistance Program (Medicaid; Title XIX)	168,102,958	-
93.778 COVID-19 Medical Assistance Program (Medicaid; Title XIX)	883	-
Subtotal Medicaid Cluster	168,103,841	-
93.041 Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation	10,590	-
93.042 Special Programs for the Aging: Title VII, Chapter 2: Long Term Care Ombudsman Services for Older Individuals	64,158	-
93.042 COVID-19-Special Programs for the Aging: Title VII, Chapter 2: Long Term Care Ombudsman Services for Older Individuals	-	-
93.043 Special Programs for the Aging-Title III, Part D-Disease Prevention and Health Promotion Services	10,666	-
93.048 Special Programs for the Aging-Title IV-and Title II-Discretionary Projects	207,891	-
93.048 COVID-19 -Special Programs for the Aging-Title IV-and Title II-Discretionary Projects	93,355	-
93.052 Nation Family Caregiver Support Program	468,252	-
93.052 COVID-19 Nation Family Caregiver Support Program	908	-
93.069 Pandemic Influenza/ Response to Bioterrorism	484,097	-
93.070 ENVIRONMENTAL PUBLIC HEALTH AND EMERGENCY RESPONSE	1,513	-
93.077 Family Smoking Prevention and Tobacco Control Act Regulatory Research	270,993	-
93.104 Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	588,052	-
93.110 Maternal and Child Health Federal Consolidated Programs	13,037	-
93.116 Project Grants and Cooperative Agreements for Tuberculosis Control Programs	924,716	-
93.127 EMSC Partnership Grants	133,765	-
93.150 Projects for Assistance in Transition from Homelessness (PATH)	45,282	-
93.165 Grants to States for Loan Repayment	37,028	-
93.217 Family Planning - Services	48,459	-
93.243 Substance Abuse and Mental Health Services-Projects of Regional and National Significance	4,859,472	160,433
93.268 Immunization Grants	1,287,072	-
93.268 COVID-19 Immunization Grants	544,005	-
93.323 Epidemiology and Lab Cap Prog2	1,065,728	-
93.323 COVID-19- Epidemiology and Lab Cap Prog2	3,586,733	-
93.324 State Health Insurance Assistance Program	67,395	-
93.324 COVID-19 State Health Insurance Assistance Program	79,555	-
93.336 Behavioral Risk Factor Srv Sys	258,959	-
93.354 STLT HLTH DEPT RESP TO CRISIS	375,878	-
93.377 Prevention and Control of Chronic Disease	334,225	-
93.387 NATIONAL STATE TOBACCO PROGRAM	37,004	-
93.369 ALC Independent Living State Grants	34,648	-
93.391 Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	1,185,065	296,246
93.434 Prevention and Control of Chronic Disease	1,041,229	-
93.495 Community Health Workers for Public Health Response and Resilient	300,064	-
93.499 Low Income Household Water Assistance Program	-	-
93.504 Family to Family Health Information Centers	60,847	-

*See accompanying notes to Schedule of Expenditures of Federal Awards*

Government of Guam

Schedule of Expenditures of Federal Awards, continued

<u>Agency/Program</u>	<u>Federal Expenditures</u>	<u>Amounts Passed Through To Subrecipients</u>
93.558 Temporary Assistance for Needy Families	818,561	-
93.560 Family Support Payments to States_Assistance Payments	1,131,864	-
93.563 Child Support Enforcement	4,162,321	-
93.587 Promote the Survival and Continuing Vitality of Native American Languages	432,178	-
93.590 Community-Based Child Abuse Prevention Grants	-	-
93.597 Grants to States for Access and Visitation Programs	121,417	-
93.630 Developmental Disabilities Basic Support and Advocacy Grants	307,180	-
93.645 Stephanie Tubbs Jones Child Welfare Services Program	-	-
93.665 Emergency Grants to Address Mental and Substance Use Disorder During COVID-19	4,343	-
93.667 Social Services Block Grant	3,994,330	-
93.669 Child Abuse and Neglect State Grants	-	-
93.671 Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	-	-
93.698 Elder Justice Act	12,009	-
93.747 Elder Abuse Prevention Interventions Program	-	-
93.747 COVID-19 Elder Abuse Prevention Interventions Program	210,060	-
93.767 Children's Health Insurance Program	32,045,067	-
93.788 Opioid STR	209,362	-
93.829 Section 223 Demonstration Program to Improve Community Mental Health Services	145,479	-
93.870 Maternal, Infant and Early Childhood Home visiting Grant Program	900,586	-
93.870 COVID-19 Maternal, Infant and Early Childhood Home visiting Grant Program	23,128	-
93.889 Natl Bioterrsm Hosp Prep Program	290,392	-
93.898 Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	503,906	333
93.917 HIV Care Formula Grants	217,473	-
93.945 Assistance Program for Chronic Disease Prevention and Control	-	-
93.946 Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	13,849	-
93.958 Block Grants for Community Mental Health Services	1,424,737	-
93.958 COVID-19 - Block Grants for Community Mental Health Services	169,042	-
93.959 Block Grants for Prevention and Treatment of Substance Abuse	1,350,844	-
93.959 COVID-19 Block Grants for Prevention and Treatment of Substance Abuse	473,549	-
93.967 CDC's Collaboration with Academia to Strengthen Public Health	895,091	-
93.982 Mental Health Disaster Assistance and Emergency Mental Health	592,308	-
93.991 Preventive Health and Health Services Block Grant	274,908	-
93.994 Maternal and Child Health Services Block Grant to the States	627,528	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES TOTAL \$		
<u>283,964,650</u>		<u>\$ 457,012</u>
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE		
94.003 State Commissions	\$ 310,039	\$ -
94.006 AmeriCorps State and National	644,528	644,528
94.008 AmeriCorps Commission Investment Fund	130,839	-
94.017 AmeriCorps Seniors Senior Demonstration Program	45,943	-
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE TOTAL \$		
<u>1,131,349</u>		<u>\$ 644,528</u>
U.S. DEPARTMENT OF HOMELAND SECURITY		
97.008 Non-Profit Security Program	\$ 318,062	\$ 318,062
97.012 Boating Safety Financial Assistance	381,071	-
97.032 Crisis Counseling	1	-
97.036 Public Assistance Grants	1,186,218	-
97.036 COVID-19 Public Assistance Grants	754,840	-
97.039 Hazard Mitigation Grant	761,624	555,998
97.042 Emergency Management Performance Grants	724,933	-
97.047 BRI: Building Resilient Infrastructure & Communities	288,675	189,000
97.056 Port Security Grant Program	7,275	-
97.067 Homeland Security Grant Program	492,652	-
97.082 Earthquake and Consortium	-	-
97.082 Earthquake and Consortium	74,505	-
U.S. DEPARTMENT OF HOMELAND SECURITY TOTAL \$		
<u>4,989,856</u>		<u>\$ 1,063,060</u>
GRAND TOTAL		
<u>\$ 604,573,077</u>		<u>\$ 17,818,391</u>

# Government of Guam

## Notes to Schedule of Expenditures of Federal Awards

Year Ended September 30, 2024

### 1. **Scope of Audit**

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

### 2. **Basis of Presentation**

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

### 3. **Summary of Significant Accounting Policies**

#### a. **Basis of Accounting:**

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

#### b. **Reporting Entity:**

For purposes of complying with The Single Audit Act of 1984, as amended in 1996, GovGuam's reporting entity is defined in Note 1A to its September 30, 2024, basic financial statements; except that the Guam Department of Education, the GovGuam Retirement Fund, and all the discretely presented component units are excluded. Accordingly, the accompanying Schedule of Expenditures of Federal Awards presents the federal award programs administered by GovGuam, as defined above, for the year ended September 30, 2024.

Government of Guam

Notes to Schedule of Expenditures of Federal Awards, continued

**3. Summary of Significant Accounting Policies, continued**

The federal expenditure totals for the excluded departments and component units as of September 30, 2024, are as follows:

	Federal Expenditure Total
Department or Component Unit	
Antonio B. Won Pat International Airport Authority	\$ 8,632,819
GovGuam Retirement Fund	\$ -
Guam Community College	\$ 7,861,245
Guam Department of Education	\$ 184,018,788
Guam Economic Development Authority	\$ -
Guam Educational Telecommunications Corporation	\$ -
Guam Housing and Urban Renewal Authority	\$ 89,642,043
Guam Housing Corporation	\$ -
Guam Memorial Hospital Authority	\$ 2,003,303
Guam Power Authority	\$ 1,152,300
Guam Preservation Trust	\$ -
Guam Visitors Bureau	\$ -
Guam Waterworks Authority	\$ 2,999,185
Port Authority of Guam	\$ 5,148,479
University of Guam	\$ 60,202,786

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

c. Cost Allocation:

The Government of Guam has a plan for the allocation of common costs related to public health and social services federal awards programs. The amounts allocated to 2024 federal awards programs are based on 2024 actual expenditures and caseloads.

d. Matching Costs:

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

**4. Noncash Awards**

Certain federal award programs do not involve cash awards to the Government of Guam. These programs generally could include donated commodities, insurance, electronic benefit payments under the Supplemental Nutrition Assistance Program (SNAP) and the Pandemic EBT Benefits (P-EBT), and loans. For the year ended September 30, 2024, the Government of Guam had the following noncash award:

U.S. Department of Agriculture ALN 10.551	
SNAP EBT payments	\$119,035,772
U.S. Department of Agriculture ALN 10.542	
Pandemic EBT payments	<u>17,948,447</u>
Total SNAP EBT and P-EBT payments reported on the Schedule of Expenditures of Federal Awards	<u>\$136,984,219</u>

Government of Guam

Schedule of Findings and Questioned Costs

Year Ended September 30, 2024

**Section I - Summary of Auditor’s Results**

**Financial Statements**

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

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u>  X  </u>	<b>Yes</b>	<u>      </u>	<b>No</b>
Significant deficiency(ies) identified?	<u>  X  </u>	<b>Yes</b>	<u>      </u>	<b>None reported</b>
Noncompliance material to financial statements noted?	<u>      </u>	<b>Yes</b>	<u>  X  </u>	<b>No</b>

**Federal Awards**

Internal control over major federal programs:

Material weakness(es) identified?	<u>  X  </u>	<b>Yes</b>	<u>      </u>	<b>No</b>
Significant deficiency(ies) identified?	<u>  X  </u>	<b>Yes</b>	<u>      </u>	<b>None reported</b>

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

10.551/10.561	Supplemental Nutrition Assistance Program (SNAP) Cluster	Unmodified
10.557	Special Supplemental Food Program for Women, Infants and Children	Qualified
11.031	Broadband Infrastructure Program	Unmodified
15.875	Economic, Social and Political Development of the Territories	Disclaimer
17.225	Unemployment Insurance	Unmodified
17.277	Workforce Investment Act (WIA) National Emergency Grants	Unmodified
21.023	Emergency Rental Assistance Program	Qualified
21.026	Homeowner Assistance Fund	Disclaimer
21.027	Coronavirus State and Local Fiscal Recovery Funds	Qualified
21.029	Coronavirus Capital Projects Fund	Disclaimer
66.600	Environmental Protection Consolidated Grants for the Insular Areas - Program Support	Qualified
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	Disclaimer
93.575/93.596	Child Care and Development Fund (CCDF) Cluster	Qualified

Government of Guam

Schedule of Findings and Questioned Costs, continued

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

93.767	Children's Health Insurance Program	Qualified
93.778	Medicaid Cluster	Qualified
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)	Disclaimer

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?        X   Yes             No

Identification of major federal programs:

<u>Assistance Listing Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.551 10.561	SNAP Cluster: Supplemental Nutrition Assistance Program (SNAP) State Administrative Matching Grants for the SNAP
10.557	Special Supplemental Food Program for Women, Infants and Children
11.031	Broadband Infrastructure Program
15.875	Economic, Social and Political Development of the Territories
17.225	Unemployment Insurance
17.277	Workforce Investment Act (WIA) National Emergency Grants
21.023	Emergency Rental Assistance Program
21.026	Homeowner Assistance Fund
21.027	Coronavirus State and Local Fiscal Recovery Funds
21.029	Coronavirus Capital Projects Fund
66.600	Environmental Protection Consolidated Grants for the Insular Areas - Program Support
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)
93.575 93.596	CCDF Cluster: Child Care and Development Block Grant Child Care Mandatory and Matching Funds of the Child Care and Development Fund
93.767	Children's Health Insurance Program
93.778	Medicaid Cluster: Medical Assistance Program
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)

Government of Guam

Schedule of Findings and Questioned Costs, continued

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

Dollar threshold used to distinguish between  
Type A and Type B programs: \$3,000,000

Auditee qualified as low risk auditee? Yes X No

**Section II - Financial Statement Findings**

Reference Number	Findings
2024-001	General Ledger and SEFA Reconciliations
2024-002	OPEB Census Data and OPEB Liability
2024-003	Tax Receivables
2024-004	Special Revenue Fund Deficits
2024-005	Capital Assets
2024-006	Compliance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions
2024-007	Compliance with GASB Statement No. 96, Subscription-Based Information Technology Arrangements
2024-008	Reconciliation of Unearned Revenues
2024-009	Medical and Dental Self-Insured Claims Liabilities

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

Reference Number	ALN	Findings	Questioned Costs
2024-010	10.557 15.875	Cash Management	--- ***
2024-011	10.557	Period of Performance	217,035
2024-012	10.557	Procurement and Suspension and Debarment	1,433
2024-013	15.875	Allowable Costs/Cost Principles Procurement and Suspension and Debarment	4,594,214
2024-014	15.875	Equipment and Real Property Management	--- ***
2024-015	15.875	Reporting	0
2024-016	15.875	Subrecipient Monitoring	--- ***
2024-017	17.277	Eligibility	23,715
2024-018	21.023	Eligibility	20,769
2024-019	21.023	Matching, Level of Effort, Earmarking	--- ***
2024-020	21.023	Reporting	0
2024-021	21.026	Activities Allowed or Unallowed Allowable Costs/Cost Principles	7,874
2024-022	21.026	Eligibility	2,142

Government of Guam

Schedule of Findings and Questioned Costs, continued

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

<b>Reference Number</b>	<b>ALN</b>	<b>Findings</b>	<b>Questioned Costs</b>
2024-023	21.026	Matching, Level of Effort, Earmarking	--- ***
2024-024	21.026	Reporting	0
2024-025	21.027	Activities Allowed or Unallowed Allowable Costs/Cost Principles	5,617,888
2024-026	21.027	Matching, Level of Effort, Earmarking	--- ***
2024-027	21.027	Procurement and Suspension and Debarment	--- ***
2024-028	21.027	Subrecipient Monitoring	--- ***
2024-029	21.029	Matching, Level of Effort, Earmarking	--- ***
2024-030	21.029	Reporting	0
2024-031	21.029	Subrecipient Monitoring	--- ***
2024-032	66.600	Activities Allowed or Unallowed Allowable Costs/Cost Principles	11,154
2024-033	66.600	Cash Management	333,147
2024-034	66.600	Period of Performance	4,248
2024-035	66.600	Program Income	--- ***
2024-036	93.323	Cash Management	113,143
2024-037	93.323	Equipment and Real Property Management	--- ***
2024-038	93.323	Period of Performance	16,668
2024-039	93.323	Procurement and Suspension and Debarment	980,252
2024-040	93.575/93.596	Activities Allowed or Unallowed Allowable Costs/Cost Principles	3,005
2024-041	93.575/93.596	Eligibility	638,831
2024-042	93.575/93.596	Matching, Level of Effort, Earmarking	1,828,343
2024-043	93.575/93.596	Reporting	0
2024-044	93.575/93.596	Special Tests and Provisions - Health and Safety Requirements	3,726,391
2024-045	93.767	Eligibility	1,970,002
2024-046	93.767	Period of Performance	76,203
2024-047	93.767	Special Tests and Provisions - Provider Eligibility (Screening and Enrollment)	1,562,177
2024-048	93.778	Eligibility Special Tests and Provisions - Utilization Control Special Tests and Provisions - Provider Eligibility (Screening and Enrollment) Special Tests and Provisions - Provider Health and Safety Standards	--- ***
2024-049	97.036	Activities Allowed or Unallowed Allowable Costs/Cost Principles	65,621

Government of Guam

Schedule of Findings and Questioned Costs, continued

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

<b>Reference Number</b>	<b>ALN</b>	<b>Findings</b>	<b>Questioned Costs</b>
2024-050	97.036	Matching, Level of Effort, Earmarking	--- ***
2024-051	97.036	Period of Performance	--- ***
2024-052	97.036	Reporting	0
2024-053	97.036	Special Tests and Provisions - Project Accounting	--- ***

\*\*\* Questioned costs are undeterminable. See related finding for more information.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-001  
 Area: General Ledger Reconciliation and SEFA Reconciliations

Criteria:

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

In addition, Section 1903 of the Social Security Act states that the federal reimbursement is permitted only for properly supported expenditures incurred in the proper and efficient administration of the Government Medicaid Plan.

Conditions:

1. Unreconciled differences were identified related to receivable and payable to federal agencies.

	<u>Per Subsidiary</u>	<u>Per GL</u>	<u>Variance</u>
Receivables from federal agencies:			
Major fund - federal grants assistance	\$101,222,922	\$112,798,851	\$(11,575,929)
The aggregate remaining fund information	\$ 4,820,583	\$ 7,031,827	\$( 2,211,244)
Payables to federal agencies:			
Major fund – federal grants assistance	\$ 32,420,478	\$ 34,263,105	\$( 1,842,627)
Major fund – ARPA assistance	\$181,046,151	\$171,647,307	\$ 9,398,844
The aggregate remaining fund information	\$ 10,064,697	\$ 24,624,903	\$(14,560,206)

The client recorded post-closing adjustments to correct the differences.

2. The Schedule of Expenditures and Federal Awards (SEFA), notes to SEFA, and supporting expenditure listing were not timely reconciled and completed, resulting in multiple versions being provided during the audit. Specifically, deficiencies were noted, as follows:
  - a. Examination of expenditure listing of identified major programs revealed numerous credit balances that were not timely reconciled and removed from the listing:

<u>ALN</u>	<u>Name of Federal Program or Cluster</u>	<u>Total Credit Amount</u>
10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children	\$2,018,472
17.225	Unemployment Insurance	\$488,304
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds	\$2,641,062
21.029	COVID-19 Coronavirus Capital Projects Fund	\$685,835
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	\$216,956
93.575/93.596	Child Care and Development Fund (CCDF) Cluster	\$5,225,966
93.767	Children’s Health Insurance Program	\$8,634,333
93.778	Medical Assistance Program	\$32,550,221

# Government of Guam

## Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-001, continued  
Area: General Ledger Reconciliation and SEFA Reconciliations

### Conditions, continued:

- b. Amounts passed-through to subrecipients of ALN 93.575 and ALN 15.875 were corrected as subawards were not accurately classified or coded.
  - c. SEFA erroneously identified a Highway Planning & Construction Cluster, which is not a cluster of programs; and the identification of ALN 20.602 in the Highway Safety Cluster.
  - d. Noncash award for ALN 10.551 was erroneously reported.
3. As of March 2026, and based on available information, the Federal Grants Fund did not draw down approximately \$15 million of amounts due from federal agencies mainly related to National Guard Military Operations and Maintenance (O&M) Projects (ALN 12.401) reported as of September 30, 2024. An adjustment was included in the communication of uncorrected projected misstatements for balances identified to have grant awards that have lapsed.

Additionally, as of September 30, 2024, \$6.465 million of receivables due from federal grantor related to U.S. Department of Homeland Security were uncollectible due to expired grants or for expenditures that exceeded total grant award. A proposed adjustment was included in the summary of uncorrected misstatements to transfer the uncollected balance to the General Fund.

4. We noted that the Government received \$17 million in federal funding for the Medicaid Program (ALN 93.778). The funding was not supported by corresponding, allowable expenditures. The Government was unable to provide documentation demonstrating that the drawdown reflected actual costs incurred for Medicaid program services.

### Cause:

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

### Effect:

The aforementioned accounts and SEFA amounts were misstated.

# Government of Guam

## Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-001, continued  
Area: General Ledger Reconciliation and SEFA Reconciliations

Identification as a Repeat Finding: 2023-002

Recommendation:

GovGuam management should develop and implement a Gantt chart for financial reporting purposes that includes the reconciliation of general ledger accounts with corresponding subsidiary ledgers at least monthly or quarterly. In addition, GovGuam management should consider adopting a federal module that automate the reconciliation process between the general ledger and subsidiary ledgers or implement a centralized federal grant management system. Finally, GovGuam management should conduct an independent assessment of the collectability of those receivables from federal agencies.

Views of Responsible Officials:

In FY2024 part of the year was processed in the new FMIS Microsoft 365 accounting system, which the auditor was granted access. Supporting documents are embedded into the accounting records. The necessary controls will be strengthened when the updated modules of the FMIS are fully implemented.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-002  
 Area: OPEB Census Data and OPEB Liability

Criteria:

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

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

Conditions:

1. Inactive Members - For 2 of 47 (or 4%) of inactive members tested, exceptions were identified as follows :

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

2. Active Members - For 7 of 48 (or 14%) active members tested, exceptions were identified as follows:

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

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

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-002, continued  
 Area: OPEB Census Data and OPEB Liability

Conditions, continued:

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

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

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

4.

	<u>Increase in OPEB Liability</u>	<u>Outside Reasonable Range</u>
Mortality: The proposed assumption is outside of our reasonable range. We estimate if an assumption within our reasonable range had been used (instead of the current assumption), the liability would increase by approximately \$59,579,550.	\$59,579,550	Yes
IMPACT ON TOTAL OPEB LIABILITY – all ranges considered	\$59,579,550	
IMPACT ON TOTAL OPEB LIAIBILITY – total difference outside reasonable range	\$59,579,550	

As the \$59.6 million understatement was not considered material to the OPEB schedules. The amount is included in the Communication Schedule for Uncorrected Misstatements.

## Government of Guam

### Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-002, continued  
Area: OPEB Census Data and OPEB Liability

Cause:

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

Effect:

Total OPEB liability is understated by \$59.6 million.

Identification as a Repeat Finding: 2023-004

Recommendation:

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

Views of Responsible Officials:

In FY2024 OPEB report the Mortality Rates Assumption is the same that GGRF's Actuary uses and is industry standard for public entities. This report is a rollover report and census differences originating in FY2023 will not be adjusted. Census corrections will be made in FY2025. Liability is reported in the Government-wide statements only and does not impact governmental or federal funds.

# Government of Guam

## Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-003  
Area: Tax Receivables

### Criteria:

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

### Condition:

Taxes receivable are currently recognized by the Department of Administration (DOA) as revenues when the underlying exchange transaction occurs and when collectible within 60 days (real property taxes) or 90 days (business privilege and income taxes). Delinquent taxes receivable that are measurable but are not due within 12 months are not timely recorded by DOA. Recording of taxes receivable and related estimated allowance for uncollectible receivables in respect of fiscal year 2024 was corrected by DOA after year end in the amount of \$33.6 million based on a summary activity report provided by the Department of Revenue and Taxation (DRT) in September 2025.

### Cause:

Lack of effective coordination between DRT and DOA over the taxes receivable recording process.

### Effect:

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

### Identification as a Repeat Finding: 2023-005

### Recommendation:

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

### Views of Responsible Officials:

DOA relies on data provided by DRT to update the tax receivable accounts. GovGuam mirrors the U.S. Tax Code and DRT is charged with enforcement of the Guam Territorial Income Tax pursuant to the Organic Act of Guam, as amended, and 11 GCA Chapter 1. The IRS Safeguard Rules limits the amount of information that is accessible outside the taxing authorities. Going forward DOA will work collaboratively with DRT to obtain and post-tax receivables.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-004  
Area: Special Revenue Fund Deficits

Criteria:

DOA should monitor special revenues funds.

Condition:

Certain special revenue funds for various reasons have incurred expenditures in excess of revenues and or grants received, which resulted in interfund payable balances of \$7.445M. Repayment of these balances may not be expected within a reasonable time due to continuing fund deficits. As no alternative funding source is available or identified, we have proposed operating transfers from the General Fund. The following fund deficits were identified as of September 30, 2024.

<u>Special Revenue Fund</u>	<u>Fund deficit</u>
Healthy Futures Fund (Fund 602)	\$2,521,434
Guam Highway Fund (Fund 208)	2,254,567
OCP Munti-Purpose Center (Fund 684)	796,790
Survey Infrastructure and Development (Fund 673)	533,026
University of Guam Capital Improvements (Fund 297)	500,000
DOC Revolving Fund (Fund 214)	417,256
Off-island Treatment Fund (Fund 329)	235,871
Guam Regional Transit Authority (Fund 317)	<u>186,102</u>
	<u>\$7,445,046</u>

Cause:

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

Effect:

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

Identification as a Repeat Finding: 2023-006

Recommendation:

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

## Government of Guam

### Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-004, continued  
Area: Special Revenue Fund Deficits

#### Views of Responsible Officials:

The GovGuam Budget process appropriates to each fund an authority to expend funds pursuant to the annual appropriations law. The power to appropriate is Organically bestowed on the Guam Legislature. The root cause of the deficits is attributed to the inherent difference between the appropriate funds and revenues collected by each Special Revenue Fund. DOA will continue to monitor the interfund activities and will propose permanent transfers as necessary pursuant to GASB 34.

# Government of Guam

## Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-005  
Area: Capital Assets

### Criteria:

1. Reconciliation with inventory records, capital asset ledgers and the general ledger should be timely performed.
2. Capital assets should be reviewed for ongoing pertinence to minimize the opportunity for misstatements and to identify retired assets that have been replaced, disposed, or that have no further value or use.
3. Capital assets should be recorded in accordance with the applicable capitalization policy

### Conditions:

1. As of October 2025, over a year after the fiscal year ended September 30, 2024, reconciliations were still ongoing. Initial post-closing adjustment (PC29) to adjust capital assets to reflect the DOA's additions and depreciation were provided only on November 2025. Audit adjustments were still necessary to reconcile to the capital asset schedules provided including all the updated schedules of the separate line agencies.
2. Construction costs and equipment purchases were not easily identifiable by project or purchase. The capital asset subsidiary ledger included details of transactions from the general ledger and were not organized in a manner that can be identified by project.
3. For Construction in Progress projects (CIP) tested, we identified some projects that was completed as of September 30, 2024 and not transferred to depreciable assets. Through further analysis, we identified approximately \$22.87million in CIP projects with contract that have been fully liquidated as of fiscal year end. The proposed adjustments were included in the communication schedule of uncorrected misstatements to transfer these projects as depreciable.
4. As of August 11, 2025, the Government of Guam has not assessed impairment of capital assets.

### Cause:

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

### Effect:

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

# Government of Guam

## Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-005, continued  
Area: Capital Assets

Identification as a Repeat Finding: 2023-007

Recommendation:

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

Management should determine whether additional personnel are needed to allow for timely review and recordation of capital assets, especially given the substantial capital asset construction that is undertaken by GovGuam. Furthermore, coordination with DPW and engineering firms must occur at project commencement so that accounts are established to track capital costs and to allow for the preparation of periodic reports documenting a project's percentage of completion.

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

Views of Responsible Officials:

Implementation of a Fixed Assets Module as part of the new FMIS system that will help automate the tracking and reporting of Capital assets, is near completion with final testing in progress. DOA will update the SOP for the Fixed Assets for capital asset reporting accordingly. Review of Assets acquired in FY2024 was completed, with FY2025 in progress. As noted previously, the process is hampered by difficulties in recruiting personnel.

# Government of Guam

## Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-006  
Area: Compliance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions

### Criteria:

GASB Statement No. 68 requires the Government to measure the net pension liability based on the present value of the projected benefit payments owed to active and inactive employees. Additionally, any changes in the net pension liability, such as contributions made to the pension plan, are reported as deferred outflows or inflows of resources, depending on the timing of those contributions relative to the measurement date.

### Condition:

Deferred outflows and inflows of resources – pension were overstated by approximately \$87.8 million and \$7.8 million respectively. Net pension liability and pension expense were understated by \$21.6 million and \$74.0 million respectively for the measurement date ended September 30, 2023. Audit adjustment was proposed to correct the misstatement identified and included in the summary of corrected misstatements.

### Cause:

We observed that the Government's financial statement closing process did not include preparation and recording of all GASB 68 related transactions.

### Effect:

This resulted to misstatements in deferred outflow, deferred inflow, net pension liability and pension expense.

### Recommendation:

We recommend management to include in their monthly closing process the recognition and recording of GASB 68 related transactions.

### Views of Responsible Officials:

Required information is obtained from the GGRF's Actuarial Valuation report and the subsequent Independent Auditor's Report on the Pensions. Historically, the Actuarial report for FY2024 was issued in May 2025 and FY2023 was issued in June 2024. Until the GGRF Actuary report is available timely, DOA will not be able to complete GASB 68 and 73 requirements within the audited year.

# Government of Guam

## Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-007  
Area: Compliance with GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA)

### Criteria:

GASB Statement No. 96 requires governments to recognize a SBITA asset and a corresponding SBITA liability, initially measured at the present value of subscription payments expected during the subscription term.

### Condition:

The Government did not record any adjustment related to GASB 96. As of September 30, 2024, we noted unrecorded SBITA assets and liability of approximately \$20.12 million and \$20.63 million, respectively.

### Cause:

We observed that the Government's financial statement closing process did not include preparation and recording of all GASB 96 related transactions.

### Effect:

This resulted to misstatements in SBITA assets and liabilities.

### Recommendation:

We recommend management to include in their monthly closing process the recognition and recording of SBITA assets and liabilities.

### Views of Responsible Officials:

DOA has updated Year End closing procedures with additional resource identified (GAAFR) to ensure appropriate recording of GASB 96 transactions.

## Government of Guam

### Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-008  
Area: Reconciliation of Unearned Revenues

Criteria:

General Fund tax reserves presented as unearned revenues should be reconciled with the federal tax credits that were processed and paid.

Condition:

Unearned revenues for the Earned Income Tax Credit (EITC), Child Tax Credit (CTC), and Additional Child Tax Credit (ACTC) as of September 30, 2024 were not reconciled against the federal tax credits that were processed and paid. This resulted to an overstatement of unearned revenues in the General Fund by \$16.621 million. An adjustment was proposed and included in the communication schedule of uncorrected misstatements.

Cause:

Reconciliations were not performed as of September 30, 2024 to correctly report the balance of unearned revenues.

Effect:

Misstatement in the unearned revenues account in the General Fund.

Recommendation:

We recommend that the DOA and DRT join efforts to reconcile the unearned revenues.

Views of Responsible Officials:

Similar to response in Finding 2024-003, DOA relies on DRT to provide the necessary information. However, DOA has identified where the data is located and has worked with DRT to generate the proper report to properly account and report the tax credits. DOA has incorporated this task into year-end closing process.

# Government of Guam

## Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-009  
Area: Medical and Dental Self-Insured Claims Liabilities

### Criteria:

GASB 10 requires government entities to recognize (1) Unpaid reported claims (RBNS) and (2) Claims incurred but not yet reported (IBNR). Claims costs, including claim adjustment expenses and estimates of costs for claims relating to covered events that have occurred but have not been reported to the pool, should be recognized in the period in which the event that triggers coverage under the policy or participation contract occurs.

State and local governmental entities other than public entity risk pools are required to report an estimated loss from a claim as an expenditure/expense and as a liability if both of these conditions are met:

1. Information available before the financial statements are issued indicates that it is probable that an asset had been impaired or a liability had been incurred at the date of the financial statements. It is implicit in this condition that it must be probable that one or more future events will also occur, confirming the fact of the loss.
2. The amount of the loss can be reasonably estimated.

### Condition:

We identified unrecorded claims of approximately \$2.515 million related to the FY2024 service period. The understatement was included in the communication schedule of uncorrected misstatements.

### Cause:

Management has not performed an assessment on the impact of potential liabilities for those reported medical and dental claims but not yet paid and those incurred but not reported.

### Effect:

This resulted to misstatements in expenditures and accruals of medical and dental claims.

### Recommendation:

We recommend management to revisit and determine if an actuary should be engaged to assess the estimation methodology for the accrual of medical and dental claims.

### Views of Responsible Officials:

DOA has identified the required report to update the medical and dental self-insurance claims liabilities and have incorporated this into our fiscal year end closing checklist.

## Government of Guam

### Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-010  
Federal Agencies: U.S. Department of Agriculture  
U.S. Department of the Interior  
AL Programs: 10.557 Special Supplemental Nutrition Program for Women, Infants, and Children  
15.875 Economic, Social, and Political Development of the Territories  
Area: Cash Management  
Questioned Costs: \$ Undeterminable

#### Criteria:

2 CFR 200.305 states that payments for States are governed by Treasury-State Cash Management Improvement Act (CMIA) agreements and default procedures codified at 31 CFR 205.

Subpart A of regulations at 31 CFR Part 205 requires state recipients to enter into Treasury-State Agreements (TSA) that prescribe specific methods of drawing down federal funds (funding techniques) for federal programs listed in the Assistance Listing that meet the funding threshold for a major federal assistance program under the CMIA. TSA also specify the terms and conditions under which an interest liability would be incurred. Programs not covered by a TSA are subject to procedures prescribed by U.S. Department of the Treasury in Subpart B of 31 CFR Part 205, which at 31 CFR section 205.33(a) include the requirement for a state to minimize the time between the drawdown of federal funds and their disbursement for federal program purposes.

GovGuam entered into TSA effective October 1, 2023 through September 30, 2024. The funding technique indicated in the TSA Section 6.3.2 for the program is Payment Schedule – Weekly, wherein, GovGuam shall request funds such that they are deposited in a State account on the median business day of the week. The request shall be made in accordance with the appropriate Federal agency cut-off time. The amount of the request shall be a prorated share of the lesser of (1) the annual grant divided by 52, or (2) the total amount of Federal funds expected to be paid out for program purposes during the year divided by 52. This funding technique is interest neutral.

#### Condition:

For nine (or 100%) of nine items tested under ALN 10.557 and for eight (or 100%) of eight items tested under ALN 15.875, the Department of Administration (DOA) drew funds in a manner that was inconsistent with the funding technique indicated in TSA. Specifically, DOA requested funds after expenditures have been incurred or on “as needed” basis.

## Government of Guam

### Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-010, continued  
Federal Agencies: U.S. Department of Agriculture  
U.S. Department of the Interior  
AL Programs: 10.557 Special Supplemental Nutrition Program for Women, Infants, and Children  
15.875 Economic, Social, and Political Development of the Territories  
Area: Cash Management  
Questioned Costs: \$ Undeterminable

Cause:

DOA did not enforce compliance with the requirements of the TSA due to inefficiencies caused by data migration during the year.

Effect:

GovGuam is in noncompliance with the applicable cash management requirements. No questioned cost is presented as we are unable to quantify the extent of noncompliance.

Recommendation:

DOA should implement monitoring over compliance with the cash management requirements and enforce compliance with the TSA.

Views of Responsible Officials:

The Federal and Compliance section will establish a Standard Operating Procedure for draw downs. As well as, conducting drawdowns daily to minimize the time between the drawdowns of federal funds and the disbursement for federal program purposes.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-011  
 Federal Agency: U.S. Department of Agriculture  
 AL Program: 10.557 Special Supplemental Nutrition Program for Women, Infants, and Children  
 Area: Period of Performance  
 Questioned Costs: \$217,035

Criteria:

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

Conditions:

Of fifty-five items, aggregating \$1,471,726 of \$4,046,837 of expenditures subjected to period of performance test, deficiencies were noted, as follows:

No.	Federal Award No.	Transaction Date	Voucher	Description	Amount	Questioned Costs
1	7GU700GU7	11/20/2023	GNJL00000786	LABOR1118	\$ 26,250	\$ 26,250
2	7GU700GU7	11/07/2023	GNJL00000773	EFT_111523	137	137
3	7GU700GU7	11/07/2023	GNJL00000773	EFT_111523	400	400
4	7GU700GU7	10/13/2023	GNJL00000809	LABOR1007	381	381
5	7GU700GU7	11/20/2023	GNJL00000786	J240620075	31,414	31,414
6	7GU700GU7	11/20/2023	GNJL00000786	J240620075	28,119	28,119
7	7GU700GU7	09/11/2024	LABOR000000431	LABOR0907	65,685	65,685
8	7GU700GU7	08/28/2024	LABOR000000402	LABOR0824	28,134	28,134
9	7GU700GU7	08/14/2024	LABOR000000373	LABOR0810	27,421	27,421
10	7GU700GU7	08/02/2024	LABOR000000367	LABOR0727	465	465
11	7GU700GU7	08/30/2024	GNJL00032828	J241700314	1,250	1,250
12	7GU700GU7	08/30/2024	GNJL00032828	J241700314	3,918	3,918
13	7GU700GU7	08/14/2024	GNJL00032925	J241700317	41	41
14	7GU700GU7	08/14/2024	GNJL00032922	J241700317	240	240
15	7GU700GU7	08/14/2024	GNJL00032920	J241700317	280	280
16	7GU700GU7	08/14/2024	GNJL00032918	J241700317	2,795	2,795
17	7GU700GU7	08/14/2024	GNJL00032914	J241700317	105	105
					<u>\$217,035</u>	<u>\$217,035</u>

For item #s 1 through 10, compliance with period of performance could not be determined as supporting documents (e.g., invoices, receipts, or time logs, check payment, etc.) were not made available for examination.

For item #s 11 through 17, compliance whether liquidation of the obligation occurs within the allowable time period could not be determined as supporting documents such as canceled check or payment document was not made available for examination.

## Government of Guam

### Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-011, continued  
Federal Agency: U.S. Department of Agriculture  
AL Program: 10.557 Special Supplemental Nutrition Program for Women, Infants, and Children  
Area: Period of Performance  
Questioned Costs: \$217,035

#### Cause:

The Department of Public Health and Social Services (DPHSS) did not provide supporting documentation to ensure compliance with period of performance requirements. The Department of Administration (DOA) additionally had limited staffing and resources during the review period that may have hindered their ability to obtain and compile documentation from DPHSS, resulting in incomplete submissions.

#### Effect:

GovGuam is in noncompliance with applicable period of performance requirements. The reportable questioned cost is \$217,035 based on the items identified in Conditions above.

#### Recommendation:

Responsible personnel should enforce monitoring controls over compliance with applicable period of performance requirements, specifically, ensuring all supporting documentation is on file.

#### Views of Responsible Officials:

The DPHSS WIC Program disagrees with the findings. All supporting documents related to the findings were provided promptly on March 3, 2026 when request was received on February 26, 2026.

In accordance with WIC FY 2024 Closeout Guidance and the requirements under 2 CFR 200.344, the WIC Program is allowed 90 days after the end of the period of performance to submit all final financial reports, as well as 90 days to liquidate all obligations incurred during the period of performance. For FY 2024, the closeout timeline required that all obligations be liquidated no later than January 31, 2025.

The program adhered to these federal requirements. All obligations were liquidated prior to the close of the fiscal year grant, and obligations were reported in the fiscal year in which they occurred, consistent with 7 CFR 246.17. Furthermore, the final closeout report was submitted within 120 days after the end of the fiscal year, fully complying with WIC closeout procedures.

Based on the timely submission of all supporting documentation and adherence to federal closeout regulations, the DPHSS WIC Program maintains that the questioned costs were appropriately obligated, liquidated, and reported.

## Government of Guam

### Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-011, continued  
Federal Agency: U.S. Department of Agriculture  
AL Program: 10.557 Special Supplemental Nutrition Program for Women, Infants, and Children  
Area: Period of Performance  
Questioned Costs: \$217,035

#### Auditor's Response:

Our finding remains. Documents subsequently received by auditors on February 10, 2026 from the Department of Administration (DOA) are insufficient or incomplete to substantiate compliance with period of performance. There are no subsequent submissions or other documentations received to resolve remaining findings cited in the conditions above.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-012  
 Federal Agency: U.S. Department of Agriculture  
 AL Program: 10.557 Special Supplemental Nutrition Program for Women, Infants, and Children  
 Area: Procurement and Suspension and Debarment  
 Questioned Costs: \$1,433

Criteria:

2 CFR 200.302 states that each State must expend and account for the Federal award in accordance with State laws and procedures for expending and accounting for the State’s funds. All recipient and subrecipient financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by the terms and conditions; and tracking expenditures to establish that funds have been used in accordance with Federal statutes, regulations, and the terms and conditions of the Federal award. Moreover, the recipient’s and subrecipient’s financial management system must provide for maintaining records that sufficiently identify the amount, source, and expenditure of Federal funds for Federal awards. These records must contain information necessary to identify Federal awards, authorizations, financial obligations, unobligated balances, as well as assets, expenditures, income, and interest.

Conditions:

1. For 2 (or 50%) of four items, aggregating \$4,618 of \$223,728 expenditures subjected to procurement and suspension and debarment test, no procurement file was provided to substantiate whether the Department of Administration (DOA) complied with applicable procurement requirements for the following:

<u>Federal Award No.</u>	<u>PO / Transaction Date</u>	<u>PO / Voucher No.</u>	<u>Questioned Costs</u>
7GU700GU7	09/30/2024	IJE0084212	\$ 208
7GU700GU7	04/10/2024	IJE0021764	<u>1,225</u>
			<u>\$1,433</u>

2. Seven initially tested samples were later determined to be procured in prior years and are not procurements during fiscal year 2024. Consequently, remaining samples tested were insufficient to satisfy the minimum number of items to test.

## Government of Guam

### Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-012, continued  
Federal Agency: U.S. Department of Agriculture  
AL Program: 10.557 Special Supplemental Nutrition Program for Women, Infants, and Children  
Area: Procurement and Suspension and Debarment  
Questioned Costs: \$1,433

#### Cause:

DOA's new financial management system implemented during the fiscal year has no capability to generate a report of all expenditures procured during the fiscal year and expenditure information from the old financial management system are not completely evident from the migrated expenditure information in the new financial management system, hence, there was difficulty in establishing population that will be subjected to procurement and suspension and debarment test. As there was no efficient alternative way of identifying whether or not costs charged to the program were procured during the fiscal year, and due to the timing of the audit and lack of staffing resources, DOA was unable to provide the procurement files of selected transactions by the agreed audit timeline.

#### Effect:

GovGuam is in noncompliance with applicable procurement and suspension and debarment requirements. The reportable questioned cost is \$1,433 based on the items identified in Condition #1 above.

#### Recommendation:

DOA management should ensure that financial management system in place permits the preparation of reports of all expenditures procured during the fiscal year.

Responsible personnel should ensure that documentation is adequate to comply with the applicable procurement requirements. Specifically, documentation should indicate the history of procurement, including the solicitation process and rationale for contractors or vendor selection.

#### Views of Responsible Officials:

GSA will continue to verify vendor eligibility through SAM.gov prior to contract award. Documentation of the verification will be retained in the procurement file for each transaction.

GSA has revised IFB templates to include the required debarment and suspension certification language in accordance with 2 CFR 200.214. Effective immediately, all new contracts will include this clause prior to execution.

For local vendors that may not appear in federal systems, GSA will require a debarment and suspension certification as part of the contracting process and maintain this documentation within the procurement record.

## Government of Guam

### Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-013  
Federal Agency: U.S. Department of the Interior  
AL Program: 15.875 Economic, Social, and Political Development of the Territories  
Area: Allowable Costs/Cost Principles  
Area: Procurement and Suspension and Debarment  
Questioned Costs: \$4,594,214

#### Criteria:

2 CFR 200.403(a) states that federal program expenditures should be necessary and reasonable for the performance of the Federal award in accordance with allowable costs/cost principles requirements and 2 CFR 200.403(g) states that costs should be adequately documented.

2 CFR 200.439(b) states that:

(1) Capital expenditures for general purpose equipment, buildings, and land are allowable as direct costs, but only with the prior written approval of the Federal agency or pass-through entity.

(2) Capital expenditures for special purpose equipment are allowable as direct costs, provided that items with a unit cost of \$10,000 or more have the prior written approval of the Federal agency or pass-through entity.

(3) Capital expenditures for improvements to land, buildings, or equipment that materially increase their value or useful life are allowable as a direct cost, but only with the prior written approval of the Federal agency or pass-through entity.

2 CFR 180.300 requires entities entering into a covered transaction with another person at the next lower tier to verify that the person with whom they intend to do business is not excluded or disqualified. Such verification can be made by (a) checking SAM.gov Exclusions, or (b) collecting a certification from that person; or (c) adding a clause or condition to the covered transaction with that person.

2 CFR 180.220 (b) (1) states that a contract for goods and services is a covered transaction if the contract is awarded by a participant in a nonprocurement transaction covered under 2 CFR 180.210, and the contract amount is expected to equal or exceed \$25,000.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-013, continued  
 Federal Agency: U.S. Department of the Interior  
 AL Program: 15.875 Economic, Social, and Political Development of the Territories  
 Area: Allowable Costs/Cost Principles  
 Area: Procurement and Suspension and Debarment  
 Questioned Costs: \$4,594,214

Criteria, continued:

2 CFR 200.302 states that each State must expend and account for the Federal award in accordance with State laws and procedures for expending and accounting for the State’s funds. All recipient and subrecipient financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by the terms and conditions; and tracking expenditures to establish that funds have been used in accordance with Federal statutes, regulations, and the terms and conditions of the Federal award. Moreover, the recipient’s and subrecipient’s financial management system must provide for maintaining records that sufficiently identify the amount, source, and expenditure of Federal funds for Federal awards. These records must contain information necessary to identify Federal awards, authorizations, financial obligations, unobligated balances, as well as assets, expenditures, income, and interest.

Conditions:

1. For four (or 11%) of thirty-eight items, aggregating \$7,792,207 of \$11,505,805 in total non-payroll expenditures subjected to allowable costs/cost principles compliance test, deficiencies were noted, as follows:

<u>Item No.</u>	<u>Federal Award No.</u>	<u>Account Name</u>	<u>Journal No.</u>	<u>Expense Amount</u>	<u>Questioned Cost</u>
1	D20AP00048	Contract	00034366	\$ 208,828	\$ 208,828
2	D20AP00048	Contract	00034368	1,101,649	1,101,649
3	D20AP00048	Contract	00034369	2,000,000	2,000,000
4	D21AP10145	Capital outlay	00068602	<u>539,700</u>	<u>539,700</u>
				<u>\$3,850,177</u>	<u>\$3,850,177</u>

For item #s 1 through 4, there is no Authorization to Proceed (ATP) document on file to support that expense was approved prior to being incurred.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-013, continued  
 Federal Agency: U.S. Department of the Interior  
 AL Program: 15.875 Economic, Social, and Political Development of the Territories  
 Area: Allowable Costs/Cost Principles  
 Area: Procurement and Suspension and Debarment  
 Questioned Costs: \$4,594,214

Conditions, continued:

2. For seven (or 88%) of eight items, aggregating \$4,061,890 of \$4,681,768 of expenditures subjected to procurement and suspension and debarment compliance test, we noted the following:

Item No.	Federal Award No.	PO / Transaction Date	PO / Voucher Number	Questioned Costs
1	GUAMCIP2019-4	01/16/20024 ; 03/20/2024	C240600030	\$ 293,625
2	D22AP00128	06/05/2024	PO0001185	67,500
3	D21AP10130	07/18/2024	IJE0043049	112,912
4	D20AP00048	11/17/2023	GNJL00016533	208,828
5	D20AP00048	11/17/2023	GNJL00016535	1,101,649
6	D20AP00048	11/17/2023	GNJL00016534	270,000
7	D20AP00048	11/17/2023	GNJL00016536	<u>2,000,000</u>
				<u>\$4,054,514</u>

For item #s 1 through 3, the General Services Agency (GSA) represented that it performed verification of suspension or debarment from SAM.gov. However, no formal documentation is kept on file to demonstrate compliance at the time of procurement.

For item #s 4 through 7, no procurement file was provided to substantiate whether the Department of Administration (DOA) complied with applicable procurement and suspension and debarment requirements.

3. Schedule of Expenditures of Federal Awards (SEFA) was revised subsequently after expenditures were initially determined and tested for suspension and debarment. Based on the revised SEFA, the number of items tested were insufficient to satisfy the minimum required number of items to test.

Cause:

The Department of Administration (DOA) did not obtain ATP documentation from federal grantor agency as they represented that it is not required since the requirement to obtain such is not explicitly indicated in the grant award.

## Government of Guam

### Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-013, continued  
Federal Agency: U.S. Department of the Interior  
AL Program: 15.875 Economic, Social, and Political Development of the Territories  
Area: Allowable Costs/Cost Principles  
Area: Procurement and Suspension and Debarment  
Questioned Costs: \$4,594,214

#### Cause, continued:

DOA's new financial management system implemented during the fiscal year has no capability to generate a report of all expenditures procured during the fiscal year and expenditure information from the old financial management system are not completely evident from the migrated expenditure information in the new financial management system, hence, there was difficulty in establishing population that will be subjected to procurement and suspension and debarment test. As there was no efficient alternative way of identifying whether or not costs charged to the program were procured during the fiscal year, and due to the timing of the audit and lack of staffing resources, DOA was unable to provide the procurement files of selected transactions by the agreed audit timeline. This limitation resulted to repeated replacement of sample selections to meet the minimum sample size required for testing.

DOA also does not have a formal policy requiring documentation of procedures performed to verify that the person in a covered transaction with whom they intend to do business is not excluded or disqualified.

#### Effect:

GovGuam is in noncompliance with applicable allowable costs/cost principles and procurement and suspension and debarment requirements.

The reportable questioned cost related to allowable costs/cost principles requirements based on the items identified in Condition #1 above is \$3,850,177.

The reportable questioned cost related to procurement and suspension and debarment requirements based on the items identified in Condition #2 above is \$4,054,514.

Only \$4,594,214 total questioned cost is reported at this finding as \$3,310,477 is reported and included in both Condition #s 1 and 2 above.

Identification as a Repeat Finding: 2023-012

#### Recommendation:

DOA management should obtain clarification from federal grantor agency regarding ATP requirement and/or exemption of capital expenditures of the program.

## Government of Guam

### Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-013, continued  
Federal Agency: U.S. Department of the Interior  
AL Program: 15.875 Economic, Social, and Political Development of the Territories  
Area: Allowable Costs/Cost Principles  
Area: Procurement and Suspension and Debarment  
Questioned Costs: \$4,594,214

#### Recommendation, continued:

DOA management should ensure that financial management system in place permits the preparation of report of all expenditures procured during the fiscal year.

Responsible personnel should ensure that documentation is adequate to comply with the applicable procurement requirements. Specifically, documentation should indicate the history of procurement, including the solicitation process and rationale for contractors or vendor selection.

DOA management should establish formal policy requiring retaining documentation of procedures performed to verify that the person in a covered transaction with whom they intend to do business is not excluded or disqualified.

#### Views of Responsible Officials:

Agency disagrees with 2 out of the 3 findings.

- Condition 1 regarding the Authorization To Proceed (ATP), as per the Grant and Cooperative Agreement and the Grant Terms and Conditions, it did not state that an ATP is required to begin work on the grant for D20AP00048 and D21AP10145. The Government complies with ATP requirements for grants which mandate such compliance. If the grant is silent, no ATP is required..
- Condition 2 GSA will continue to verify vendor eligibility through SAM.gov prior to contract award. Documentation of the verification will be retained in the procurement file for each transaction.
- Condition 3 The necessary controls will be strengthened when the updated Federal Grant module is fully implemented.

#### Auditor's Response:

Our finding remains. Although no ATP may be required, the selected samples did not demonstrate compliance related to obtaining the required written pre-approval as mentioned in the criteria above.

## Government of Guam

### Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-014  
Federal Agency: U.S. Department of Interior  
AL Program: 15.875 Economic, Social, and Political Development of the Territories  
Federal Award No.: Various  
Area: Equipment and Real Property Management  
Questioned Costs: \$ Undeterminable

#### Criteria:

In accordance with 2 CFR 200.313(b), a State must use, manage and dispose of equipment acquired under a Federal award in accordance with State laws and procedures.

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 following requirements:

- (1) Property records must 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. The recipient and subrecipient are responsible for maintaining and updating property records when there is a change in the status of the property.
- (2) A physical inventory of the property must be conducted, and the results must be reconciled with the property records at least once every two years.
- (3) A control system must be 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.
- (4) Regular maintenance procedures must be in place to ensure the property is in proper working condition.
- (5) If the recipient or subrecipient is authorized or required to sell the property, proper sales procedures must be in place to ensure the highest possible return.

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.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-014, continued  
 Federal Agency: U.S. Department of Interior  
 AL Program: 15.875 Economic, Social, and Political Development of the Territories  
 Federal Award No.: Various  
 Area: Equipment and Real Property Management  
 Questioned Costs: \$ Undeterminable

Conditions:

1. Bureau of Budget and Management Research (BBMR) lacks adequate internal policies and procedures over compliance with the applicable federal property rules and regulations.
2. BBMR’s capital asset records do not meet the criteria above and lacks certain information such as:
  - a. Serial number or asset tag number
  - b. Funding source, including the FAIN
  - c. Title holder
  - d. Percentage of Federal participation in the project costs for the Federal award under which the property was acquired
  - e. Location
  - f. Use and condition
  - g. Date of disposal, if any
  - h. Sale price of the property
3. BBMR’s most recent comprehensive physical inventory of its property was in January 2016; however, the required reconciliation was not completed. As of September 30, 2024, the required biannual physical inventory and reconciliation were not performed.
4. As capital asset records are not effectively maintained, it does not appear that BBMR has effectively developed means to adequately safeguard capital assets from loss, damage, or theft, or to reasonably investigate such occurrences.

We are unable to assess the overall cumulative monetary value of these deficiencies. However, the table below summarizes total capital outlays over the past five years.

2024	2023	2022	2021	2020
<u>Purchases</u>	<u>Purchases</u>	<u>Purchases</u>	<u>Purchases</u>	<u>Purchases</u>
\$1,557,198	\$200,185	\$975,344	\$1,338,770	\$527,784

## Government of Guam

### Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-014, continued  
Federal Agency: U.S. Department of Interior  
AL Program: 15.875 Economic, Social, and Political Development of the Territories  
Federal Award No.: Various  
Area: Equipment and Real Property Management  
Questioned Costs: \$ Undeterminable

#### Cause:

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

#### Effect:

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

Identification as a Repeat Finding: 2023-011

#### Recommendation:

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

#### Views of Responsible Officials:

Implementation of a Fixed Assets Module as part of the new FMIS system that will help automate the tracking and reporting of Capital assets, is near completion with final testing in progress. DOA will update the SOP for the Fixed Assets for capital asset reporting accordingly. Review of Assets acquired in FY2024 was completed, with FY2025 in progress. As noted previously, the process is hampered by difficulties in recruiting personnel.

## Government of Guam

### Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-015  
Federal Agency: U.S. Department of the Interior  
AL Program: 15.875 Economic, Social, and Political Development of the Territories  
Federal Award No.: Various  
Area: Reporting  
Questioned Costs: \$0

#### Criteria:

2 CFR 200.302(a) states that each State must expend and account for the Federal award in accordance with State laws and procedures for expending and accounting for the State's funds. All recipient financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by the terms and conditions; and tracking expenditures to establish that funds have been used in accordance with Federal statutes, regulations, and the terms and conditions of the Federal award.

2 CFR 300.302(b) states that recipient's financial management system must provide for the following:

- 1) Identification of all Federal awards received and expended and the Federal programs under which they were received. Federal program and Federal award identification must include, as applicable, the Assistance Listings title and number, Federal award identification number, year the Federal award was issued, and name of the Federal agency or pass-through entity.
- 2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements in 2 CFR 200.328 and 200.329.
- 3) Maintaining records that sufficiently identify the amount, source, and expenditure of Federal funds for Federal awards. These records must contain information necessary to identify Federal awards, authorizations, financial obligations, unobligated balances, as well as assets, expenditures, income, and interest. All records must be supported by source documentation.

2 CFR 200.328(c) states that recipient must submit financial reports as required by the Federal award.

#### Condition:

Bureau of Budget and Management Research (BBMR) was unable to provide a complete listing of financial reports required to be submitted for each of grant awards effective during the fiscal year.

## Government of Guam

### Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-015, continued  
Federal Agency: U.S. Department of the Interior  
AL Program: 15.875 Economic, Social, and Political Development of the Territories  
Federal Award No.: Various  
Area: Reporting  
Questioned Costs: \$0

Cause:

BBMR did not maintain an internal monitoring of financial reports required to be submitted for each of grant awards effective during the fiscal year and did not ensure compliance with applicable reporting requirements.

Effect:

We are unable to determine compliance with applicable reporting requirements. No questioned cost is presented as we are unable to quantify the extent of noncompliance.

Identification as a Repeat Finding: 2023-013

Recommendation:

BBMR management should enforce monitoring controls over compliance with applicable reporting requirements. Responsible personnel should maintain a monitoring of financial reports required to be submitted for each of grant awards effective during the fiscal year.

Views of Responsible Officials:

BBMR will work with DOA to keep soft copies of submitted and approved Federal Financial Reports (FFR) on hand.

## Government of Guam

### Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-016  
Federal Agency: U.S. Department of the Interior  
AL Program: 15.875 Economic, Social, and Political Development of the Territories  
Federal Award No.: Various  
Area: Subrecipient Monitoring  
Questioned Costs: \$ Undeterminable

#### Criteria:

In accordance with applicable subrecipient monitoring requirements, a pass-through entity (PTE) must:

- a) Identify the Award and Applicable Requirements – Clearly identify to the subrecipient:
  - (1) the award as a subaward at the time of subaward (or subsequent subaward modification) by providing the information described in 2 CFR section 200.332(a)(1);
  - (2) all requirements imposed by the PTE on the subrecipient so that the federal award is used in accordance with federal statutes, regulations, and the terms and conditions of the award (2 CFR section 200.332(a)(2)); and
  - (3) any additional requirements that the PTE imposes on the subrecipient in order for the PTE to meet its own responsibility for the federal award (e.g., financial, performance, and special reports) (2 CFR section 200.332(a)(3)).
- b) Evaluate Risk – Evaluate each subrecipient’s risk of noncompliance for purposes of determining the appropriate subrecipient monitoring related to the subaward (2 CFR section 200.332(b)).
- c) Monitor – Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, complies with the terms and conditions of the subaward, and achieves performance goals (2 CFR sections 200.332(d) through (f)).

#### Condition:

Schedule of subrecipients were received past the deadline, and copies of related subaward documents including the terms and conditions of the subawards were not provided during the audit. Total amount passed through to subrecipients during the fiscal year is \$713,822.

## Government of Guam

### Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-016, continued  
Federal Agency: U.S. Department of the Interior  
AL Program: 15.875 Economic, Social, and Political Development of the Territories  
Federal Award No.: Various  
Area: Subrecipient Monitoring  
Questioned Costs: \$ Undeterminable

Cause:

Bureau of Budget and Management Research (BBMR) management did not respond to audit requests in a timely manner.

Effect:

We are unable to verify compliance with the requirements for subrecipient monitoring. No questioned cost is presented as we are unable to quantify the extent of noncompliance.

Recommendation:

BBMR management should establish internal policies and procedures over timely response to audit-related matters.

Views of Responsible Officials:

BBMR will create Standard Operating Procedures as well as a checklist, to assist in the monitoring of subrecipient compliance.

## Government of Guam

### Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-017  
Federal Agency: U.S. Department of Labor  
AL Program: 17.277 Workforce Investment Act (WIA) National Emergency Grants  
Federal Award No: 23A60DW000007  
Area: Eligibility  
Questioned Costs: \$23,715

#### Criteria:

Section 189(h) of the Workforce Innovation and Opportunity Act (WIOA) requires individuals receiving any assistance or benefit under WIOA, that they not violate section 3 of the Military Selective Service Act (50U.S.C. app. 451) by not presenting and submitting to registration as required in (686.420) and TEGL 11-11, Chg. 2.

#### Condition:

For one (or 3%) of forty items, aggregating \$784,344 of \$4,820,337 in total participant benefits, no supporting document was provided to substantiate that the participant (employee # 62966) was compliant with WIOA Section 189(h) and was registered on the Selective Service System.

#### Cause:

Department of Labor (DOL) did not have adequate procedures to ensure that the participant was registered under the Selective Service System as required for men who were born on or after January 1, 1960 (i.e. 30 days before or 30 days after their birthday.)

#### Effect:

GovGuam is in noncompliance with applicable eligibility requirements. The reportable questioned cost is \$23,715 based on the item identified in Condition above.

#### Recommendation:

Responsible personnel should enforce monitoring controls over compliance with applicable eligibility requirements, specifically, retaining sufficient documentation to support eligibility determination.

#### Views of Responsible Officials:

In June 2024, GDOL established a policy workgroup to modernize internal procedures. Consequently, the AJC-024-Selective Service Registration policy was updated and formally approved on August 12, 2024. This updated guidance was distributed to all American Job Center (AJC) staff and case managers on August 15, 2024, to ensure future consistency in documentation and eligibility overrides.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-018  
 Federal Agency: U.S. Department of the Treasury  
 AL Program: 21.023 Emergency Rental Assistance  
 Federal Award No.: COVID-19 Section 501 of the Consolidated Appropriations Act, 2021  
 Federal Award No.: COVID-19 Section 3201 of the American Rescue Plan Act, 2021  
 Area: Eligibility  
 Questioned Costs: \$20,769

Criteria:

Pursuant to section 501(k)(3)(B) of Division N of the Consolidated Appropriations Act, 2021, and 2 CFR 200.403, when providing ERA1 assistance, the grantee must review the household’s income and sources of assistance to confirm that the ERA1 assistance does not duplicate any other assistance, including federal, state, or local assistance provided for the same costs.

Per Emergency Rental Assistance Frequently Asked Questions Revised July 27, 2022, in all cases, grantees must document their policies and procedures for determining household eligibility to include policies and procedures for determining the prioritization of households in compliance with the statute and maintain records of their determinations.

Condition:

For twelve (or 30%) of forty participants tested, aggregating \$53,639 of \$7,141,800 in total participant benefits, deficiencies were noted, as follows:

<u>Item No.</u>	<u>Case / Voucher No.</u>	<u>Benefit Amount</u>	<u>Questioned Cost</u>
1	IJE0062937	\$ 4,056	\$ 4,056
2	IJE0031146	133	133
3	ERA216-00906	3,538	3,538
4	ERA216-01739	948	948
5	ERA216-01099	600	600
6	ERA216-01082	477	477
7	ERA216-01161	234	234
8	ERA216-01171	441	441
9	ERA215-01085	5,600	5,600
10	ERA216-01241	2,476	2,476
11	ERA216-00773	114	114
12	ERA215-02288	<u>2,152</u>	<u>2,152</u>
		<u>\$20,769</u>	<u>\$20,769</u>

For item #s 1 through 2, no documentation was on file to support eligibility determination.

For item #s 3 through 10, no documentation (e.g. check stubs and/or 1040 forms) was on file to support whether the participant met the income eligibility requirement. Furthermore, for items #s 3 through 8, documentation that determines the eligibility period (e.g. Approved Financial Assistance Form or Continuance of Assistance Approval Form) was not on file.

## Government of Guam

### Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-018, continued  
Federal Agency: U.S. Department of the Treasury  
AL Program: 21.023 Emergency Rental Assistance  
Federal Award No.: COVID-19 Section 501 of the Consolidated Appropriations Act, 2021  
Federal Award No.: COVID-19 Section 3201 of the American Rescue Plan Act, 2021  
Area: Eligibility  
Questioned Costs: \$20,769

#### Condition, continued:

For item # 11, supporting documentation on file to support whether all members in the household of the participant met the citizenship requirement (e.g. government issued identification card) was incomplete.

For item # 12, inconsistent information was identified in the supporting documents such as the date of birth and familial relationships.

#### Cause:

The Department of Administration (DOA) could not locate records while physical files are currently being scanned and saved electronically due to the closure of the program.

#### Effect:

GovGuam is in noncompliance with applicable eligibility requirements. The reportable questioned cost is \$20,769 based on the items identified in Condition above.

#### Recommendation:

Responsible personnel should enforce monitoring controls over compliance with applicable eligibility requirements, specifically, retaining sufficient documentation to support eligibility determination.

#### Views of Responsible Officials:

The Agency is reviewing the management of Federal Grants to ensure robust handover and succession plans are in place for future programs. The sudden passing of the ERA Program Coordinator directly impacted overall management of the program.

## Government of Guam

### Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-019  
Federal Agency: U.S. Department of the Treasury  
AL Program: 21.023 Emergency Rental Assistance  
Federal Award No.: COVID-19 Section 501 of the Consolidated Appropriations Act, 2021  
Federal Award No.: COVID-19 Section 3201 of the American Rescue Plan Act, 2021  
Area: Matching, Level of Effort, Earmarking  
Questioned Costs: \$ Undeterminable

#### Criteria:

In accordance with applicable matching, level of effort, earmarking requirements, under Emergency Rental Assistance (ERA) 1, a grantee may use up to 10 percent of the total award amount for direct and indirect administrative costs. Under ERA 2, a grantee may use up to 15 percent of the total award amount for direct and indirect administrative costs and 10 percent of the total award amount for housing stability purposes.

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.

#### Condition:

The Department of Administration (DOA) was unable to demonstrate and provide evidence of compliance with the applicable earmarking requirement due to closure of the program during the fiscal year and expiration of employment contract of personnel responsible for compliance.

#### Cause:

DOA lacks established internal control policies and procedures relating to proper turn-over of documents. Remaining DOA personnel managing the program did not have access to internal files of the Program Coordinator whose employment contract expired.

#### Effect:

GovGuam is in noncompliance with applicable matching, level of effort, earmarking requirements. No questioned cost is presented as we are unable to quantify the extent of noncompliance.

## Government of Guam

### Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-019, continued  
Federal Agency: U.S. Department of the Treasury  
AL Program: 21.023 Emergency Rental Assistance  
Federal Award No.: COVID-19 Section 501 of the Consolidated Appropriations Act, 2021  
Federal Award No.: COVID-19 Section 3201 of the American Rescue Plan Act, 2021  
Area: Matching, Level of Effort, Earmarking  
Questioned Costs: \$ Undeterminable

#### Recommendation:

DOA management should establish internal control policies and procedures relating to turnover of documents to ensure that all required and supporting documentation are properly maintained and retained for purposes of demonstrating compliance over applicable matching, level of effort, and earmarking requirements.

#### Views of Responsible Officials:

The Agency is reviewing the management of Federal Grants to ensure robust handover and succession plans are in place for future programs. The sudden passing of the ERA Program Coordinator directly impacted overall management of the program.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-020
Federal Agency: U.S. Department of the Treasury
AL Program: 21.023 Emergency Rental Assistance
Federal Award No.: COVID-19 Section 501 of the Consolidated Appropriations Act, 2021
Federal Award No.: COVID-19 Section 3201 of the American Rescue Plan Act, 2021
Area: Reporting
Questioned Costs: \$0

Criteria:

In accordance with applicable reporting requirements, GovGuam is required to submit quarterly performance report, specifically, ERA Compliance Report (PRA 1505-0270 (ERA 2)).

2 CFR 200.329(a) states that recipient is responsible for the oversight of the Federal award. The recipient must monitor its activities under Federal awards to ensure it is compliant with all requirements and meeting performance expectations. Monitoring by the recipient must cover each program, function, or activity.

2 CFR 329(c)(1) states that recipient must submit performance reports as required by the Federal award. Reports submitted quarterly or semiannually must be due no later than 30 calendar days after the reporting period.

Grant award terms and conditions state that records shall be maintained by recipient for a period of five years after the period of performance.

Condition:

For four (or 100%) of four reports tested, records that accumulate and summarize reported data/ key line items such as 1) Administrative Costs Ratio; and 2) Housing Stability Services Ratio were not provided for the following:

Table with 3 columns: Item No., Quarter Ended, Reporting Period. Rows 1-4 detailing ERA Quarterly Reports for Q3 2023, Q4 2023, Q1 2024, and Q2 2024.

Cause:

The Department of Administration (DOA) lacks established internal control policies and procedures relating to proper turn-over of documents. DOA was unable to provide sufficient supporting records to substantiate the reported data/ key line items due to closure of the program during the fiscal year and expiration of employment contract of personnel responsible for compliance with reporting requirements. Additionally, DOA did not maintain records for a period of five years after the period of performance.

## Government of Guam

### Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-020, continued  
Federal Agency: U.S. Department of the Treasury  
AL Program: 21.023 Emergency Rental Assistance  
Federal Award No.: COVID-19 Section 501 of the Consolidated Appropriations Act, 2021  
Federal Award No.: COVID-19 Section 3201 of the American Rescue Plan Act, 2021  
Area: Reporting  
Questioned Costs: \$0

#### Effect:

We are unable to verify accuracy of reported data/ key line items. No questioned cost is presented as we are unable to quantify the extent of noncompliance.

Identification as a Repeat Finding: 2023-014

#### Recommendation:

DOA management should establish internal control policies and procedures over retention of grant-related documents after period of performance for a period specified by the grant terms and conditions.

#### Views of Responsible Officials:

The Agency disagrees with this finding. Please refer to a letter dated March 31, 2026, regarding Reports on Compliance September 30, 2024.

#### Auditor's Response:

Our finding remains because we were unable to determine compliance with applicable requirements.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-021  
 Federal Agency: U.S. Department of the Treasury  
 AL Program: 21.026 Homeowner Assistance Fund  
 Federal Award No.: COVID-19 Section 3206 of the American Rescue Plan Act of 2021  
 Area: Activities Allowed or Unallowed  
 Area: Allowable Cost/Cost Principles  
 Questioned Costs: \$7,874

Criteria:

In accordance with the applicable activities allowed or unallowed requirements, institutions must demonstrate that costs incurred are allowable under the relevant program legislation, federal awarding agency regulations, and the terms and conditions of the award and consistent with the purpose of the grant.

2 CFR 200.403(a) states that federal program expenditures should be necessary and reasonable for the performance of the Federal award in accordance with allowable costs/cost principles requirements and 2 CFR 200.403(g) states that costs should be adequately documented.

Conditions:

1. For one (or 3%) of twenty-nine items, aggregating \$24,864 of \$554,280 in total non-payroll expenditures, vendor invoice was not on file:

<u>Account Name</u>	<u>Journal No.</u>	<u>Expense Amount</u>	<u>Questioned Cost</u>
Miscellaneous	48333	<u>\$1,454</u>	<u>\$1,454</u>

2. For six (or 55%) of eleven items, aggregating \$11,179 of \$200,650 in total payroll expenditures, deficiencies were noted, as follows:

<u>Item No.</u>	<u>Account Name</u>	<u>Job Order No.</u>	<u>Employee No.</u>	<u>Expense Amount</u>	<u>Questioned Cost</u>
1	Fringe	60721644	60124	\$1,139	\$1,139
2	Fringe	60721644	62889	191	191
3	Regular Salary	60721644	62889	191	191
4	Regular Salary	60721644	60038	1,591	1,591
5	Fringe	Undeterminable	Undeterminable	2,255	2,255
6	Fringe	60721644	60124	<u>1,053</u>	<u>1,053</u>
				<u>\$6,420</u>	<u>\$6,420</u>

For item #s 1 through 4, there were no supporting documents (e.g. timesheet, payroll register, personnel action file) on file to substantiate whether such expenditures were allowable cost of the underlying grant.

## Government of Guam

### Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-021, continued  
Federal Agency: U.S. Department of the Treasury  
AL Program: 21.026 Homeowner Assistance Fund  
Federal Award No.: COVID-19 Section 3206 of the American Rescue Plan Act of 2021  
Area: Activities Allowed or Unallowed  
Area: Allowable Cost/Cost Principles  
Questioned Costs: \$7,874

#### Conditions, continued:

For item # 5, there was no labor cost distribution report on file to substantiate whether such expenditure was allowable costs of the underlying grant.

For item # 6, payroll register was not on file.

#### Cause:

The Department of Administration (DOA) did not enforce monitoring controls over compliance with applicable activities allowed or unallowed and allowable costs/cost principles requirements, specifically, retaining sufficient documentation to support transactions and ensuring expenditures are necessary and reasonable for the performance of the Federal award.

#### Effect:

GovGuam is in noncompliance with activities allowed or unallowed and allowable costs/cost principles requirements. The reportable questioned cost is \$7,874 based on the items identified in Conditions above.

#### Recommendation:

Responsible personnel should enforce monitoring controls over compliance with applicable activities allowed or unallowed and allowable costs/cost principles requirements, specifically, retaining sufficient documentation to support transactions.

#### Views of Responsible Officials:

The Agency disagrees with this finding. Please refer to a letter dated March 31, 2026, regarding Reports on Compliance September 30, 2024.

#### Auditor's Response:

Our finding remains because we were unable to determine compliance with applicable requirements.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-022  
 Federal Agency: U.S. Department of the Treasury  
 AL Program: 21.026 Homeowner Assistance Fund  
 Federal Award No.: COVID-19 Section 3206 of the American Rescue Plan Act of 2021  
 Area: Eligibility  
 Questioned Costs: \$2,142

Criteria:

In accordance with U.S. Department of the Treasury Homeowner Assistance Fund (HAF): Guidance on Participant Compliance and Reporting Responsibilities dated May 9, 2022, HAF participants are responsible for ensuring funds are used for eligible purposes. Generally, HAF participants must develop and implement policies and procedures, and record retention, to determine and monitor implementation of criteria for determining the eligibility of beneficiaries. HAF participants will need to maintain procedures for obtaining information evidencing a given beneficiary’s eligibility.

Condition:

For five (or 13%) of forty participants tested, aggregating \$23,372 of \$547,076 in total participant benefits, deficiencies were noted, as follows:

Item No.	HAF Case No.	Household Size	Date	Questioned Cost
1	532	5	02/15/2024	\$ 844
2	532	5	01/08/2024	570
3	400	2	11/28/2023	273
4	1285	1	11/20/2023	259
5	898	Undeterminable	11/28/2023	196
				<u>\$2,142</u>

For item #s 1 and 3, vendor invoices were addressed to an individual different from the participant and there were no additional support to verify the relationship between the participant and the invoice addressee.

For item # 2, no documentation was on file to support eligibility determination.

For item # 4, documentation that determines the eligibility period (e.g., Approved Continuation of Financial Assistance Request Form) was not on file.

For item # 5, documentation of participant’s identification (e.g., government-issued identification), documentation to support whether the participant met the income eligibility requirement (e.g., paystubs, W2s or other wage statements), and documentation that determines the eligibility period (e.g., Approved Continuation of Financial Assistance Request Form) were not on file.

## Government of Guam

### Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-022, continued  
Federal Agency: U.S. Department of the Treasury  
AL Program: 21.026 Homeowner Assistance Fund  
Federal Award No.: COVID-19 Section 3206 of the American Rescue Plan Act of 2021  
Area: Eligibility  
Questioned Costs: \$2,142

Cause:

The Department of Administration (DOA) could not locate records while physical files are currently being scanned and saved electronically due to the closure of the program.

Effect:

GovGuam is in noncompliance with applicable eligibility requirements. The reportable questioned cost is \$2,142 based on the items identified in Condition above.

Identification as a Repeat Finding: 2023-015

Recommendation:

Responsible personnel should enforce monitoring controls over compliance with applicable eligibility requirements, specifically, retaining sufficient documentation to support eligibility determination.

Views of Responsible Officials:

The Agency is reviewing its federal grants management to ensure robust handover and succession plans are in place of future programs.

## Government of Guam

### Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-023  
Federal Agency: U.S. Department of the Treasury  
AL Program: 21.026 Homeowner Assistance Fund  
Federal Award No.: COVID-19 Section 3206 of the American Rescue Plan Act of 2021  
Area: Matching, Level of Effort, Earmarking  
Questioned Costs: \$ Undeterminable

#### Criteria:

In accordance with applicable matching, level of effort, earmarking requirements, GovGuam is subject to the following earmarking requirements:

- a) Counseling or educational efforts by housing counseling agencies approved by Housing and Urban Development (HUD), tribal government (including such efforts by in-house housing counselors who are HUD certified or tribally approved), or legal services, targeted to households eligible to be served with funding from the Homeowner Assistance Fund (HAF) related to foreclosure prevention or displacement, in an aggregate amount up to 5 percent of the funding from the HAF received by the HAF participant.
- b) Planning, community engagement, needs assessment, and administrative expenses related to the HAF participant's disbursement of HAF funds for qualified expenses, in an aggregate amount not to exceed 15 percent of the funding from the HAF received by the HAF participant. If the HAF participant has only received the initial 10% of its allocation, no more than 50% of the initial payment is permitted to be used for the expenses mentioned here.
- c) Participants are providing not less than 60% of funds to homeowners with income less than 100% AMI or 100% of U.S. median income.
- d) Participants target homeowners that are classified as Socially Disadvantaged Individuals (SDI) and 100 percent AMI or less.

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.

#### Condition:

The Department of Administration (DOA) was unable to demonstrate and provide evidence of compliance with the applicable earmarking requirement due to closure of the program during the fiscal year and expiration of employment contract of personnel responsible for compliance.

## Government of Guam

### Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-023, continued  
Federal Agency: U.S. Department of the Treasury  
AL Program: 21.026 Homeowner Assistance Fund  
Federal Award No.: COVID-19 Section 3206 of the American Rescue Plan Act of 2021  
Area: Matching, Level of Effort, Earmarking  
Questioned Costs: \$ Undeterminable

Cause:

DOA lacks established internal control policies and procedures relating to proper turn-over of documents. Remaining DOA personnel managing the program did not have access to internal files of the Program Coordinator whose employment contract expired.

Effect:

GovGuam is in noncompliance with applicable matching, level of effort, earmarking requirements. No questioned cost is presented as we are unable to quantify the extent of noncompliance.

Recommendation:

DOA management should establish internal control policies and procedures relating to turnover of documents to ensure that all required and supporting documentation is properly maintained and retained for purposes of demonstrating compliance over applicable matching, level of effort, and earmarking requirements.

Views of Responsible Officials:

The Agency is reviewing its federal grants management to ensure robust handover and succession plans are in place of future programs.

## Government of Guam

### Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-024  
Federal Agency: U.S. Department of the Treasury  
AL Program: 21.026 Homeowner Assistance Fund  
Federal Award No.: COVID-19 Section 3206 of the American Rescue Plan Act of 2021  
Area: Reporting  
Questioned Costs: \$0

#### Criteria:

In accordance with applicable reporting requirements, GovGuam is required to submit quarterly financial report (PRA 1505-0269-Quarterly) and annual performance report (PRA 1505-0269).

2 CFR 200.302(a) states that each State must expend and account for the Federal award in accordance with State laws and procedures for expending and accounting for the State's funds. All recipient financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by the terms and conditions; and tracking expenditures to establish that funds have been used in accordance with Federal statutes, regulations, and the terms and conditions of the Federal award.

2 CFR 300.302(b) states that recipient's financial management system must provide for the following:

- 1) Identification of all Federal awards received and expended and the Federal programs under which they were received. Federal program and Federal award identification must include, as applicable, the Assistance Listings title and number, Federal award identification number, year the Federal award was issued, and name of the Federal agency or pass-through entity.
- 2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements in 2 CFR 200.328 and 200.329.
- 3) Maintaining records that sufficiently identify the amount, source, and expenditure of Federal funds for Federal awards. These records must contain information necessary to identify Federal awards, authorizations, financial obligations, unobligated balances, as well as assets, expenditures, income, and interest. All records must be supported by source documentation.

2 CFR 200.329(a) states that recipient is responsible for the oversight of the Federal award. The recipient must monitor its activities under Federal awards to ensure it is compliant with all requirements and meeting performance expectations. Monitoring by the recipient must cover each program, function, or activity.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-024, continued
Federal Agency: U.S. Department of the Treasury
AL Program: 21.026 Homeowner Assistance Fund
Federal Award No.: COVID-19 Section 3206 of the American Rescue Plan Act of 2021
Area: Reporting
Questioned Costs: \$0

Criteria, continued:

Per Homeowner Assistance Fund: Annual Report User Guide October 14, 2022 (Updated October 15, 2025), the annual report required to be submitted during fiscal year 2024 is the annual report with period covered October 1, 2022 through September 30, 2023, which is required to be submitted on or before November 15, 2023.

Conditions:

- 1. For three (or 75%) of four financial reports tested, expenditures reported in the quarterly reports differ from amounts per underlying accounting records and no reconciliation was provided to explain the identified variances, as follows:

Table with 5 columns: Item No., Reporting Period Ended, Per Report, Per Accounting Records, Over Reported. Rows 1-3 showing financial data for periods 09/30/2023, 12/31/2023, and 03/31/2024.

- 2. For four (or 100%) of four financial reports tested, records that accumulate and summarize reported data/ key line items such as 1) Administrative Expenses; and 2) Services, Counseling & Education were not provided.
3. The annual report with period covered October 1, 2022 through September 30, 2023, which was required to be submitted on or before November 15, 2023 was not provided.

Cause:

The Department of Administration (DOA) lacks established internal control policies and procedures relating to proper turn-over of documents. DOA was unable to: 1) provide reconciliation to explain the identified variances; 2) provide sufficient supporting records to substantiate the reported data/ key line items; and 3) unable to provide a copy of the annual report.

Effect:

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

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-024, continued  
Federal Agency: U.S. Department of the Treasury  
AL Program: 21.026 Homeowner Assistance Fund  
Federal Award No.: COVID-19 Section 3206 of the American Rescue Plan Act of 2021  
Area: Reporting  
Questioned Costs: \$0

Identification as a Repeat Finding: 2023-016

Recommendation:

DOA management should establish internal control policies and procedures over retention of grant-related documents after period of performance for a period specified by the grant terms and conditions. Responsible personnel should review underlying accounting records and perform reconciliation of the required reports.

Views of Responsible Officials:

The Agency is reviewing its federal grants management to ensure robust handover and succession plans are in place of future programs.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-025  
 Federal Agency: U.S. Department of the Treasury  
 AL Program: 21.027 Coronavirus State and Local Fiscal Recovery Funds  
 Federal Award No.: COVID-19 Section 9901 of the American Rescue Plan Act of 2021  
 Area: Activities Allowed or Unallowed  
 Area: Allowable Cost/Cost Principles  
 Questioned Costs: \$5,617,888

Criteria:

In accordance with the applicable activities allowed or unallowed requirements, institutions must demonstrate that costs incurred are allowable under the relevant program legislation, federal awarding agency regulations, and the terms and conditions of the award and consistent with the purpose of the grant.

2 CFR 200.403(a) states that federal program expenditures should be necessary and reasonable for the performance of the Federal award in accordance with allowable costs/cost principles requirements and 2 CFR 200.403(g) states that costs should be adequately documented.

Conditions:

- For fifteen (or 33%) of forty-six items, aggregating \$11,525,386 of \$36,042,947 in total non-payroll expenditures, deficiencies were noted, as follows:

<u>Item No.</u>	<u>Account Name</u>	<u>Journal No.</u>	<u>Expense Amount</u>	<u>Questioned Cost</u>
1	MISCELLANEOUS	00067838	\$2,573,833	\$ 2,573,833
2	MISCELLANEOUS	00098372	2,095,344	2,095,344
3	MISCELLANEOUS	00111428	914,439	914,439
4	MISCELLANEOUS	00073184	22,080	22,080
5	SUPPLIES	00059723	2,753	2,753
6	SUPPLIES	00048327	1,250	1,250
7	SUPPLIES	00048264	380	380
8	SUPPLIES	00197787	313	313
9	CONTRACT	00062971	224	224
10	SUPPLIES	00034372	127	127
11	SUPPLIES	00035681	68	68
12	SUPPLIES	00034371	67	67
13	SUPPLIES	00035731	17	17
14	TELECOMM	00046716	607	607
15	SUPPLIES	00186721	672	672
			<u>\$5,612,174</u>	<u>\$5,612,174</u>

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-025, continued  
 Federal Agency: U.S. Department of the Treasury  
 AL Program: 21.027 Coronavirus State and Local Fiscal Recovery Funds  
 Federal Award No.: COVID-19 Section 9901 of the American Rescue Plan Act of 2021  
 Area: Activities Allowed or Unallowed  
 Area: Allowable Cost/Cost Principles  
 Questioned Costs: \$5,617,888

Conditions, continued:

For item #s 1 through 13, there were no supporting documents (e.g. purchase order, contract, invoice, payment advice) on file to substantiate whether such expenditures were allowable cost of the underlying grant.

For item # 14, except for payment advice, there were no other supporting documents (e.g. purchase order, contract, invoice) on file to substantiate whether such expenditures were allowable cost of the underlying grant.

For item # 15, payment advice was not on file.

2. For three (or 30%) of ten items, aggregating \$16,236 of \$11,409,253 in total payroll expenditures, deficiencies were noted, as follows:

<u>Item No.</u>	<u>Account Name</u>	<u>Job Order No.</u>	<u>Employee No.</u>	<u>Expense Amount</u>	<u>Questioned Cost</u>
1	Overtime Salary	Unidentifiable	10000433	\$ 628	\$ 628
2	Regular Salary	102021301	3272	894	894
3	Regular Salary	Unidentifiable	10000255	<u>4,192</u>	<u>4,192</u>
				<u>\$5,714</u>	<u>\$5,714</u>

For item # 1, job order number was not indicated in the timesheet, hence, we are unable to ascertain whether such expenditure was allowable cost of the underlying grant.

For item # 2, payroll register was unclear or illegible.

For item # 3, there were no supporting documents (e.g. timesheet, payroll register, personnel action file) on file to substantiate whether such expenditure was allowable cost of the underlying grant.

Cause:

The Department of Administration (DOA) did not enforce monitoring controls over compliance with applicable activities allowed or unallowed and allowable costs/cost principles requirements, specifically, retaining sufficient documentation to support transactions and ensuring expenditures are necessary and reasonable for the performance of the Federal award.

## Government of Guam

### Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-025, continued  
Federal Agency: U.S. Department of the Treasury  
AL Program: 21.027 Coronavirus State and Local Fiscal Recovery Funds  
Federal Award No.: COVID-19 Section 9901 of the American Rescue Plan Act of 2021  
Area: Activities Allowed or Unallowed  
Area: Allowable Cost/Cost Principles  
Questioned Costs: \$5,617,888

#### Effect:

GovGuam is in noncompliance with activities allowed or unallowed and allowable costs/cost principles requirements. The reportable questioned cost is \$5,617,888 based on the items identified in Conditions above.

#### Recommendation:

Responsible personnel should enforce monitoring controls over compliance with applicable activities allowed or unallowed and allowable costs/cost principles requirements, specifically, retaining sufficient documentation to support transactions.

#### Views of Responsible Officials:

The Agency disagrees with this finding. Please refer to a letter dated March 31, 2026, regarding Reports on Compliance September 30, 2024.

#### Auditor's Response:

Our finding remains because we were unable to determine compliance with applicable requirements.

## Government of Guam

### Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-026  
Federal Agency: U.S. Department of the Treasury  
AL Program: 21.027 Coronavirus State and Local Fiscal Recovery Funds  
Federal Award No.: COVID-19 Section 9901 of the American Rescue Plan Act of 2021  
Area: Matching, Level of Effort, Earmarking  
Questioned Costs: \$ Undeterminable

#### Criteria:

In accordance with 31 CFR Section 35.6(h)(3)(ii), funds used for the projects identified in 31 CFR Section 35.6(h), must supplement, and not supplant, other Federal, State, territorial, Tribal, and local government funds (as applicable) that:

- (A) in the case of non-Federal funds, have been obligated for activities or projects that are eligible as part of any Surface Transportation project or Title I project, as applicable, or
- (B) in the case of Federal funds, a Federal agency has committed to a particular project pursuant to an award agreement or otherwise.

#### Condition:

Capital outlays during the fiscal year are \$3,552,804 and we were unable to determine whether such capital outlays were related to Surface Transportation or Title I projects. Department of Administration (DOA) lacks adequate internal policies and procedures over compliance with the applicable level of effort requirement. Furthermore, DOA was unable to demonstrate and provide evidence of compliance with the level of effort requirement.

#### Cause:

DOA was unaware of the level of effort compliance requirement.

#### Effect:

GovGuam is in noncompliance with applicable matching, level of effort, earmarking requirements. No questioned cost is presented as we are unable to quantify the extent of noncompliance.

#### Recommendation:

DOA management should consider training responsible personnel managing federal programs to be well informed of the applicable compliance requirements. Also, DOA management should establish internal policies and procedures over compliance with applicable matching, level of effort, earmarking requirements.

## Government of Guam

### Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-026, continued  
Federal Agency: U.S. Department of the Treasury  
AL Program: 21.027 Coronavirus State and Local Fiscal Recovery Funds  
Federal Award No.: COVID-19 Section 9901 of the American Rescue Plan Act of 2021  
Area: Matching, Level of Effort, Earmarking  
Questioned Costs: \$ Undeterminable

#### Views of Responsible Officials:

The Agency disagrees with this finding. Please refer to a letter dated March 31, 2026, regarding Reports on Compliance September 30, 2024.

#### Auditor's Response:

Our finding remains because we were unable to determine compliance with applicable requirements.

# Government of Guam

## Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-027  
Federal Agency: U.S. Department of the Treasury  
AL Program: 21.027 Coronavirus State and Local Fiscal Recovery Funds  
Federal Award No.: COVID-19 Section 9901 of the American Rescue Plan Act of 2021  
Area: Procurement and Suspension and Debarment  
Questioned Costs: \$ Undeterminable

### Criteria:

2 CFR 200.302 states that each State must expend and account for the Federal award in accordance with State laws and procedures for expending and accounting for the State's funds. All recipient and subrecipient financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by the terms and conditions; and tracking expenditures to establish that funds have been used in accordance with Federal statutes, regulations, and the terms and conditions of the Federal award. Moreover, the recipient's and subrecipient's financial management system must provide for maintaining records that sufficiently identify the amount, source, and expenditure of Federal funds for Federal awards. These records must contain information necessary to identify Federal awards, authorizations, financial obligations, unobligated balances, as well as assets, expenditures, income, and interest.

### Condition:

Report of all expenditures procured during the fiscal year could not be provided. Furthermore, there is no efficient and effective alternative way of identifying whether or not costs charged to the program were procured during the fiscal year.

### Cause:

The Department of Administration's (DOA) new financial management system implemented during the fiscal year has no capability to generate a report of all expenditures procured during the fiscal year and expenditure information from the old financial management system are not completely evident from the migrated expenditure information in the new financial management system. Furthermore, there was no efficient alternative way of identifying whether or not costs charged to the program were procured during the fiscal year.

### Effect:

We are unable to make selection of transactions necessary to provide us with sufficient appropriate audit evidence to support an opinion on compliance with procurement and suspension and debarment compliance requirement. No questioned cost is presented as we are unable to quantify the extent of noncompliance.

## Government of Guam

### Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-027, continued  
Federal Agency: U.S. Department of the Treasury  
AL Program: 21.027 Coronavirus State and Local Fiscal Recovery Funds  
Federal Award No.: COVID-19 Section 9901 of the American Rescue Plan Act of 2021  
Area: Procurement and Suspension and Debarment  
Questioned Costs: \$ Undeterminable

Identification as a Repeat Finding: 2023-017

Recommendation:

DOA management should ensure that financial management system in place permits the preparation of report of all expenditures procured during the fiscal year.

Views of Responsible Officials:

GSA will continue to verify vendor eligibility through SAM.gov prior to contract award. Documentation of the verification will be retained in the procurement file for each transaction.

GSA has revised IFB templates to include the required debarment and suspension certification language in accordance with 2 CFR 200.214. Effective immediately, all new contracts will include this clause prior to execution.

For local vendors that may not appear in federal systems, GSA will require a debarment and suspension certification as part of the contracting process and maintain this documentation within the procurement record.

## Government of Guam

### Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-028  
Federal Agency: U.S. Department of the Treasury  
AL Program: 21.027 Coronavirus State and Local Fiscal Recovery Funds  
Federal Award No.: COVID-19 Section 9901 of the American Rescue Plan Act of 2021  
Area: Subrecipient Monitoring  
Questioned Costs: \$ Undeterminable

#### Criteria:

In accordance with applicable subrecipient monitoring requirements, a pass-through entity (PTE) must:

- a) Identify the Award and Applicable Requirements – Clearly identify to the subrecipient:
  - (1) the award as a subaward at the time of subaward (or subsequent subaward modification) by providing the information described in 2 CFR section 200.332(a)(1);
  - (2) all requirements imposed by the PTE on the subrecipient so that the federal award is used in accordance with federal statutes, regulations, and the terms and conditions of the award (2 CFR section 200.332(a)(2)); and
  - (3) any additional requirements that the PTE imposes on the subrecipient in order for the PTE to meet its own responsibility for the federal award (e.g., financial, performance, and special reports) (2 CFR section 200.332(a)(3)).
- b) Evaluate Risk – Evaluate each subrecipient’s risk of noncompliance for purposes of determining the appropriate subrecipient monitoring related to the subaward (2 CFR section 200.332(b)).
- c) Monitor – Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, complies with the terms and conditions of the subaward, and achieves performance goals (2 CFR sections 200.332(d) through (f)).

#### Condition:

There were no executed subaward documents relative to the amount passed through to subrecipient amounting to \$5,000,000.

## Government of Guam

### Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-028, continued  
Federal Agency: U.S. Department of the Treasury  
AL Program: 21.027 Coronavirus State and Local Fiscal Recovery Funds  
Federal Award No.: COVID-19 Section 9901 of the American Rescue Plan Act of 2021  
Area: Subrecipient Monitoring  
Questioned Costs: \$ Undeterminable

#### Cause:

Department of Administration (DOA) management relied on the Executive Order published by the Office of the Governor without establishing subaward agreement to specify applicable terms and conditions of the award.

#### Effect:

We are unable to verify compliance with the requirements for subrecipient monitoring. No questioned cost is presented as we are unable to quantify the extent of noncompliance.

Identification as a Repeat Finding: 2023-018

#### Recommendation:

DOA management should establish internal policies and procedures regarding monitoring of subrecipients.

#### Views of Responsible Officials:

The Agency disagrees with this finding. Please refer to a letter dated March 31, 2026, regarding Reports on Compliance September 30, 2024.

#### Auditor's Response:

Our finding remains because we were unable to determine compliance with applicable requirements.

## Government of Guam

### Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-029  
Federal Agency: U.S. Department of the Treasury  
AL Program: 21.029 Coronavirus Capital Projects Fund  
Federal Award No.: COVID-19 42 U.S.C. Section 804(b)(1)(B)  
Area: Matching, Level of Effort, Earmarking  
Questioned Costs: \$ Undeterminable

#### Criteria:

In accordance with September 2021 U.S. Department of the Treasury Guidance for the Coronavirus Capital Projects Fund (CPF) for States, Territories & Freely Associated States, program administrative costs over the period of performance may not exceed the greater of 5 percent of the total amounts of the grant received under the Capital Projects Fund, or \$25,000. The five percent limitation on administrative expenses includes the combined total of indirect costs and direct administrative costs charged to an award. The term "Program Administrative Costs" is defined as the costs of administering the CPF grant funding by a recipient, providing technical assistance to potential subrecipients, and complying with grant administration and audit requirements.

#### Condition:

Bureau of Budget and Management Research (BBMR) was unable to demonstrate and provide evidence of compliance with the aforementioned earmarking requirement.

#### Cause:

BBMR management did not respond to audit requests in a timely manner.

#### Effect:

GovGuam is in noncompliance with applicable matching, level of effort, earmarking requirements. No questioned cost is presented as we are unable to quantify the extent of noncompliance.

#### Recommendation:

BBMR management should establish internal policies and procedures over timely response to audit-related matters.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-029, continued  
Federal Agency: U.S. Department of the Treasury  
AL Program: 21.029 Coronavirus Capital Projects Fund  
Federal Award No.: COVID-19 42 U.S.C. Section 804(b)(1)(B)  
Area: Matching, Level of Effort, Earmarking  
Questioned Costs: \$ Undeterminable

Views of Responsible Officials:

The Agency disagrees with this finding. Please refer to a letter dated March 31, 2026, regarding Reports on Compliance September 30, 2024.

Auditor's Response:

Our finding remains because we were unable to determine compliance with applicable requirements.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-030
Federal Agency: U.S. Department of the Treasury
AL Program: 21.029 Coronavirus Capital Projects Fund
Federal Award No.: COVID-19 42 U.S.C. Section 804(b)(1)(B)
Area: Reporting
Questioned Costs: \$0

Criteria:

In accordance with applicable reporting requirements, GovGuam is required to submit quarterly performance report, specifically, Project and Expenditure Report for States, Territories & Freely Associated States (PRA 1505-0277). Furthermore, GovGuam is required to submit SF-270, Request for Advance or Reimbursement via Treasury’s reporting portal.

Conditions:

- 1. Bureau of Budget and Management Research (BBMR) was unable to provide a complete listing of SF-270, Request for Advance or Reimbursement reports required to be submitted during the fiscal year.
2. For two (or 100%) of two Project and Expenditure Reports tested, records that accumulate and summarize reported data/ key line items such as 1) Obligations and Expenditures; 2) Administrative Expenses; and 3) for Multi-Purpose Community Facility Projects, Square Footage funded by CPF/Reported, were not provided for the following :

Table with 3 columns: Item, Quarter Ended, Reporting Period. Row 1: 1, Guam CPF P&E Report - Q4 2023, 10/01/2023 - 12/31/2023. Row 2: 2, Guam CPF P&E Report - Q2 2024, 04/01/2024 - 06/30/2024

Cause:

BBMR management did not respond to audit requests in a timely manner.

Effect:

We are unable to verify accuracy of reported data/ key line items of performance reports. No questioned cost is presented as we are unable to quantify the extent of noncompliance.

Identification as a Repeat Finding: 2023-019

Recommendation:

BBMR management should enforce monitoring controls over compliance with applicable reporting requirements. Responsible personnel should maintain a monitoring of financial reports required to be submitted during the fiscal year. Furthermore, BBMR management should establish internal policies and procedures over timely response to audit-related matters.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-030, continued  
Federal Agency: U.S. Department of the Treasury  
AL Program: 21.029 Coronavirus Capital Projects Fund  
Federal Award No.: COVID-19 42 U.S.C. Section 804(b)(1)(B)  
Area: Reporting  
Questioned Costs: \$0

Views of Responsible Officials:

BBMR will work with DOA to make sure reports are submitted on time. BBMR will also retain documentation of submitted reports.

## Government of Guam

### Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-031  
Federal Agency: U.S. Department of the Treasury  
AL Program: 21.029 Coronavirus Capital Projects Fund  
Federal Award No.: COVID-19 42 U.S.C. Section 804(b)(1)(B)  
Area: Subrecipient Monitoring  
Questioned Costs: \$ Undeterminable

#### Criteria:

In accordance with applicable subrecipient monitoring requirements, a pass-through entity (PTE) must:

- a) Identify the Award and Applicable Requirements – Clearly identify to the subrecipient:
  - (1) the award as a subaward at the time of subaward (or subsequent subaward modification) by providing the information described in 2 CFR section 200.332(a)(1);
  - (2) all requirements imposed by the PTE on the subrecipient so that the federal award is used in accordance with federal statutes, regulations, and the terms and conditions of the award (2 CFR section 200.332(a)(2)); and
  - (3) any additional requirements that the PTE imposes on the subrecipient in order for the PTE to meet its own responsibility for the federal award (e.g., financial, performance, and special reports) (2 CFR section 200.332(a)(3)).
- b) Evaluate Risk – Evaluate each subrecipient’s risk of noncompliance for purposes of determining the appropriate subrecipient monitoring related to the subaward (2 CFR section 200.332(b)).
- c) Monitor – Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, complies with the terms and conditions of the subaward, and achieves performance goals (2 CFR sections 200.332(d) through (f)).

Furthermore, per September 2021 U.S. Department of the Treasury Guidance for the Coronavirus Capital Projects Fund for States, Territories & Freely Associated States, it states that recipients are responsible for monitoring and overseeing subrecipients’ use of funds and other activities related to the award to ensure that the subrecipient complies with the statutory and regulatory requirements and the terms and conditions of the award. Recipients remain responsible for reporting to U.S. Department of the Treasury on their subrecipients’ use of funds.

#### Condition:

Schedule of subrecipient(s) and copies of related subaward documents including the terms and conditions of the subaward(s) were not provided during the audit. Total amount passed through to subrecipients during the fiscal year is \$4,110,914.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-031, continued  
Federal Agency: U.S. Department of the Treasury  
AL Program: 21.029 Coronavirus Capital Projects Fund  
Federal Award No.: COVID-19 42 U.S.C. Section 804(b)(1)(B)  
Area: Subrecipient Monitoring  
Questioned Costs: \$ Undeterminable

Cause:

Bureau of Budget and Management Research (BBMR) management did not respond to audit requests in a timely manner.

Effect:

We are unable to verify compliance with the requirements for subrecipient monitoring. No questioned cost is presented as we are unable to quantify the extent of noncompliance.

Identification as a Repeat Finding: 2023-020

Recommendation:

BBMR management should establish internal policies and procedures over timely response to audit-related matters.

Views of Responsible Officials:

BBMR will create Standard Operating Procedures as well as a checklist, to assist in the monitoring of subrecipient compliance.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-032  
 Federal Agency: U.S. Environmental Protection Agency  
 AL Program: 66.600 Environmental Protection Consolidated Grants for the Insular Areas - Program Support  
 Area: Activities Allowed or Unallowed  
 Area: Allowable Cost/Cost Principles  
 Questioned Costs: \$11,154

Criteria:

In accordance with the applicable activities allowed or unallowed requirements, institutions must demonstrate that costs incurred are allowable under the relevant program legislation, federal awarding agency regulations, and the terms and conditions of the award and consistent with the purpose of the grant.

2 CFR 200.403(a) states that federal program expenditures should be necessary and reasonable for the performance of the Federal award in accordance with allowable costs/cost principles requirements and 2 CFR 200.403(g) states that costs should be adequately documented.

Condition:

For 16 (or 67%) of twenty-four items, aggregating \$19,823 of \$3,526,794 in total payroll expenditures, deficiencies were noted, as follows:

Item No.	Federal Award No.	Account Name	Job Order No.	Employee No.	Expense Amount	Questioned Cost
1	M00906324	Regular Salary	229924107111	10797	\$ 1,958	\$ 1,958
2	M00906324	Regular Salary	22021301	63216	1,741	1,741
3	M00906324	Regular Salary	229424107111	3951	1,607	1,607
4	M00906324	Regular Salary	221024107	3494	1,405	1,405
5	M00906324	Regular Salary	221024107111	10044	1,358	1,358
6	M00906324	Fringe	229824107	11260	958	958
7	M00906324	Fringe	MLWOP	Undetermined	554	554
8	M00906324	Fringe	MLWOP	Undetermined	554	554
9	M00906324	Fringe	MLWOP	Undetermined	290	290
10	M00906319	Regular Salary	229819107111	7125	254	254
11	M00906324	Fringe	MLWOP	Undetermined	138	138
12	M00906324	Fringe	MLWOP	Undetermined	103	103
13	M00906324	Fringe	Undetermined	Undetermined	9	9
14	M00906324	Fringe	MLWOP	Undetermined	7	7
15	M00906324	Fringe	MLWOP	Undetermined	7	7
16	M00906324	Fringe	229824107	3494	211	211
					<u>\$11,154</u>	<u>\$11,154</u>

For item #s 1 through 15, there were no supporting documents (e.g. timesheet, payroll register, personnel action file) on file to substantiate whether such expenditures were allowable cost of the underlying grant.

## Government of Guam

### Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-032 continued  
Federal Agency: U.S. Environmental Protection Agency  
AL Program: 66.600 Environmental Protection Consolidated Grants for the Insular Areas - Program Support  
Area: Activities Allowed or Unallowed  
Area: Allowable Cost/Cost Principles  
Questioned Costs: \$11,154

#### Condition, continued:

For item # 16, we were unable to trace the amount tested against the provided supporting documentation.

#### Cause:

The Department of Administration (DOA) did not enforce monitoring controls over compliance with applicable activities allowed or unallowed and allowable costs/cost principles requirements, specifically, retaining sufficient documentation to support transactions and ensuring expenditures are necessary and reasonable for the performance of the Federal award.

#### Effect:

GovGuam is in noncompliance with activities allowed or unallowed and allowable costs/cost principles requirements. The reportable questioned cost is \$11,154 based on the items identified in Condition above.

#### Recommendation:

Responsible personnel should enforce monitoring controls over compliance with applicable activities allowed or unallowed and allowable costs/cost principles requirements, specifically, retaining sufficient documentation to support transactions.

#### Views of Responsible Officials:

Request to DOA will require immediate collaboration between Guam EPA and DOA to gather, reconcile, and provide all documentation supporting compliance of allowable costs incurred during the federal award period of performance as specified in the terms and conditions of the federal award or in the approved extension.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-033  
 Federal Agency: U.S. Environmental Protection Agency  
 AL Program: 66.600 Environmental Protection Consolidated Grants for the Insular Areas - Program Support  
 Federal Award No.: M00906319  
 Area: Cash Management  
 Questioned Costs: \$333,147

Criteria:

2 CFR 200.305 states that payments for States are governed by Treasury-State Cash Management Improvement Act (CMIA) agreements and by default procedures codified at 31 CFR 205.

Subpart A of regulations at 31 CFR Part 205 requires state recipients to enter into Treasury-State Agreements (TSA) that prescribe specific methods of drawing down federal funds (funding techniques) for federal programs listed in the Assistance Listing that meet the funding threshold for a major federal assistance program under the CMIA. Programs not covered by a TSA are subject to procedures prescribed by U.S. Department of the Treasury in Subpart B of 31 CFR Part 205.

31 CFR 205.12(b)(5) states that reimbursable funding means that a Federal Program Agency transfers Federal funds to a State after that State has already paid out the funds for Federal assistance program purposes.

Condition:

ALN 66.600 is not covered by a TSA and Department of Administration (DOA) management represents that the program is funded on a reimbursement basis

For two (or 40%) of five items, aggregating \$433,893 of \$3,129,853 in total cash drawdowns during the year, no detailed listing of expenditures supporting the following drawdowns during the year was on file to ascertain whether the expenditures were incurred prior to the date of the reimbursement request:

<u>Drawdown Request Date</u>	<u>Drawdown Amount</u>
06/06/2024	\$325,718
06/06/2024	<u>7,429</u>
	<u>\$333,147</u>

## Government of Guam

### Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-033, continued  
Federal Agency: U.S. Environmental Protection Agency  
AL Program: 66.600 Environmental Protection Consolidated Grants for the Insular Areas - Program Support  
Federal Award No.: M00906319  
Area: Cash Management  
Questioned Costs: \$333,147

Cause:

DOA management did not respond to audit requests in a timely manner.

Effect:

We are unable to make selection of transactions necessary to provide us with sufficient appropriate audit evidence to support an opinion on compliance with cash management compliance requirements. The reportable questioned cost is \$333,147 based on the item identified in Condition above.

Recommendation:

DOA management should establish internal policies and procedures over timely response to audit-related matters.

Views of Responsible Officials:

Request to DOA will require immediate collaboration between Guam EPA and DOA, as all Guam EPA reimbursement requests are accompanied by the FGIA balance report and, currently, the GFMIS expenditure reports.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-034  
 Federal Agency: U.S. Environmental Protection Agency  
 AL Program: 66.600 Environmental Protection Consolidated Grants for the Insular Areas - Program Support  
 Federal Award No.: M00906324  
 Area: Period of Performance  
 Questioned Costs: \$4,248

Criteria:

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

Condition:

For seven (or 39%) of eighteen items, aggregating \$13,989 of \$922,464 of expenditures subjected to period of performance test, compliance with period of performance could not be determined as supporting documents (e.g., invoices, receipts, or time logs, check payment, etc.) were not made available for examination:

<u>Transaction Date</u>	<u>Voucher</u>	<u>Description</u>	<u>Amount</u>	<u>Questioned Costs</u>
11/07/2023	GNJL00000773	LABOR1104	\$3,022	\$3,022
11/07/2023	GNJL00000773	LABOR1104	876	876
11/29/2023	GNJL00000795	SVMS11129	31	31
11/22/2023	GNJL00000788	SVMS11122	91	91
11/15/2023	GNJL00000781	SVMS11115	111	111
11/13/2023	GNJL00000779	SVMS11113	86	86
10/30/2023	GNJL00000826	SVMS11030	31	31
			<u>\$4,248</u>	<u>\$4,248</u>

Cause:

The Department of Administration (DOA) had limited staffing and resources during the review period that may have hindered the ability to obtain and compile documentation from Guam Environmental Protection Agency (GEPA), resulting in incomplete audit submissions.

Effect:

GovGuam is in noncompliance with applicable period of performance requirements. The reportable questioned cost is \$4,248 based on the item identified in Condition above.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-034, continued  
Federal Agency: U.S. Environmental Protection Agency  
AL Program: 66.600 Environmental Protection Consolidated Grants for the Insular  
Areas - Program Support  
Federal Award No.: M00906324  
Area: Period of Performance  
Questioned Costs: \$4,248

Recommendation:

Responsible personnel should enforce monitoring controls over compliance with applicable period of performance requirements, specifically, ensuring all supporting documentation is on file.

Views of Responsible Officials:

Request to DOA will require immediate collaboration between Guam EPA and DOA to gather, reconcile, and provide all supporting documentation to support compliance with the period of performance in question.

## Government of Guam

### Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-035  
Federal Agency: U.S. Environmental Protection Agency  
AL Program: 66.600 Environmental Protection Consolidated Grants for the Insular Areas - Program Support  
Federal Award No.: M00906319 ; M00906324  
Area: Program Income  
Questioned Costs: \$ Undeterminable

#### Criteria:

2 CFR section 200.307(a) states that program income must be used for the original purpose of the Federal award. Program income earned during the period of performance may only be used for costs incurred during the period of performance or allowable closeout costs.

2 CFR section 200.307(b) states that there are three methods of applying program income: deduction; addition; and cost-sharing. Addition is when program income is added to the total allowable costs, increasing the overall total amount of the Federal award.

Applicable Cooperative Agreement Programmatic Conditions states that:

- (1) the recipient is authorized to retain program income earned during the project period;
- (2) the program income shall be added to funds committed to the project by EPA and used for the purposes and under the conditions of the assistance agreement; and
- (3) the recipient must provide as part of its semi-annual and annual and final performance report, a description of how program income is being used. Further, a report on the amount of program income earned during the award period must be submitted with the semi-annual and annual and final Federal Financial Report, Standard Form 425.

#### Condition:

Recording and use of program income is not monitored. Specifically, collections of program income are recorded in a special revenue fund, along with other non-program income related transactions, and identification of program income that relates to a specific federal award could not be performed. We could not determine whether program income earned during the federal award's period of performance was used only for costs incurred during the period of performance or for the purposes and under the conditions of the assistance agreement.

Further, records which account for program income and specify how program income has been used was not provided.

## Government of Guam

### Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-035, continued  
Federal Agency: U.S. Environmental Protection Agency  
AL Program: 66.600 Environmental Protection Consolidated Grants for the Insular Areas - Program Support  
Federal Award No.: M00906319 ; M00906324  
Area: Program Income  
Questioned Costs: \$ Undeterminable

Cause:

Guam Environmental Protection Agency (GEPA) did not monitor compliance with applicable program income requirements.

Effect:

GovGuam is in noncompliance with applicable program income requirements. No questioned cost is presented as we are unable to quantify the extent of noncompliance.

Identification as a Repeat Finding: 2023-022

Recommendation:

Responsible personnel should monitor the recording and use of program income.

Views of Responsible Officials:

Guam EPA has implemented processes relevant to the monitoring and reconciliation of program income. As part of our Correction Action for the FY2023 audit, which is a repeat finding in FY2024, Guam EPA is attaching a sample report of all program income collected through the Transaction Processing System (TPS) to include external payments received by DOA. Also, variances not captured by this report, consisting of payments/transactions submitted directly to DOA via electronic method of payments, are being reconciled by our staff and DOA.

## Government of Guam

### Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-036  
Federal Agency: U.S. Department of Health and Human Service  
AL Program: 93.323 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)  
Area: Cash Management  
Questioned Costs: \$113,143

#### Criteria:

2 CFR 200.305 states that payments for States are governed by Treasury-State Cash Management Improvement Act (CMIA) agreements and by default procedures codified at 31 CFR 205.

Subpart A of regulations at 31 CFR Part 205 requires state recipients to enter into Treasury-State Agreements (TSA) that prescribe specific methods of drawing down federal funds (funding techniques) for federal programs listed in the Assistance Listing that meet the funding threshold for a major federal assistance program under the CMIA. Programs not covered by a TSA are subject to procedures prescribed by U.S. Department of the Treasury in Subpart B of 31 CFR Part 205.

31 CFR 205.12(b)(5) states that reimbursable funding means that a Federal Program Agency transfers Federal funds to a State after that State has already paid out the funds for Federal assistance program purposes.

#### Condition:

ALN 93.323 is not covered by a TSA and Department of Administration (DOA) management represents that the program is funded on a reimbursement basis

For fourteen (or 35%) of forty items tested, aggregating \$182,079 of \$4,540,455 in total cash drawdowns during the year, supporting documentations (e.g., timesheet, payroll register, vendor invoice, check payment) to ascertain whether the expenditures were incurred prior to the date of the reimbursement request were not provided.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-036, continued  
 Federal Agency: U.S. Department of Health and Human Service  
 AL Program: 93.323 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)  
 Area: Cash Management  
 Questioned Costs: \$113,143

Condition, continued:

Federal Award No.	Transaction Date	Voucher/Reference No.	Expenditure Amount
6NU50CK000531-05-06	05/08/2024	LABOR000000271	\$ 2,624
6NU50CK000531-05-06	02/14/2024	LABOR000000003	956
6NU50CK000531-05-06	02/14/2024	LABOR000000003	308
6NU50CK000531-05-06	04/24/2024	LABOR000000254	6,785
6NU50CK000531-02-12	09/30/2023	P236A05317	134
6NU50CK000531-02-12	10/05/2023	P236A05316	270
6NU50CK000531-02-12	10/17/2023	P236A05282	957
6NU50CK000531-02-12	09/30/2023	P236A05362	51,219
6NU50CK000531-03-02	11/20/2023	DPPE11182023	1,591
6NU50CK000531-02-08	12/20/2023	DPPE12162023	43,548
6NU50CK000531-02-08	09/30/2023	D231703194	336
6NU50CK000531-05-00	11/30/2023	FY2024 IC	3,852
6NU50CK000531-01-05	05/20/2022	DPPE05072022	14
6NU50CK000531-01-05	01/03/2024	D241703CS026	549
			<u>\$113,143</u>

Cause:

DOA had limited staffing and resources during the review period that may have hindered the ability to obtain and compile documentation from DPHSS, resulting in incomplete submissions.

Effect:

GovGuam is in noncompliance with applicable cash management requirements. The reportable questioned cost is \$113,143 based on the item identified in Condition above.

Recommendation:

Responsible personnel should enforce monitoring controls over compliance with applicable cash management requirements, specifically, ensuring all supporting documentation is on file.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-036, continued  
Federal Agency: U.S. Department of Health and Human Service  
AL Program: 93.323 Epidemiology and Laboratory Capacity for Infectious Diseases  
(ELC)  
Area: Cash Management  
Questioned Costs: \$113,143

Views of Responsible Officials:

The Federal and Compliance section will establish a Standard Operating Procedure for drawdowns. As well as, conducting drawdowns daily to minimize the time between the drawdowns of federal funds and the disbursement for federal program purposes.

## Government of Guam

### Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-037  
Federal Agency: U.S. Department of Health and Human Service  
AL Program: 93.323 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)  
Federal Award No.: Various  
Area: Equipment and Real Property Management  
Questioned Costs: \$ Undeterminable

#### Criteria:

In accordance with 2 CFR 200.313(b), a State must use, manage and dispose of equipment acquired under a Federal award in accordance with State laws and procedures.

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 following requirements:

- (1) Property records must 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. The recipient and subrecipient are responsible for maintaining and updating property records when there is a change in the status of the property.
- (2) A physical inventory of the property must be conducted, and the results must be reconciled with the property records at least once every two years.
- (3) A control system must be 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.
- (4) Regular maintenance procedures must be in place to ensure the property is in proper working condition.
- (5) If the recipient or subrecipient is authorized or required to sell the property, proper sales procedures must be in place to ensure the highest possible return.

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.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-037, continued
Federal Agency: U.S. Department of Health and Human Service
AL Program: 93.323 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)
Federal Award No.: Various
Area: Equipment and Real Property Management
Questioned Costs: \$ Undeterminable

Conditions:

- 1. Department of Public Health and Social Services (DPHSS) lacks adequate internal policies and procedures over compliance with the applicable federal property rules and regulations.
2. DPHSS's capital asset records do not meet the criteria above and certain sources of funding for the property (including the FAIN) information are missing. Furthermore, some assets purchased in prior years (e.g., 2020 through 2023) are tagged as "New".
3. DPHSS's most recent comprehensive physical inventory of its property was in January 2016; however, the required reconciliation was not completed. As of September 30, 2024, the required biannual physical inventory and reconciliation were not performed.
4. As capital asset records are not effectively maintained, it does not appear that DPHSS has effectively developed means to adequately safeguard capital assets from loss, damage, or theft, or to reasonably investigate such occurrences.

We are unable to assess the overall cumulative monetary value of these deficiencies. However, the table below summarizes total capital outlays over the past five years.

Table with 5 columns: 2024 Purchases, 2023 Purchases, 2022 Purchases, 2021 Purchases, 2020 Purchases. Values: \$459,897, \$511,089, \$303,998, \$179,061, \$86,277

Cause:

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

Effect:

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

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-037, continued  
Federal Agency: U.S. Department of Health and Human Service  
AL Program: 93.323 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)  
Federal Award No.: Various  
Area: Equipment and Real Property Management  
Questioned Costs: \$ Undeterminable

Identification as a Repeat Finding: 2023-026

Recommendation:

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

Views of Responsible Officials:

Implementation of a Fixed Assets Module as part of the new FMIS system that will help automate the tracking and reporting of Capital assets, is near completion with final testing in progress. DOA will update the SOP for the Fixed Assets for capital asset reporting accordingly. Review of Assets acquired in FY2024 was completed, with FY2025 in progress. As noted previously, the process is hampered by difficulties in recruiting personnel.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-038  
 Federal Agency: U.S. Department of Health and Human Service  
 AL Program: 93.323 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)  
 Area: Period of Performance  
 Questioned Costs: \$16,668

Criteria:

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

Conditions:

- For four (or 67%) of six items, aggregating \$24,122 of \$44,823 of expenditures subjected to period of performance test, compliance with period of performance could not be determined as supporting documents (e.g., time logs, check payment, etc.) were not made available for examination:

Federal Award No.	Transaction Date	Voucher	Description	Amount	Questioned Costs
1NU51CK000377-01-00	09/30/2024	LABOR000000661	LABOR100524	\$ 3,270	\$ 3,270
1NU51CK000377-01-00	09/30/2024	LABOR000000661	LABOR100524	1,353	1,353
1NU51CK000377-01-00	09/25/2024	LABOR000000440	LABOR0921	8,665	8,665
1NU51CK000377-01-00	09/25/2024	LABOR000000440	LABOR0921	<u>3,380</u>	<u>3,380</u>
				<u>\$16,668</u>	<u>\$16,668</u>

- Underlying grant agreements related to the following federal award# were subsequently provided and compliance with period of performance of expenditures could not be determined:

Federal Award No.	Expenditure Amount
1NU50CK000531-01-00	\$ 2,260
5NU50CK000531-03-00	24,051
5NU50CK000531-04-00	482,692
6NU50CK000531-02-06	12,108
6NU50CK000531-02-12	30,495
6NU50CK000531-03-01	513,705
6NU50CK000531-05-00	<u>423,031</u>
	<u>\$1,488,342</u>

## Government of Guam

### Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-038, continued  
Federal Agency: U.S. Department of Health and Human Service  
AL Program: 93.323 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)  
Area: Period of Performance  
Questioned Costs: \$16,668

#### Cause:

The Department of Administration (DOA) had limited staffing and resources during the review period that may have hindered the ability to obtain and compile documentation from DPHSS, resulting in incomplete audit submissions.

#### Effect:

GovGuam is in noncompliance with applicable period of performance requirements. The reportable questioned cost is \$16,668 based on the items identified in Condition #1 above.

#### Recommendation:

Responsible personnel should enforce monitoring controls over compliance with applicable period of performance requirements, specifically, ensuring all supporting documentation is on file.

#### Views of Responsible Officials:

DPHSS ELC Program disagrees with the findings.

Condition 1: The questioned labor costs of \$16,668 align with payment of Core funded staff during that approved budget period for BP01. The PPE coincides with two draws for the ending and beginning of those fiscal years. Supporting documents were submitted twice, once on February 9, 2026, and February 20, 2026, including the Notice of Award (NOA) for this grant with issue date of July 9, 2024.

Condition 2: The question of compliance with period of performance was justified through supporting documentations as reflected in the NOAs and extensions of NOAs which were provided twice February 9, 2026 and February 23, 2026. Program also noted that core funds have expanded authority to be utilized in subsequent budget periods throughout the 5-year cycle of the Cooperative Agreement. Upon auditor's review, a correspondence email noted that the documents were received and findings were removed for all but on expense. Although all supporting NOAs were submitted for every expenditure amount, a follow up email with the last NOA for 6NU50CK000561-05-00 was provided again as an attachment.

## Government of Guam

### Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-038, continued  
Federal Agency: U.S. Department of Health and Human Service  
AL Program: 93.323 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)  
Area: Period of Performance  
Questioned Costs: \$16,668

#### Auditor's Response:

Condition1: Our finding remains because documents subsequently received by auditors on February 10, 2026 from DOA were insufficient or incomplete to substantiate compliance with period of performance.

Condition 2: Although grant agreements were subsequently provided, our finding remains based on the agreed timeline with DOA. We were unable to proceed or perform further testing on the expenditures related to federal awards cited in the condition above. Therefore, we were unable to determine compliance with applicable requirements.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-039  
 Federal Agency: U.S. Department of Health and Human Service  
 AL Program: 93.323 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)  
 Area: Procurement and Suspension and Debarment  
 Questioned Costs: \$980,252

Criteria:

2 CFR 180.300 requires entities entering into a covered transaction with another person at the next lower tier to verify that the person with whom they intend to do business is not excluded or disqualified. Such verification can be made by (a) checking SAM.gov Exclusions, or (b) collecting a certification from that person; or (c) adding a clause or condition to the covered transaction with that person.

2 CFR 180.220 (b) (1) states that a contract for goods and services is a covered transaction if the contract is awarded by a participant in a nonprocurement transaction covered under 2 CFR 180.210, and the contract amount is expected to equal or exceed \$25,000.

2 CFR 200.302 states that each State must expend and account for the Federal award in accordance with State laws and procedures for expending and accounting for the State’s funds. All recipient and subrecipient financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by the terms and conditions; and tracking expenditures to establish that funds have been used in accordance with Federal statutes, regulations, and the terms and conditions of the Federal award. Moreover, the recipient’s and subrecipient’s financial management system must provide for maintaining records that sufficiently identify the amount, source, and expenditure of Federal funds for Federal awards. These records must contain information necessary to identify Federal awards, authorizations, financial obligations, unobligated balances, as well as assets, expenditures, income, and interest.

Conditions:

1. For thirteen (or 62%) of twenty-one items, aggregating \$1,042,567 of \$1,799,849 of expenditures subjected to procurement and suspension and debarment test, we noted the following:

Item No.	Federal Award No.	PO / Transaction Date	PO / Voucher No.	Questioned Costs
1	Undeterminable	10/24/2023	P246A00342	\$ 459,897
2	Undeterminable	02/19/2024	PO0000031	224,226
3	Undeterminable	03/26/2024	PO0000438	158,460
4	Undeterminable	03/26/2024	PO0000439	131,745

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-039, continued  
 Federal Agency: U.S. Department of Health and Human Service  
 AL Program: 93.323 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)  
 Area: Procurement and Suspension and Debarment  
 Questioned Costs: \$980,252

Conditions, continued:

Item No.	Federal Award No.	PO / Transaction Date	PO / Voucher No.	Questioned Costs
5	6NU50CK000531-01-05	05/21/2024	IJE0031299	547
6	6NU50CK000531-02-08	08/30/2024	IJE0059276	1,759
7	6NU50CK000531-02-08	07/23/2024	IJE0049404	1,759
8	6NU50CK000531-03-02	04/04/2024	IJE0017947	95
9	6NU50CK000531-05-06	07/19/2024	IJE0045113	608
10	6NU50CK000531-05-06	09/03/2024	IJE0056430	600
11	6NU50CK000531-01-05	01/03/2024	GNJL00018990	549
12	6NU50CK000531-02-10	03/31/2024	FUEL000000469	3
13	6NU50CK000531-02-10	01/31/2024	FUEL000000377	4
				<u>\$980,252</u>

For item #s 1 through 4, the General Services Agency (GSA) represented that it performed verification of suspension or debarment from SAM.gov. However, no formal documentation is kept on file to demonstrate compliance at the time of procurement.

For items #s 5 through 13, we noted noncompliance with applicable procurement policies and procedures due to various reasons, such as expired procurement contracts, unclear procurement method followed, and lack of rationale for vendor selection.

2. Three initially tested samples were later determined to be procured in prior years and are not procurements during fiscal year 2024. Consequently, remaining samples tested were insufficient to satisfy the minimum number of items to test.

Cause:

DOA’s new financial management system implemented during the fiscal year has no capability to generate a report of all expenditures procured during the fiscal year and expenditure information from the old financial management system are not completely evident from the migrated expenditure information in the new financial management system, hence, there was difficulty in establishing population that will be subjected to procurement and suspension and debarment test. As there was no efficient alternative way of identifying whether or not costs charged to the program were procured during the fiscal year, and due to the timing of the audit and lack of staffing resources, DOA was unable to provide the procurement files of selected transactions by the agreed audit timeline.

## Government of Guam

### Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-039, continued  
Federal Agency: U.S. Department of Health and Human Service  
AL Program: 93.323 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)  
Area: Procurement and Suspension and Debarment  
Questioned Costs: \$980,252

#### Cause, continued:

This limitation necessitated repeated replacement of sample selections to meet the minimum sample size required for testing.

DOA also does not have a formal policy requiring documentation of procedures performed to verify that the person in a covered transaction with whom they intend to do business is not excluded or disqualified.

#### Effect:

GovGuam is in noncompliance with applicable procurement and suspension and debarment requirements. The reportable questioned cost is \$980,252 based on the items identified in Condition #1 above.

#### Identification as a Repeat Finding: 2023-027

#### Recommendation:

DOA management should ensure that financial management system in place permits the preparation of report of all expenditures procured during the fiscal year.

Responsible personnel should ensure that documentation is adequate to comply with the applicable procurement requirements. Specifically, documentation should indicate the history of procurement, including the solicitation process and rationale for contractors or vendor selection.

DOA management should establish formal policy requiring retaining documentation of procedures performed to verify that the person in a covered transaction with whom they intend to do business is not excluded or disqualified

#### Views of Responsible Officials:

GSA will continue to verify vendor eligibility through SAM.gov prior to contract award. Documentation of the verification will be retained in the procurement file for each transaction.

GSA has revised IFB templates to include the required debarment and suspension certification language in accordance with 2 CFR 200.214. Effective immediately, all new contracts will include this clause prior to execution.

## Government of Guam

### Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-039, continued  
Federal Agency: U.S. Department of Health and Human Service  
AL Program: 93.323 Epidemiology and Laboratory Capacity for Infectious Diseases  
(ELC)  
Area: Procurement and Suspension and Debarment  
Questioned Costs: \$980,252

#### Views of Responsible Officials, continued:

For local vendors that may not appear in federal systems, GSA will require a debarment and suspension certification as part of the contracting process and maintain this documentation within the procurement record.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-040  
 Federal Agency: U.S. Department of Health and Human Service  
 AL Program: 93.575/93.596 CCDF Cluster  
 Area: Activities Allowed or Unallowed  
 Area: Allowable Cost/Cost Principles  
 Questioned Costs: \$3,005

Criteria:

In accordance with the applicable activities allowed or unallowed requirements, institutions must demonstrate that costs incurred are allowable under the relevant program legislation, federal awarding agency regulations, and the terms and conditions of the award and consistent with the purpose of the grant.

2 CFR 200.403(a) states that federal program expenditures should be necessary and reasonable for the performance of the Federal award in accordance with allowable costs/cost principles requirements and 2 CFR 200.403(g) states that costs should be adequately documented.

Condition:

For four (or 11%) of thirty-eight items, aggregating \$45,527 of \$32,818,949 in total non-payroll expenditures, deficiencies were noted, as follows:

Item No.	Federal Award No.	Account Name	Journal/ Other Reference No.	Expense Amount	Questioned Cost
1	2101GUCCDF	Miscellaneous	00050564 ; GNJL00022474	\$ 640	\$ 640
2	2101GUCCDF	Miscellaneous	00050427 ; GNJL00022337	575	575
3	2101GUCCDF	Miscellaneous	00048729 ; GNJL00020626	450	450
4	2301GUCCDD	Miscellaneous	00127127 ; D2417CC04529	<u>1,340</u>	<u>1,340</u>
				<u>\$3,005</u>	<u>\$3,005</u>

For item #s 1 through 3, these pertain to transactions migrated from AS400 to D365 system. We were unable to determine whether such expenditures were allowable cost of the underlying grants. We were unable to trace the selected sample to the supporting documents since selected samples could not be traced to AS400 due to insufficient identifier in the migrated information.

For item # 4, there was no vendor invoice or other supporting documents on file to substantiate whether such expenditure was allowable costs of the underlying grant.

## Government of Guam

### Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-040, continued  
Federal Agency: U.S. Department of Health and Human Service  
AL Program: 93.575/93.596 CCDF Cluster  
Area: Activities Allowed or Unallowed  
Area: Allowable Cost/Cost Principles  
Questioned Costs: \$3,005

#### Cause:

The Department of Administration (DOA) did not enforce monitoring controls over compliance with applicable activities allowed or unallowed and allowable costs/cost principles requirements, specifically, retaining sufficient documentation to support transactions and ensuring expenditures are necessary and reasonable for the performance of the Federal award. Additionally, migrated information from AS400 to D355 was incomplete.

#### Effect:

GovGuam is in noncompliance with activities allowed or unallowed and allowable costs/cost principles requirements. The reportable questioned cost is \$3,005 based on the items identified in Condition above.

#### Recommendation:

Responsible personnel should enforce monitoring controls over compliance with applicable activities allowed or unallowed and allowable costs/cost principles requirements, specifically, retaining sufficient documentation to support transactions.

#### Views of Responsible Officials:

The Bureau of Child Care Services (BCCS) disagrees with this finding. The questioned transactions relate to a major system migration from the AS400 to the D365 system, which temporarily impacted the traceability of certain records. During this transition, some data identifiers were reformatted to fit the new system's structure. However, this was a synchronization issue rather than a lack of oversight, and BCCS maintains that all costs are allowable, necessary, and reasonable under CCDF requirements. Supporting documents exist and were provided after a subsequent request on February 9, 2026, via One Drive link.

#### Auditor's Response:

Our finding remains because we were unable to determine compliance with applicable requirements. We did not receive subsequent submissions or other documentations to resolve findings cited in the condition above.

## Government of Guam

### Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-041  
Federal Agency: U.S. Department of Health and Human Service  
AL Program: 93.575/93.596 CCDF Cluster  
Federal Award No.: 2001GUCCDF, 2101GUCCDF, 2101GUCCC5, 2201GUCCDD,  
2301GUCCDD, 2401GUCCDD, 2301GUCCDF, 2401GUCCDT  
Area: Eligibility  
Questioned Costs: \$638,831

#### Criteria:

45 CFR 98.20(a) states that to be eligible for services under 45 CFR 98.50, a child shall, at the time of eligibility determination or redetermination:

- (1)
  - (i) Be under 13 years of age; or,
  - (ii) At the option of the Lead Agency, be under age 19 and physically or mentally incapable of caring for himself or herself, or under court supervision;
- (2)
  - (i) Reside with a family whose income does not exceed 85 percent of the State's median income (SMI), which must be based on the most recent SMI data that is published by the Bureau of the Census, for a family of the same size; and
  - (ii) Whose family assets do not exceed \$1,000,000 (as certified by such family member); and
- (3)
  - (i) Reside with a parent or parents who are working or attending a job training or educational program; or
  - (ii) Receive, or need to receive, protective services, which may include specific populations of vulnerable children as identified by the Lead Agency, and reside with a parent or parents other than the parent(s) described in paragraph (a)(3)(i) of this section.

45 CFR 98.68(c) states that Lead Agencies must describe in their Plan the procedures that are in place for documenting and verifying that children receiving assistance under this part meet eligibility criteria at the time of eligibility determination and redetermination.

Child Care and Development Plan for Guam 2022-2024 states that:

- 1) Guam requires identity verification of each applicant. Acceptable documentary evidence may include, but is not limited to, drivers' license, work or school ID, birth certificate, passport, social security card or permanent residency card.
- 2) Guam requires verification of the applicant's relationship to the child. Acceptable documentary evidence of relationship may include, but is not limited to, birth certificate or legal document establishing power of attorney, and guardianship or in loco parentis.
- 3) Guam requires a child to be a U.S. citizen or child of a qualified alien. Acceptable documentary evidence may include, but is not limited to, birth certificate, US Passport, US Naturalization Papers, Permanent Residency Card, INS Form 151 or I-551, INS Form I-94, and social security card.

## Government of Guam

### Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-041, continued  
Federal Agency: U.S. Department of Health and Human Service  
AL Program: 93.575/93.596 CCDF Cluster  
Federal Award No.: 2001GUCCDF, 2101GUCCDF, 2101GUCCC5, 2201GUCCDD,  
2301GUCCDD, 2401GUCCDD, 2301GUCCDF, 2401GUCCDT  
Area: Eligibility  
Questioned Costs: \$638,831

#### Criteria, continued:

- 4) Guam verifies family income by checking documentary evidence of income of all members of the household unit which may include, but is not limited to, employment check stubs from the previous two months, tax statements, and by checking online income resources.
- 5) Guam verifies household composition by checking documentary evidence which may include, but is not limited to, Mayor's verification and Guam Housing and Urban Renewal Authority documentation.
- 6) Guam will verify work as the qualifying activity by checking documentary evidence which may include, but is not limited to, employment check stubs from the previous two months, tax statements, JOBS Works or employer verification.
- 7) Guam verifies job training or educational program by checking documentary evidence which may include, but is not limited to training or education verification, class schedule, job or education training enrollment forms.

45 CFR 98.45(a) states that the Lead Agency shall certify that the payment rates for the provision of child care services under this part are sufficient to ensure equal access, for eligible families in the area served by the Lead Agency, to child care services comparable to those provided to families not eligible to receive CCDF assistance or child care assistance under any other Federal, State, or tribal programs.

In accordance with the conditions and requirements for the Early Childhood Workforce Retention Grant, applicants from Child Care Development Fund Childcare Facility must be on the latest staffing pattern submitted to the Bureau of Child Care Services. Additionally, in accordance with Early Childhood Workforce Retention Grant Fact Sheet, applicants from private school institutions must be accredited by private school.

Pub. L. No. 117-2 Section 2202(a)(2)(B) states that eligible child care provider means a child care provider that is licensed, regulated, or registered in the State, territory, or Indian Tribe on the date of enactment of this Act and meets applicable State and local health and safety requirements.

In accordance with Child Care and Development Plan for Guam 2022-2024, as part of the health and safety standards and other requirements prior to the receipt of any CCDF funds, child care providers must meet the minimum 15 hours of ongoing training required annually.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-041, continued  
 Federal Agency: U.S. Department of Health and Human Service  
 AL Program: 93.575/93.596 CCDF Cluster  
 Federal Award No.: 2001GUCCDF, 2101GUCCDF, 2101GUCCC5, 2201GUCCDD,  
 2301GUCCDD, 2401GUCCDD, 2301GUCCDF, 2401GUCCDT  
 Area: Eligibility  
 Questioned Costs: \$638,831

Criteria, continued:

Pub. L. No. 117–2 Section 2202(d)(2)(D)(i)(II) states that the lead agency shall make available on the lead agency’s website an application for qualified child care providers that includes certifications that, for the duration of the subgrant, for each employee, the provider will pay not less than the full compensation, including any benefits, that was provided to the employee as of the date of submission of the application for the subgrant (referred to in this subclause as “full compensation”), and will not take any action that reduces the weekly amount of the employee’s compensation below the weekly amount of full compensation, or that reduces the employee’s rate of compensation below the rate of full compensation, including the involuntary furloughing of any employee employed on the date of submission of the application for the subgrant.

Conditions:

For fifty-two (or 37%) of one hundred forty-one items, aggregating \$2,846,246 of \$32,484,704 in total participant benefits, deficiencies were noted, as follows:

1. Eligibility for Individuals

a. Eligibility for Children Receiving CCDF Subsidies

<u>Item No.</u>	<u>Certification No.</u>	<u>Date</u>	<u>Expense Amount</u>	<u>Questioned Cost</u>
1	2023102057	11/28/2023	\$ 1,560	\$ 1,560
2	2023080554	11/1/2023	1,240	1,240
3	2023100875	11/9/2023	800	800
4	2023091591	11/1/2023	770	770
5	2023100905	11/17/2023	710	710
6	2023091995	11/30/2023	700	700
7	2023100388	11/17/2023	675	675
8	2023110508	12/13/2023	630	630
9	2024050881	6/6/2024	620	620
10	2023100776	11/30/2023	575	575
11	2023091127	10/4/2023	1,350	1,350
12	2024040048	5/3/2024	800	800
13	2023110148	1/4/2024	2,695	2,695
14	2023100303	12/5/2023	380	380
15	2024080208	9/11/2024	775	775

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-041, continued  
 Federal Agency: U.S. Department of Health and Human Service  
 AL Program: 93.575/93.596 CCDF Cluster  
 Federal Award No.: 2001GUCCDF, 2101GUCCDF, 2101GUCCC5, 2201GUCCDD,  
 2301GUCCDD, 2401GUCCDD, 2301GUCCDF, 2401GUCCDT  
 Area: Eligibility  
 Questioned Costs: \$638,831

Conditions, continued:

<u>Item No.</u>	<u>Certification No.</u>	<u>Date</u>	<u>Expense Amount</u>	<u>Questioned Cost</u>
16	2023090824	10/23/2023	400	400
17	2023062007	2/2/2024	650	650
18	2024042031	5/17/2024	765	765
19	2023120502	4/5/2024	450	450
20	2024042290	5/23/2024	650	650
21	2024082597	9/19/2024	2,400	1,200
22	2024071785	8/16/2024	700	100
23	2024082597	9/19/2024	431	131
			<u>\$20,726</u>	<u>\$18,626</u>

For item #s 1 through 10, no case folder was maintained on file to support eligibility determination.

For item #s 11 and 21 through 23, the benefit paid exceeded the maximum cost per child care directory for licensed childcare providers.

For item #s 13 through 15 and 17 through 20, documentation that substantiates the relationship of the applicant to the child was not on file.

For item # 15, documentation of applicant’s identification was not on file.

For item #s 13 through 15 and 17 through 18, documentation that determines whether the child is a U.S. citizen or a child of a qualified alien was not on file.

For item #s 11 through 12, documentation to support whether the applicant met the income eligibility requirement and documentation to support applicant’s household size were not on file.

For item # 11, documentation to support applicant’s need for childcare was not on file.

For item #s 11 and 13 through 16, the Notice of Action and Child Care Certificate were not provided to substantiate the certification period of the claimant.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-041, continued  
 Federal Agency: U.S. Department of Health and Human Service  
 AL Program: 93.575/93.596 CCDF Cluster  
 Federal Award No.: 2001GUCCDF, 2101GUCCDF, 2101GUCCC5, 2201GUCCDD,  
 2301GUCCDD, 2401GUCCDD, 2301GUCCDF, 2401GUCCDT  
 Area: Eligibility  
 Questioned Costs: \$638,831

Conditions, continued:

b. Eligibility for Other Beneficiaries Receiving CCDF Subsidies Determined by Guam Economic Development Authority

<u>Item No.</u>	<u>Federal Award No.</u>	<u>Invoice No.</u>	<u>Date</u>	<u>Expense Amount</u>	<u>Questioned Cost</u>
24	2101GUCCDC6	EW-281	09/06/24	\$ 2,500	\$ 2,500
25	2101GUCCDC6	EW-841	09/30/24	1,000	1,000
26	2101GUCCDC6	EW-574	09/30/24	5,000	5,000
27	2101GUCCDC6	EW-550	09/06/24	5,000	5,000
28	2101GUCCDC6	EW-335	09/06/24	2,500	2,500
29	2101GUCCDC6	EW-067	09/06/24	5,000	5,000
30	2101GUCCDC6	EW-434	09/05/24	1,000	1,000
31	2101GUCCDC6	EW-126	09/06/24	5,000	5,000
32	2101GUCCDC6	EW-220	09/26/24	5,000	5,000
33	2101GUCCDC6	EW-485	09/26/24	1,000	1,000
34	2101GUCCDC6	EW-423	09/26/24	2,500	2,500
35	2101GUCCDC6	EW-294	09/06/24	5,000	5,000
36	2101GUCCDC6	EW-187	09/06/24	5,000	5,000
37	2101GUCCDC6	EW-131	09/05/24	5,000	5,000
38	2101GUCCDC6	EW-171	09/26/24	2,500	2,500
39	2101GUCCDC6	EW-511	09/06/24	1,000	1,000
40	2101GUCCDC6	EW-710	09/26/24	<u>5,000</u>	<u>5,000</u>
				<u>\$59,000</u>	<u>\$59,000</u>

For item #s 24 through 40, beneficiaries were not included in the staffing pattern submitted to the Bureau of Child Care Services. Additionally, for those employed in private schools, there were no documentation provided to support that beneficiaries were accredited by private school.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-041, continued  
 Federal Agency: U.S. Department of Health and Human Service  
 AL Program: 93.575/93.596 CCDF Cluster  
 Federal Award No.: 2001GUCCDF, 2101GUCCDF, 2101GUCCC5, 2201GUCCDD,  
 2301GUCCDD, 2401GUCCDD, 2301GUCCDF, 2401GUCCDT  
 Area: Eligibility  
 Questioned Costs: \$638,831

Conditions, continued:

c. Eligibility for Child Care Providers Receiving CCDF ARP Act Stabilization Funds

<u>Item No.</u>	<u>Federal Award No.</u>	<u>Reference No.</u>	<u>Expense Amount</u>	<u>Questioned Cost</u>
41	2101GUCSC6	D241760195	\$ 500	\$ 500
42	2101GUCSC6	D241760198	500	500
43	2101GUCSC6	D240660CV172	234,500	234,500
44	2101GUCSC6	D241760107	3,500	3,500
45	2101GUCSC6	D240660CV172	16,000	16,000
46	2101GUCSC6	D241760199	500	500
47	2101GUCSC6	D241760197	500	500
48	2101GUCSC6	D240660CV172	11,500	11,500
49	2101GUCSC6	D240660CV172	282,500	282,500
50	2101GUCSC6	D241760200	500	500
51	2101GUCSC6	J241732202	10,205	10,205
52	2101GUCSC6	D241760196	500	500
			<u>\$561,205</u>	<u>\$561,205</u>

For item #s 41 through 52, child care provider’s application did not include certification that the child care provider will pay at least the same amount in weekly wages and maintain the same benefits for the duration of the stabilization funding.

For item #s 43, 45, and 49, documentation that determines whether participant has met the 15-hour health and safety training requirement was not on file.

For item #s 41 through 44, 46 through 47, and 49 through 52, either incomplete or no supporting documentation was on file to support eligibility determination.

Cause:

The Department of Public Health and Social Services (DPHSS) did not enforce monitoring controls over compliance with applicable eligibility requirements, specifically, retaining sufficient documentation to support eligibility determination.

## Government of Guam

### Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-041, continued  
Federal Agency: U.S. Department of Health and Human Service  
AL Program: 93.575/93.596 CCDF Cluster  
Federal Award No.: 2001GUCCDF, 2101GUCCDF, 2101GUCCC5, 2201GUCCDD,  
2301GUCCDD, 2401GUCCDD, 2301GUCCDF, 2401GUCCDT  
Area: Eligibility  
Questioned Costs: \$638,831

#### Effect:

GovGuam is in noncompliance with applicable eligibility requirements. The reportable questioned cost is \$638,831 based on the items identified in Conditions above.

#### Recommendation:

Responsible personnel should enforce monitoring controls over compliance with applicable eligibility requirements, specifically, retaining sufficient documentation to support eligibility determination.

#### Views of Responsible Officials:

The Bureau of Child Care Services (BCCS) disagrees with this finding. Eligibility determinations were conducted in accordance with federal and local requirements. The exceptions noted are due to a subsequent request received by BCCS on January 20, 2026, and consequently responded to on January 29, 2026. Additional supporting documents were provided on February 9, 2026. Certain payment variances reflect allowable program exceptions.

#### Auditor's Response:

Our finding remains because documents subsequently received by auditors on February 10, 2026 from DOA through the EY portal are insufficient or incomplete to substantiate compliance with eligibility.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-042  
 Federal Agency: U.S. Department of Health and Human Service  
 AL Program: 93.575/93.596 CCDF Cluster  
 Area: Matching, Level of Effort, Earmarking  
 Questioned Costs: \$1,828,343

Criteria:

45 CFR 98.50(b) states that of the aggregate amount of funds expended by a State or Territory (i.e., Discretionary, Mandatory, and Federal and State share of Matching funds):

- (1) No less than nine percent shall be used for activities designed to improve the quality of child care services and increase parental options for, and access to, high-quality child care as described at 45 CFR 98.53; and
- (2) No less than three percent shall be used to carry out activities at 45 CFR 98.53(a)(4) as such activities relate to the quality of care for infants and toddlers.

45 CFR 98.50(d) states that of the aggregate amount of funds expended (i.e., Discretionary, Mandatory, and Federal and State share of Matching Funds), no more than five percent may be used for administrative activities as described at 45 CFR 98.54.

45 CFR 98.50(e) states that not less than seventy percent of the State and Territory Mandatory and Federal and State share of State Matching Funds shall be used to meet the child care needs of families who:

- (1) Are receiving assistance under a State program under Part A of title IV of the Social Security Act;
- (2) Are attempting through work activities to transition off such assistance program; and
- (3) Are at risk of becoming dependent on such assistance program.

Conditions:

1. For the quarter ended 09/30/2024, Department of Public Health and Social Services (DPHSS) did not meet the minimum spending for activities designed to improve the quality of child care services and increase parental options for, and access to, high-quality child care as described at 45 CFR 98.53:

	Federal Award Nos.
	2401GUCCDD
	2401GUCCDT
ALN 93.575 Total Expenditures	\$1,467,333
ALN 93.596 Total Expenditures	4,034,938
Total Expenditures	5,502,271
Quality Spending Earmark Rate	9%
Minimum Required Quality Earmark	495,204
Actual Quality Spending	222,647
Deficient Quality Spending	\$ <u>272,557</u>

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-042, continued  
 Federal Agency: U.S. Department of Health and Human Service  
 AL Program: 93.575/93.596 CCDF Cluster  
 Area: Matching, Level of Effort, Earmarking  
 Questioned Costs: \$1,828,343

Conditions, continued:

2. For the quarter ended 09/30/2024, DPHSS did not meet the minimum spending for activities related to the quality of care for infants and toddlers as follows:

	Federal Award No. 2101GUCCDF	Federal Award Nos. 2201GUCCDD 2201GUCCDF
ALN 93.575 Total Expenditures	\$10,763,484	\$4,179,606
ALN 93.596 Total Expenditures	<u>-</u>	<u>1,432,852</u>
Total Expenditures	10,763,484	5,612,458
Quality Spending Earmark Rate	<u>3%</u>	<u>3%</u>
Minimum Required Quality Earmark	322,905	168,374
Actual Quality Spending	<u>5,735</u>	<u>900</u>
Deficient Quality Spending	<u>\$ 317,170</u>	<u>\$ 167,474</u>

	Federal Award Nos. 2301GUCCDD 2301GUCCDF	Federal Award Nos. 2401GUCCDD 2401GUCCDT
ALN 93.575 Total Expenditures	\$11,441,033	\$1,467,333
ALN 93.596 Total Expenditures	<u>249,463</u>	<u>4,034,938</u>
Total Expenditures	11,690,496	5,502,271
Quality Spending Earmark Rate	<u>3%</u>	<u>3%</u>
Minimum Required Quality Earmark	350,715	165,068
Actual Quality Spending	<u>-</u>	<u>-</u>
Deficient Quality Spending	<u>\$ 350,715</u>	<u>\$ 165,068</u>

3. For the quarter ended 09/30/2024, DPHSS expended more than five percent for administrative activities as follows:

	Federal Award Nos. 2201GUCCDD 2201GUCCDF	Federal Award Nos. 2301GUCCDD 2301GUCCDF
ALN 93.575 Total Expenditures	\$4,179,606	\$11,441,033
ALN 93.596 Total Expenditures	<u>1,432,852</u>	<u>249,463</u>
Total Expenditures	5,612,458	11,690,496
Administrative Spending Earmark Rate	<u>5%</u>	<u>5%</u>
Maximum Administrative Spending Earmark	280,623	584,525
Actual Administrative Spending	<u>575,300</u>	<u>670,583</u>
Excess Administrative Spending	<u>\$ 294,677</u>	<u>\$ 86,058</u>

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-042, continued
Federal Agency: U.S. Department of Health and Human Service
AL Program: 93.575/93.596 CCDF Cluster
Area: Matching, Level of Effort, Earmarking
Questioned Costs: \$1,828,343

Conditions, continued:

4. For the quarter ended 09/30/2024, DPHSS did not meet the minimum spending to meet the child care needs of families mentioned in the above criteria:

Table with 2 columns: Description and Federal Award No. 2301GUCCDF. Rows include ALN 93.596 Total Expenditures (\$249,463), Direct Spending Earmark Rate (70%), Minimum Required Direct Spending Earmark (174,624), Actual Quality Spending (-), and Deficient Quality Spending (\$174,624).

Cause:

DPHSS did not effectively monitor compliance with applicable earmarking requirements.

Effect:

GovGuam is in noncompliance with applicable earmarking requirements. The reportable questioned cost is \$1,828,343 based on the items identified in Conditions above.

Identification as a Repeat Finding: 2023-028

Recommendation:

DPHSS management should strengthen monitoring controls over compliance with applicable earmarking requirements.

Views of Responsible Officials:

The Bureau of Child Care Services (BCCS) disagrees with this finding and maintains that it has enhanced monitoring controls to ensure compliance with all applicable earmarking requirements. BCCS reports expenditures on a cumulative basis until the grant's liquidation end date. This reporting structure provides the necessary flexibility to reconsolidate cost categories, ensuring that final totals align with mandated spending thresholds by the end of the grant period.

## Government of Guam

### Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-042, continued  
Federal Agency: U.S. Department of Health and Human Service  
AL Program: 93.575/93.596 CCDF Cluster  
Area: Matching, Level of Effort, Earmarking  
Questioned Costs: \$1,828,343

#### Views of Responsible Officials, continued:

Furthermore, BCCS maintains that Quality Rating and Improvement System (QRIS) initiatives and other quality-enhancing activities were actively conducted throughout the performance period. To ensure a thorough reconciliation of these expenditures, BCCS formally requests the supporting documentation and specific sample set used by the auditors to conclude that these activities were not sufficiently documented or performed. We are prepared to provide evidence of these programmatic activities to demonstrate compliance with earmarking requirements.

#### Auditor's Response:

Our finding remains. The amount of total expenditures and actual spending reflected in the cited conditions above are obtained from auditee's internally prepared ACF-696, Child Care and Development Fund Financial Reports.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-043
Federal Agency: U.S. Department of Health and Human Service
AL Program: 93.575/93.596 CCDF Cluster
Federal Award No.: 2001GUCCDF
Area: Reporting
Questioned Costs: \$0

Criteria:

In accordance with applicable reporting requirements, GovGuam is required to submit quarterly ACF-696, Child Care and Development Fund Financial Report (OMB No. 0970-0510). These reports are required instead of the SF-425, Federal Financial Report. Each fiscal year's expenditure report must be separate; therefore, multiple reports are required if awards from more than one fiscal year are expended in a given quarter.

Condition:

We noted variances between the expenditures reported in ACF-696 against the underlying accounting records as summarized below:

Table with 3 columns: Description, Reporting for Quarter Ended 03/31/2024, Reporting for Quarter Ended 06/30/2024. Rows include Expenditures per ACF-696, Expenditures per accounting records, Variance, Reconciled variance which was due to timing difference, and Unreconciled variance.

Cause:

The Department of Public Health and Social Services (DPHSS) did not ensure accurate data entry to comply with applicable reporting requirements.

Effect:

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

Identification as a Repeat Finding: Finding 2023-030

Recommendation:

DPHSS management should enforce monitoring controls over compliance with reporting requirements. Responsible personnel should review underlying accounting records and perform reconciliation of the required reports.

## Government of Guam

### Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-043, continued  
Federal Agency: U.S. Department of Health and Human Service  
AL Program: 93.575/93.596 CCDF Cluster  
Federal Award No.: 2001GUCCDF  
Area: Reporting  
Questioned Costs: \$0

#### Views of Responsible Officials:

The Bureau of Child Care Services (BCCS) disagrees with this finding. BCCS maintains that it enforces strict monitoring controls over compliance with reporting requirements and that the variances noted are not a result of inaccurate data entry but that is due to the cumulative reporting until the end of the grant period. BCCS' ACF-696 quarterly reports are reported cumulatively through the grant's liquidation end date, and any quarterly reported variances are reconciled by the end of the grant period. During a Reporting Walkthrough meeting with Ernst & Young Senior Auditor, on November 17, 2025, BCCS discussed detailed reporting requirements, processes, and procedures. During this meeting, the agency communicated how responsible personnel review accounting records and perform the reconciliation of required reports.

#### Auditor's Response:

Our finding remains because there was no evidence provided during the time of the audit to support that the unreconciled variance, cited in the condition above, was due to timing difference or cumulative reporting.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-044  
 Federal Agency: U.S. Department of Health and Human Service  
 AL Program: 93.575/93.596 CCDF Cluster  
 Federal Award No.: 2001GUCCDF, 2101GUCCDF, 2101GUCCC5, 2201GUCCDD, 2301GUCCDD, 2401GUCCDD, 2301GUCCDF, 2401GUCCDT  
 Area: Special Tests and Provisions - Health and Safety Requirements  
 Questioned Costs: \$3,726,391

Criteria:

45 CFR 98.41(a) states that each Lead Agency shall certify that there are in effect, within the State (or other area served by the Lead Agency), under State, local or tribal law, requirements that are designed, implemented, and enforced to protect the health and safety of children. Such requirements must be applicable to childcare providers of services for which assistance is provided under this part. Such requirements, which are subject to monitoring pursuant to 45 CFR 98.42, shall:

- (1) Include health and safety topics; and
- (2) Include minimum health and safety training on the topics above, as described in 45 CFR 98.44.

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

Condition:

For forty-two (or 91%) of forty-six items, aggregating \$4,513,648 of \$19,184,317 in total program benefits paid to child care providers during the year, deficiencies were noted, as follows:

Item No.	Vendor No.	Amount
1	D0017040	\$ 138,525
2	G0016751	131,795
3	S0017619	514,390
4	B0097755	209,940
5	T0037155	130,100
6	8S920921	3,360
7	8D666373	840

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-044, continued  
 Federal Agency: U.S. Department of Health and Human Service  
 AL Program: 93.575/93.596 CCDF Cluster  
 Federal Award No.: 2001GUCCDF, 2101GUCCDF, 2101GUCCC5, 2201GUCCDD,  
 2301GUCCDD, 2401GUCCDD, 2301GUCCDF, 2401GUCCDT  
 Area: Special Tests and Provisions - Health and Safety Requirements  
 Questioned Costs: \$3,726,391

Condition, continued:

<u>Item No.</u>	<u>Vendor No.</u>	<u>Amount</u>
8	R0014869	23,000
9	S0017827	3,780
10	L0015931	16,210
11	8M783835	16,480
12	G0016504	4,900
13	8C632950	24,040
14	8M392909	4,530
15	C0013122	11,115
16	Y0071392	15,125
17	B0012882	12,765
18	M0017649	6,025
19	G0017334	33,070
20	8C620291	3,960
21	I0012108	11,880
22	S0017817	8,700
23	I0012394	38,360
24	S0017667	4,815
25	S0017670	16,680
26	M0017417	5,040
27	B0012385	4,200
28	T0037229	1,150
29	H0044485	9,100
30	L0015207	301,810
31	H0096833	221,350
32	M2506001	235,921
33	8H111592	10,920
34	8S645550	2,300
35	C0012883	8,435
36	H0096843	13,090
37	A9296001	602,860
38	8T671552	117,955
39	8A721080	14,710
40	A0098230	402,255
41	L0092765	386,010
42	R0014872	4,900
		<u>\$3,726,391</u>

## Government of Guam

### Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-044, continued  
Federal Agency: U.S. Department of Health and Human Service  
AL Program: 93.575/93.596 CCDF Cluster  
Federal Award No.: 2001GUCCDF, 2101GUCCDF, 2101GUCCC5, 2201GUCCDD,  
2301GUCCDD, 2401GUCCDD, 2301GUCCDF, 2401GUCCDT  
Area: Special Tests and Provisions - Health and Safety Requirements  
Questioned Costs: \$3,726,391

#### Condition, continued:

For item # 5, FY2024 Licensed Child Care Inspection Summary Report/License-Exempt Relative Care Validation Checklist from the Bureau of Child Care Services (BCCS) was not provided. Hence, we were unable to ascertain compliance.

For item #s 33 through 36 and 38 through 39, FY2024 Licensed Child Care Inspection Summary Report/License-Exempt Relative Care Validation Checklist from BCCS, FY2024 Inspection Report from the Division of Environmental Health (DEH), and FY2024 Certification for Assurance for Child Care Facility License were not provided. Hence, we were unable to ascertain compliance.

For item #s 6 through 26, and 42, FY2024 Inspection Report from DEH and FY2024 Certification for Assurance for Child Care Facility License were not provided. Hence, we were unable to ascertain compliance.

For item #s 27 through 29, FY2024 Inspection Report from DEH and FY2024 Certification for Assurance for Child Care Facility License were not provided. Hence, we were unable to ascertain compliance. Furthermore, there were several non-compliances indicated in BCCS checklist, however, there were no BCCS Corrective Action Plan or supporting document to show re-inspection was conducted to demonstrate compliance.

For item #s 1 through 4, 30 through 32, 37, and 40 through 41, these items were noted to have demerits in their FY2024 DEH Inspection Report and there were no supporting documents provided to demonstrate that the demerits were corrected to demonstrate compliance.

#### Cause:

The Department of Public Health and Social Services (DPHSS) management did not enforce monitoring controls over compliance with applicable special tests and provisions for health and safety requirements. Also, there were no formal internal control policies and procedures in place to ensure compliance with applicable special tests and provisions for health and safety requirements.

## Government of Guam

### Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-044, continued  
Federal Agency: U.S. Department of Health and Human Service  
AL Program: 93.575/93.596 CCDF Cluster  
Federal Award No.: 2001GUCCDF, 2101GUCCDF, 2101GUCCC5, 2201GUCCDD,  
2301GUCCDD, 2401GUCCDD, 2301GUCCDF, 2401GUCCDT  
Area: Special Tests and Provisions - Health and Safety Requirements  
Questioned Costs: \$3,726,391

#### Effect:

GovGuam is in noncompliance with applicable special tests and provisions for health and safety requirements. The reportable questioned cost is \$3,726,391 based on the items identified in Condition above.

Identification as a Repeat Finding: 2023-032

#### Recommendation:

DPHSS management should strengthen monitoring controls over compliance with applicable special tests and provisions for health and safety requirements. Responsible personnel should retain required inspections summary report/ license, or certification to support compliance.

#### Views of Responsible Officials:

The Bureau of Child Care Services (BCCS) disagrees with this finding. All applicable providers were monitored and met necessary health and safety requirements. All supporting inspection reports and certifications exist and were provided to the auditors via a OneDrive link on February 9, 2026, following a subsequent request for information.

Additionally, in accordance with the Rules and Regulations Governing Child Care Facilities Section 1.5.00 (a), Relative Care facilities are exempt from Sanitary Permits.

BCCS requests a detailed breakdown of the \$3,726,391 valuation to clarify if the audit team applied a total disallowance of payments or a weighted penalty for perceived documentation gaps. We maintain that this dollar amount is fundamentally inaccurate if the assessment did not properly factor in the specific regulatory exemptions applicable to these providers. Furthermore, BCCS questions the rationale used to assign such a substantial fiscal impact to an administrative-heavy finding, especially where the core program requirements and services were successfully fulfilled.

## Government of Guam

### Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-044, continued  
Federal Agency: U.S. Department of Health and Human Service  
AL Program: 93.575/93.596 CCDF Cluster  
Federal Award No.: 2001GUCCDF, 2101GUCCDF, 2101GUCCC5, 2201GUCCDD,  
2301GUCCDD, 2401GUCCDD, 2301GUCCDF, 2401GUCCDT  
Area: Special Tests and Provisions - Health and Safety Requirements  
Questioned Costs: \$3,726,391

#### Auditor's Response:

Our finding remains because documents subsequently received by auditors on February 9, 2026 were insufficient or incomplete to substantiate compliance with special tests and provisions – health and safety requirements.

Our finding does not mention matters regarding Sanitary Permit requirement.

The amount presented as questioned costs in the condition above pertains to total program benefits paid to child care providers with identified deficiencies. There are no weighted penalty assigned to each cost being tested.

As defined in 2 CFR Part 200 Subpart A, “*Questioned cost means an amount, expended or received from a Federal award, that in the auditor's judgment:*

*(i) Is noncompliant or suspected noncompliant with Federal statutes, regulations, or the terms and conditions of the Federal award;*

*(ii) At the time of the audit, lacked adequate documentation to support compliance; or*

*(iii) Appeared unreasonable and did not reflect the actions a prudent person would take in the circumstances.*

*(2) The questioned cost amount under (1)(ii) is calculated as if the portion of a transaction that lacked adequate documentation were confirmed noncompliant.*

*(6) Questioned costs are not improper payments until reviewed and confirmed to be improper payments as defined in OMB Circular A-123 Appendix C.”*

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-045  
 Federal Agency: U.S. Department of Health and Human Service  
 AL Program: 93.767 Children’s Health Insurance Program  
 Federal Award No.: 2405GQ5021  
 Area: Eligibility  
 Questioned Costs: \$1,970,002

Criteria:

42 CFR 457.965(b)(1)(iii) states that a State plan must provide that the State will maintain or supervise the maintenance of the records necessary for the proper and efficient operation of the plan. The records must include all individual records on each applicant and enrollee that contain the date of, basis for, and all documents or other evidence to support any determination, denial, or other adverse action, including decisions made at application, renewal, and a result of a change in circumstance, taken with respect to the applicant or enrollee, including all information provided by the applicant or enrollee, and all information obtained electronically or otherwise by the State from third-party sources.

42 CFR 457.965(d)(1) states that the agency must maintain the records described in 42 CFR 457.965(b) in an electronic format.

42 CFR 457.340(e) states that the State must provide each applicant or enrollee with timely and adequate written notice of any decision affecting his or her eligibility, including an approval, denial or termination, or suspension of eligibility.

42 CFR 457.340(d)(2) states that in applying timeliness standards, the State must define “date of application” and must count each calendar day from the date of application to the day the agency provides notice of its eligibility decision.

42 CFR 435.912(c)(3) states that except as provided in 42 CFR 435.912(e), the determination of eligibility for any applicant or individual whose account was transferred from another insurance affordability program may not exceed: (i) 90 calendar days for applicants who apply for Medicaid on the basis of disability; and (ii) 45 calendar days for all other applicants.

Condition:

For thirty-seven (or 56%) of sixty-six items, aggregating \$1,974,989 of \$32,045,067 in total participant benefits, deficiencies were noted, as follows:

Item No.	Claim No.	Case No.	Amount
1	2309211900101	20130275904	\$ 83
2	2407168800321	20180324310	3,349
3	2309138800329	20160251605	55
4	2405168700601	20220277002	80
5	2309081900377	20160235604	123

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-045, continued  
 Federal Agency: U.S. Department of Health and Human Service  
 AL Program: 93.767 Children’s Health Insurance Program  
 Federal Award No.: 2405GQ5021  
 Area: Eligibility  
 Questioned Costs: \$1,970,002

Condition, continued:

Item No.	Claim No.	Case No.	Amount
6	2405138800865	20120355402	5
7	2407038700106	33005259307	103
8	2402290600050	33002811402	209
9	2309138800352	20230021803	21
10	2406064300018	33008061804	17
11	2402288700054	33008097102	316,618
12	2405068801514	33007906404	31
13	2309158801649	20200384405	21
14	2402234000003	20220071706	467,323
15	2310020700001	20200075602	253,755
16	2309228800661	33008079703	8
17	2309218700237	20150026204	111
18	2309078800587	33007293006	145
19	2404308700498	33009071405	335
20	2402239100050	20170090704	113
21	2307318700250	20120312106	124
22	2308038700261	20160025005	1,153
23	2402014200033	20230402702	667
24	2307281900093	33007872005	107
25	2401248700327	20140279404	66
26	2403228801402	20210256601	206
27	2310168700027	20120118406	208
28	2402288700349	20230401603	236
29	2401164000010	20180018105	398,533
30	2311161200024	20170131305	293,921
31	2407081200013	20180221402	231,158
32	2310131900136	20230134203	59
33	2408088801464	20130305402	145
34	2309068700210	20210198502	14
35	2310128700356	33007889602	785
36	2308171900043	20160236303	94
37	2402138801629	20140043304	21
			<u>\$1,970,002</u>

## Government of Guam

### Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-045, continued  
Federal Agency: U.S. Department of Health and Human Service  
AL Program: 93.767 Children's Health Insurance Program  
Federal Award No.: 2405GQ5021  
Area: Eligibility  
Questioned Costs: \$1,970,002

#### Condition, continued:

For item #s 1 through 3, 9, and 22 through 31, eligibility determination exceeded the 45-day requirement.

For item # 32, benefit payment was for medical service not within the certified period of eligibility.

For item # 37, documentation of applicant's identification was not on file.

For item #s 22, supporting documentation (e.g. identification card) to support whether the child met the age requirement and whether the child is a U.S. citizen or qualified noncitizen (alien) was not on file. Also, documentation of applicant's identification was not on file.

For item #s 4 and 6, documentation (e.g. mayor's verification document) to support applicant's household size were not on file.

For item #s 4, 6 through 7, and 9 through 15, documentation to support whether the applicant met the income eligibility requirement was not on file.

For item #s 4 through 5, 8, 10 through 11, and 32 through 36, we were unable to verify whether eligibility was determined within 45 days upon application as the Notice of Action and/or the application were not in the case file.

For item #s 16 through 21, and 37, the applicant did not meet the income eligibility requirement.

#### Cause:

Department of Public Health and Social Services (DPHSS) did not enforce monitoring controls over compliance with applicable eligibility requirements, specifically, retaining sufficient documentation to support eligibility determination.

## Government of Guam

### Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-045, continued  
Federal Agency: U.S. Department of Health and Human Service  
AL Program: 93.767 Children's Health Insurance Program  
Federal Award No.: 2405GQ5021  
Area: Eligibility  
Questioned Costs: \$1,970,002

#### Effect:

GovGuam is in noncompliance with applicable eligibility requirements. The reportable questioned cost is \$1,970,002 based on the items identified in Condition above.

#### Recommendation:

Responsible personnel should enforce monitoring controls over compliance with applicable eligibility requirements, specifically, retaining sufficient documentation to support eligibility determination.

#### Views of Responsible Officials:

DPHSS agrees with this finding. The Bureau of Economic Security (BES) recognized the finding as an issue and in response, held a bureau-wide training for both front desk personnel and eligibility specialists on December 22 - 23, 2025. This training focused on application handling including the timeliness of eligibility determinations and proper documentation maintenance procedures. The training reinforced use of a standardized application checklist that was developed to support application completeness. Staff were also trained in the correct method for uploading documents into the OnBase system, the bureau's digital record archive, for secure storage and efficient retrieval.

In January 2026, BES conducted a Customer Email Standard Operating Procedure (SOP) training to reinforce staff compliance with documentation requirements, including the use of document imaging process (DIP) to ensure customer documentation received via email is uploaded into the OnBase system within two business days. In addition, DPHSS is preparing additional training sessions, which are currently being developed, on topics such as Medicaid Basics 101, Customer Service, and Medicaid Eligibility.

To assess compliance with the training, Eligibility Specialist Supervisors were tasked with periodically reviewing random samples of applications across all three centers to verify application completeness, including required documents. BES will further reinforce timeliness compliance by incorporating 45-day timeliness checks and targeted reviews of higher-risk cases into supervisory case reviews. Findings from these reviews will be used to inform corrective action and retraining as needed. DPHSS is also revising the document verification list in the Public Application form to help clients clearly identify required documentation needed to support eligibility determination and reduce the risk of missing or incomplete case files.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-046  
 Federal Agency: U.S. Department of Health and Human Service  
 AL Program: 93.767 Children’s Health Insurance Program  
 Federal Award No.: 2405GQ5R21  
 Area: Period of Performance  
 Questioned Costs: \$76,203

Criteria:

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

Condition:

For twenty-one (or 53%) of forty items, aggregating \$163,214 of \$1,253,556 of expenditures subjected to period of performance test, the Department of Public Health and Social Services (DPHSS) charged costs to a federal award prior to the period of performance:

<u>Invoice No.</u>	<u>POP Begin Date</u>	<u>Claim Receipt Date</u>	<u>Check Date</u>	<u>Amount</u>	<u>Questioned Costs</u>
PH1148617	10/01/23	08/16/2023	12/06/2023	\$ 672	\$ 672
PH1148586	10/01/23	07/17/2023	12/06/2023	1,335	1,335
PH1148491	10/01/23	07/18/2023	11/28/2023	57	57
PH1148457	10/01/23	09/22/2023	11/28/2023	115	115
PH1148475	10/01/23	09/19/2023	11/28/2023	1,565	1,565
PH1148486	10/01/23	09/12/2023	11/28/2023	2,585	2,585
PH1148158	10/01/23	08/16/2023	11/20/2023	12	12
PH1148118	10/01/23	08/16/2023	11/20/2023	223	223
PH1148177	10/01/23	06/19/2023	11/20/2023	257	257
PH1148146	10/01/23	09/30/2023	11/20/2023	2,007	2,007
PH1148130	10/01/23	08/02/2023	11/20/2023	2,684	2,684
PH1148159	10/01/23	06/23/2023	11/20/2023	2,791	2,791
PH1148138	10/01/23	09/29/2023	11/20/2023	23,158	1,282
PH1147818	10/01/23	09/29/2023	11/15/2023	15	15
PH1147835	10/01/23	09/12/2023	11/15/2023	311	311
PH1147788	10/01/23	07/11/2023	11/15/2023	320	320
PH1147830	10/01/23	08/01/2023	11/15/2023	335	335
PH1147823	10/01/23	07/07/2023	11/15/2023	455	455
PH1147810	10/01/23	09/01/2023	11/15/2023	849	720
PH1147803	10/01/23	09/12/2023	11/15/2023	8,794	8,794
PH1147813	10/01/23	09/26/2023	11/15/2023	49,668	49,668
				<u>\$98,208</u>	<u>\$76,203</u>

## Government of Guam

### Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-046, continued  
Federal Agency: U.S. Department of Health and Human Service  
AL Program: 93.767 Children's Health Insurance Program  
Federal Award No.: 2405GQ5R21  
Area: Period of Performance  
Questioned Costs: \$76,203

#### Cause:

DPHSS did not enforce monitoring controls over compliance with applicable period of performance requirements relating to charging costs to a federal award within the period of performance.

#### Effect:

GovGuam is in noncompliance with applicable period of performance requirements. The reportable questioned cost is \$76,203 based on the item identified in Condition above.

#### Recommendation:

Prior to charging costs to a federal award, responsible personnel should verify that such costs are within the period of performance.

#### Views of Responsible Officials:

DPHSS disagrees with this finding and provided documentation of grantor approval to use the FY 2024 award to pay prior year obligations. The enclosed communication from Linda Gee, CMS, dated July 1, 2021, provides more information. 45 CFR 95.7 ([https://www.ecfr.gov/cgi-bin/text-idx?node=pt45.1.95&rgn=div5#se45.1.95\\_17](https://www.ecfr.gov/cgi-bin/text-idx?node=pt45.1.95&rgn=div5#se45.1.95_17)) provides that a state Medicaid agency (i.e. Guam Medicaid Agency) has up to two years to file for a claim that it made.

DPHSS welcomes the opportunity to discuss and collaboratively identify the relevant information and guidance during an entrance conference for each year's audit.

#### Auditor's Response:

Our finding remains because the condition cited above pertains costs charged to a federal award prior to the period of performance and does not pertain to the period up to when a charge can be made (i.e. liquidation period).

## Government of Guam

### Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-047  
Federal Agency: U.S. Department of Health and Human Service  
AL Program: 93.767 Children's Health Insurance Program  
Federal Award No.: 2405GQ5021  
Area: Special Tests and Provisions - Provider Eligibility (Screening and Enrollment)  
Questioned Costs: \$1,562,177

#### Criteria:

42 CFR 455.412 states that the State Medicaid Agency must have a method for verifying that any provider purporting to be licensed in accordance with the laws of any State is licensed by such State. Also, State Medicaid Agency must confirm that the provider's license has not expired and that there are no current limitations on the provider's license.

42 CFR 455.432 states that the State Medicaid agency must conduct pre-enrollment and post-enrollment site visits of providers who are designated as "moderate" or "high" categorical risks to the Medicaid program. Also, the State Medicaid agency must require any enrolled provider to permit CMS, its agents, its designated contractors, or the Medicaid agency to conduct unannounced on-site inspection of any and all provider locations.

42 CFR 455.434(a) states that the State Medicaid agency, as a condition of enrollment, must require providers to consent to a criminal background checks including fingerprinting when required to do so under State law or by the level of screening based on risk of fraud, waste or abuse as determined for that category of provider.

42 CFR 455.434(b) states that the State Medicaid agency must establish categorical risk levels for providers and provider categories who pose an increased financial risk of fraud, waste or abuse to the Medicaid program.

42 CFR 455.450 states that a State Medicaid agency must screen all initial applications, including applications for a new practice location, and any applications received in response to a re-enrollment or revalidation of enrollment request based on a categorical risk level of "limited," "moderate," or "high." If a provider could fit within more than one risk level described in this section, the highest level of screening is applicable.

## Government of Guam

### Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-047, continued  
Federal Agency: U.S. Department of Health and Human Service  
AL Program: 93.767 Children's Health Insurance Program  
Federal Award No.: 2405GQ5021  
Area: Special Tests and Provisions - Provider Eligibility (Screening and Enrollment)  
Questioned Costs: \$1,562,177

#### Criteria, continued:

42 CFR 455.460 states that beginning on or after March 25, 2011, States must collect the applicable application fee prior to executing a provider agreement from a prospective or re-enrolling provider other than either of the following:

- (1) Individual physicians or nonphysician practitioners.
- (2)
  - (i) Providers who are enrolled in either of the following:
    - (A) Title XVIII of the Act.
    - (B) Another State's title XIX or XXI plan.
  - (ii) Providers that have paid the applicable application fee to -
    - (A) A Medicare contractor; or
    - (B) Another State.

42 CFR 455.104 states that the Medicaid agency must require that disclosing entities, fiscal agents, and managed care entities provide the following disclosures:

- (1)
  - (i) The name and address of any person (individual or corporation) with an ownership or control interest in the disclosing entity, fiscal agent, or managed care entity. The address for corporate entities must include as applicable primary business address, every business location, and P.O. Box address.
  - (ii) Date of birth and Social Security Number (in the case of an individual).
  - (iii) Other tax identification number (in the case of a corporation) with an ownership or control interest in the disclosing entity (or fiscal agent or managed care entity) or in any subcontractor in which the disclosing entity (or fiscal agent or managed care entity) has a 5 percent or more interest.
- (2) Whether the person (individual or corporation) with an ownership or control interest in the disclosing entity (or fiscal agent or managed care entity) is related to another person with ownership or control interest in the disclosing entity as a spouse, parent, child, or sibling; or whether the person (individual or corporation) with an ownership or control interest in any subcontractor in which the disclosing entity (or fiscal agent or managed care entity) has a 5 percent or more interest is related to another person with ownership or control interest in the disclosing entity as a spouse, parent, child, or sibling.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-047, continued  
 Federal Agency: U.S. Department of Health and Human Service  
 AL Program: 93.767 Children’s Health Insurance Program  
 Federal Award No.: 2405GQ5021  
 Area: Special Tests and Provisions - Provider Eligibility (Screening and Enrollment)  
 Questioned Costs: \$1,562,177

Criteria, continued:

- (3) The name of any other disclosing entity (or fiscal agent or managed care entity) in which an owner of the disclosing entity (or fiscal agent or managed care entity) has an ownership or control interest.
- (4) The name, address, date of birth, and Social Security Number of any managing employee of the disclosing entity (or fiscal agent or managed care entity).

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:

- 1. The Department of Public Health and Social Services (DPHSS) lacks adequate internal policies and procedures over compliance with the applicable special tests and provisions for provider eligibility (screening and enrollment).
- 2. For twenty-four (or 100%) of twenty-four items, aggregating \$1,562,177 of \$32,045,067 of expenditures, deficiencies were noted, as follows:

<u>Item No.</u>	<u>Provider ID</u>	<u>Expense Amount</u>	<u>Questioned Costs</u>
1	GQA	\$ 4,722	\$ 4,722
2	944	1,003	1,003
3	1116	241	241
4	252	45,877	45,877
5	283A	3,811	3,811
6	236	5,940	5,940
7	FYB	54,532	54,532
8	1026	77,266	77,266
9	631A	71	71
10	239	2,909	2,909

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-047, continued  
 Federal Agency: U.S. Department of Health and Human Service  
 AL Program: 93.767 Children’s Health Insurance Program  
 Federal Award No.: 2405GQ5021  
 Area: Special Tests and Provisions - Provider Eligibility (Screening and Enrollment)  
 Questioned Costs: \$1,562,177

Conditions, continued:

<u>Item No.</u>	<u>Provider ID</u>	<u>Expense Amount</u>	<u>Questioned Costs</u>
11	245	7,606	7,606
12	1021	1,043	1,043
13	1047	1,417	1,417
14	562	259,256	259,256
15	197	54,763	54,763
16	652	19,151	19,151
17	635	85,715	85,715
18	214	2,516	2,516
19	1049	25,300	25,300
20	1053	1,646	1,646
21	576	43,868	43,868
22	408	830,766	830,766
23	568	25,921	25,921
24	ECF	<u>6,837</u>	<u>6,837</u>
		<u>\$1,562,177</u>	<u>\$1,562,177</u>

DPHSS did not establish categorical risk levels for providers and provider categories who pose an increased financial risk of fraud, waste or abuse to the Medicaid program, hence, for all items, we are unable to determine whether screening and enrollment requirements (e.g., pre-enrollment and post-enrollment site visits and consent to a criminal background checks) were performed accordingly based on the categorical risk level of providers.

For all items, DPHSS was unable to provide supporting documentation that could demonstrate the basis of not collecting the applicable application fee prior to executing a provider agreement.

For items # 8 through 22, the Guam Medicaid and Medically Indigent Program (MIP) Provider Enrollment Disclosure of Ownership and Control Interest Statement form was not on file.

For items # 18 through 22, provider’s license or business license was not on file.

## Government of Guam

### Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-047, continued  
Federal Agency: U.S. Department of Health and Human Service  
AL Program: 93.767 Children's Health Insurance Program  
Federal Award No.: 2405GQ5021  
Area: Special Tests and Provisions - Provider Eligibility (Screening and Enrollment)  
Questioned Costs: \$1,562,177

#### Cause:

DPHSS lacks adequate internal policies and procedures over compliance with the applicable special tests and provisions for provider eligibility (screening and enrollment). Responsible personnel managing the program attended off-island trainings during the fiscal year, however, standard operating procedures that specifically address the applicable compliance requirements have not yet been established.

#### Effect:

GovGuam is in noncompliance with applicable special tests and provisions for provider eligibility (screening and enrollment). The reportable questioned cost is \$1,562,177 based on the items identified in Conditions above.

#### Recommendation:

DPHSS management should prioritize to establish internal policies and procedures over compliance with applicable special tests and provisions for provider eligibility (screening and enrollment).

#### Views of Responsible Officials:

DPHSS agrees with this finding. DPHSS is aware that deficiencies exist with the Medicaid provider enrolment process. DPHSS's response to this deficiency is addressed in its modernization plan, which will automate certain provider enrolment functions.

In March 2024, DPHSS performed site visits for 21 providers, and since then has continued to perform site visits year-round. Memorandums regarding provider compliance topics have also been communicated to providers and published on the provider portal, including information regarding criminal background checks. DPHSS is currently contracted with a consultant that is assisting in the implementation of compliant provider enrolment operations, which includes policy revisions, updates to provider applications and disclosure forms, development of standard operating procedures, and training for both staff and providers.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-047, continued  
Federal Agency: U.S. Department of Health and Human Service  
AL Program: 93.767 Children's Health Insurance Program  
Federal Award No.: 2405GQ5021  
Area: Special Tests and Provisions - Provider Eligibility (Screening and Enrollment)  
Questioned Costs: \$1,562,177

Views of Responsible Officials, continued:

In addition, DPHSS is currently in the process of establishing a Medicaid Program Integrity Unit (PI Unit) with a mission to conduct independent and objective Medicaid program integrity functions adherent to federal and local laws. The PI Unit will also assist DPHSS in addressing and managing Medicaid related Corrective Action Plans.

## Government of Guam

### Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-048  
Federal Agency: U.S. Department of Health and Human Service  
AL Program: 93.778 Medical Assistance Program  
Federal Award No.: 75X0512  
Area: Eligibility for Individuals  
Area: Special Tests and Provisions - Utilization Control  
Area: Special Tests and Provisions - Provider Eligibility (Screening and Enrollment)  
Area: Special Tests and Provisions - Provider Health and Safety Standards  
Questioned Costs: \$ Undeterminable

#### Criteria:

2 CFR 200.302 states that each State must expend and account for the Federal award in accordance with State laws and procedures for expending and accounting for the State's funds. All recipient and subrecipient financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by the terms and conditions; and tracking expenditures to establish that funds have been used in accordance with Federal statutes, regulations, and the terms and conditions of the Federal award. Moreover, the recipient's and subrecipient's financial management system must provide for maintaining records that sufficiently identify the amount, source, and expenditure of Federal funds for Federal awards. These records must contain information necessary to identify Federal awards, authorizations, financial obligations, unobligated balances, as well as assets, expenditures, income, and interest.

#### Condition:

A reconciled medical claims schedule for the fiscal year could not be provided. Specifically, total amount of medical claims per medical claims schedule (\$186 million) did not agree with the claims expenditure per financial records (\$189 million).

#### Cause:

There is a lack of reconciliation process between Department of Public Health and Social Services (DPHSS) and Department of Administration (DOA).

#### Effect:

We are unable to establish a complete and accurate population from which to draw our selection of transactions in order to provide sufficient appropriate audit evidence to support an opinion on compliance. No questioned cost is presented as we are unable to quantify the extent of noncompliance.

## Government of Guam

### Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-048, continued  
Federal Agency: U.S. Department of Health and Human Service  
AL Program: 93.778 Medical Assistance Program  
Federal Award No.: 75X0512  
Area: Eligibility for Individuals  
Area: Special Tests and Provisions - Utilization Control  
Area: Special Tests and Provisions - Provider Eligibility (Screening and Enrollment)  
Area: Special Tests and Provisions - Provider Health and Safety Standards  
Questioned Costs: \$ Undeterminable

#### Recommendation:

Reconciliation process between DPHSS and DOA should take place to ensure that claims expenditure per financial record is supported by underlying medical claims schedule.

#### Views of Responsible Officials:

DPHSS agrees with this finding. To address the recommendation for a reconciliation process, DPHSS is in the process of forming a multi-agency technology initiative which will include:

- **Establishment of an Inter-Agency Data Hub:** DPHSS, in collaboration with the Office of Technology (OTECH) and the Department of Administration (DOA), aims to establish a centralized Data Hub. This hub will facilitate real-time or scheduled data synchronization between the DPHSS medical management systems and DOA's financial accounting records, which are managed in the Guam Financial Management Information System (GFMIS). The data hub is intended to ensure all claims paid are automatically after proper approvals and are then reconciled with the general ledger.
- **Inter-Agency Agreement and Coordination:** DPHSS acknowledges that successful implementation of this Data Hub requires a unified commitment. DPHSS leadership is coordinating with the Director of DOA to discuss the technical requirements and administrative protocols. A formal Memorandum of Agreement (MOA) or a joint standard procedure will be sought, subject to the concurrence and approval by both Agency Directors.
- **Manual Interim Reconciliation:** Until the Data Hub is fully operational, DPHSS will work with DOA to implement a monthly manual reconciliation process. This will involve a "crosswalk" review of claim batch totals against financial system postings to identify and resolve variances (such as voided checks or manual adjustments) in a timely manner.
- **Engagement with OTECH:** Once the two directors agree on the framework, DPHSS will engage OTECH to design the data architecture necessary to ensure data integrity, security, and compliance with federal reporting standards.

Estimated implementation timeframe: March 31, 2027

## Government of Guam

### Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-049  
Federal Agency: U.S. Department of Homeland Security  
AL Program: 97.036 Disaster Grants – Public Assistance (Presidentially Declared Disasters)  
Area: Activities Allowed or Unallowed  
Area: Allowable Costs/Cost Principles  
Questioned Costs: \$65,621

#### Criteria:

In accordance with the applicable activities allowed or unallowed requirements, institutions must demonstrate that costs incurred are allowable under the relevant program legislation, federal awarding agency regulations, and the terms and conditions of the award and consistent with the purpose of the grant.

2 CFR 200.403(a) states that federal program expenditures should be necessary and reasonable for the performance of the Federal award in accordance with allowable costs/cost principles requirements and 2 CFR 200.403(g) states that costs should be adequately documented.

Furthermore, 2 CFR 200.431(c) states that the cost of fringe benefits in the form of employer contributions or expenses for social security; employee life, health, unemployment, and worker's compensation insurance (except as indicated in 2 CFR 200.447); pension plan costs; and other similar benefits are allowable, provided such benefits are permitted under established written policies. The recipient or subrecipient must allocate fringe benefits to Federal awards and all other activities in a manner consistent with the pattern of benefits attributable to the individuals or group(s) of employees whose salaries and wages are chargeable to such Federal awards and other activities and charged as direct or indirect costs following the recipient's or subrecipient's accounting practices.

#### Conditions:

1. For one (or 8%) of twelve items, aggregating \$900,119 of \$1,109,001 in total non-payroll expenditures, there were no supporting documents (e.g. contracts, vendor invoice, payment advice) on file to substantiate whether expenditure amounting to \$61,799 related to federal award no. PA09GU4495PW00061-54 and with voucher no. IJE0027179, was allowable cost of the underlying grant.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-049, continued  
 Federal Agency: U.S. Department of Homeland Security  
 AL Program: 97.036 Disaster Grants – Public Assistance (Presidentially Declared Disasters)  
 Area: Activities Allowed or Unallowed  
 Area: Allowable Costs/Cost Principles  
 Questioned Costs: \$65,621

Conditions, continued:

2. For three (or 33%) of nine items, aggregating \$13,103 of \$833,788 in total payroll expenditures, deficiencies were noted, as follows:

Item No.	Federal Award No.	Account Name	Job Order No.	Employee No.	Expense Amount	Questioned Cost
1	PA-09-GU-4715-PW-00027	Regular salary	028023101	10218	\$1,913	\$1,913
2	PA09GU4495PW00014-58	Regular salary	028023104	10000258	861	861
3	PA09GU4495PW00014-58	Fringe	028023104	25084	<u>1,048</u>	<u>1,048</u>
					<u>\$3,822</u>	<u>\$3,822</u>

For item # 1, personnel action file was not on file.

For item #s 2 through 3, there were no supporting documents (e.g. timesheet, payroll register, personnel action file) on file to substantiate whether expenditure was allowable cost of the underlying grant.

Cause:

The Department of Administration (DOA) did not enforce monitoring controls over compliance with applicable activities allowed or unallowed and allowable costs/cost principles requirements, specifically, retaining sufficient documentation to support transactions and ensuring expenditures are necessary and reasonable for the performance of the Federal award.

Effect:

GovGuam is in noncompliance with activities allowed or unallowed and allowable costs/cost principles requirements. The reportable questioned cost is \$65,621 based on the items identified in Conditions above.

Recommendation:

Responsible personnel should enforce monitoring controls over compliance with applicable activities allowed or unallowed and allowable costs/cost principles requirements, specifically, retaining sufficient documentation to support transactions.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-049, continued  
Federal Agency: U.S. Department of Homeland Security  
AL Program: 97.036 Disaster Grants – Public Assistance (Presidentially Declared  
Disasters)  
Area: Activities Allowed or Unallowed  
Area: Allowable Costs/Cost Principles  
Questioned Costs: \$65,621

Views of Responsible Officials:

Guam Homeland Security (GHS) will make sure that proper supporting documentation is available. GHS will also identify department personnel responsible.

## Government of Guam

### Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-050  
Federal Agency: U.S. Department of Homeland Security  
AL Program: 97.036 Disaster Grants – Public Assistance (Presidentially Declared Disasters)  
Federal Award No.: Various  
Area: Matching, Level of Effort, Earmarking  
Questioned Costs: \$ Undeterminable

#### Criteria:

In accordance with 44 CFR 206.65, the Federal share for assistance provided shall not be less than 75 percent of the eligible costs. Per applicable matching requirement, the accountability for meeting the matching requirement resides with the recipient and is determined at the time of project accounting as part of project closeout (i.e., the nonfederal share does not have to be met until the end of the project).

In accordance with FEMA Recovery Policy 104-11-2 (B)(2)(a), FEMA provides contribution for management costs based on actual costs incurred up to 7 percent of the total award amount for the disaster or emergency, excluding subrecipient management costs.

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:

1. Required non-federal share of matching could not be determined as underlying grant agreements were not made available.
2. Guam Homeland Security (GHS) was unable to demonstrate and provide evidence of compliance with the aforementioned earmarking requirement.
3. GHS lacks adequate internal policies and procedures over compliance with the applicable matching and earmarking requirements.

#### Cause:

GHS management did not monitor compliance with applicable matching and earmarking requirements.

## Government of Guam

### Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-050, continued  
Federal Agency: U.S. Department of Homeland Security  
AL Program: 97.036 Disaster Grants – Public Assistance (Presidentially Declared Disasters)  
Federal Award No.: Various  
Area: Matching, Level of Effort, Earmarking  
Questioned Costs: \$ Undeterminable

#### Effect:

We are unable to verify compliance with the requirements for matching. Furthermore, GovGuam is in noncompliance with applicable earmarking requirements. No questioned cost is presented as we are unable to quantify the extent of noncompliance.

#### Recommendation:

GHS management should establish internal policies and procedures over compliance with applicable matching and earmarking requirements. Also, GHS management should clearly identify department/ personnel responsible for program's compliance.

#### Views of responsible officials:

GHS will create a Standard Operating Procedure (SOP) to establish internal policies and procedures with applicable matching and earmarking requirements. GHS will also identify department personnel responsible.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-051  
 Federal Agency: U.S. Department of Homeland Security  
 AL Program: 97.036 Disaster Grants – Public Assistance (Presidentially Declared Disasters)  
 Area: Period of Performance  
 Questioned Costs: \$ Undeterminable

Criteria:

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

Condition:

Compliance with period of performance of expenditures related to the following federal award could not be determined as underlying grant agreements were not made available:

Federal Award No.	Expenditure Amount
PA09GU4495PW00014	\$ 31,444
PA09GU4495PW00014-58	635,848
PA09GU4495PW00024	15,993
PA09GU4495PW00031	71,555
PA09GU4495PW00057	882,740
PA09GU4495PW00061-54	61,799
PA-09-GU-4715-PW-00027	216,015
PA09GU4715PW00159	25,664
	\$1,941,058

Cause:

Guam Homeland Security (GHS) was unable to provide copy of underlying grant agreements.

Effect:

GovGuam is in noncompliance with applicable period of performance requirements. No questioned cost is presented as we are unable to quantify the extent of noncompliance.

Recommendation:

GHS management should establish internal policies and procedures over compliance with applicable period of performance requirements. Furthermore, GHS management should implement adequate internal control policies and procedures requiring retention of all grant agreements.

## Government of Guam

### Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-051, continued  
Federal Agency: U.S. Department of Homeland Security  
AL Program: 97.036 Disaster Grants – Public Assistance (Presidentially Declared  
Disasters)  
Area: Period of Performance  
Questioned Costs: \$ Undeterminable

#### Views of Responsible Officials:

GHS will create a Standard Operating Procedure (SOP) to establish internal policies and procedures over compliance with applicable period of Performance requirements, as well as retention of all grant agreements. GHS will also identify department personnel responsible.

## Government of Guam

### Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-052  
Federal Agency: U.S. Department of Homeland Security  
AL Program: 97.036 Disaster Grants – Public Assistance (Presidentially Declared Disasters)  
Federal Award No.: Various  
Area: Reporting  
Questioned Costs: \$0

#### Criteria:

2 CFR 200.302(a) states that each State must expend and account for the Federal award in accordance with State laws and procedures for expending and accounting for the State's funds. All recipient financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by the terms and conditions; and tracking expenditures to establish that funds have been used in accordance with Federal statutes, regulations, and the terms and conditions of the Federal award.

2 CFR 300.302(b) states that recipient's financial management system must provide for the following:

- 1) Identification of all Federal awards received and expended and the Federal programs under which they were received. Federal program and Federal award identification must include, as applicable, the Assistance Listings title and number, Federal award identification number, year the Federal award was issued, and name of the Federal agency or pass-through entity.
- 2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements in 2 CFR 200.328 and 200.329.
- 3) Maintaining records that sufficiently identify the amount, source, and expenditure of Federal funds for Federal awards. These records must contain information necessary to identify Federal awards, authorizations, financial obligations, unobligated balances, as well as assets, expenditures, income, and interest. All records must be supported by source documentation.

2 CFR 200.328(c) states that recipient must submit financial reports as required by the Federal award.

#### Conditions:

1. We are unable to establish a complete list of financial reports required to be submitted during the fiscal year as Guam Homeland Security (GHS) was unable to provide copies of each grant award. GHS was unable to demonstrate that the financial reports submitted to our audit team consisted of all the required reports.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-052, continued  
Federal Agency: U.S. Department of Homeland Security  
AL Program: 97.036 Disaster Grants – Public Assistance (Presidentially Declared Disasters)  
Federal Award No.: Various  
Area: Reporting  
Questioned Costs: \$0

Conditions, continued:

2. From the list of reports submitted to our audit team, for eight (or 100%) of eight reports tested, records that accumulate and summarize reported data such as 1) cash receipts; 2) cash disbursements; and 3) federal share of expenditures, were not provided for the following:

<u>Item No.</u>	<u>Identifying No. Assigned by Federal Agency</u>	<u>Reporting Period End Date</u>
1	FEMA-4224-DR-GU	03/31/2024
2	FEMA-4224-DR-GU	09/30/2024
3	FEMA-4398-DR-GU	06/30/2024
4	FEMA-4398-DR-GU	09/30/2024
5	FEMA-4433-DR-GU	12/31/2023
6	FEMA-4433-DR-GU	03/31/2024
7	FEMA-4495-DR-GU	12/31/2023
8	FEMA-4495-DR-GU	09/30/2024

Cause:

Department of Administration (DOA) assigned GHS as the agency responsible for providing required audit documentation, however, GHS did not provide timely responses to the audit team’s requests. GHS could not identify the personnel responsible for compliance with applicable reporting requirements.

Effect:

We are unable to determine compliance with applicable reporting requirements. No questioned cost is presented as we are unable to quantify the extent of noncompliance.

Recommendation:

GHS management should enforce monitoring controls over compliance with applicable reporting requirements. Responsible personnel should maintain a monitoring of financial reports required to be submitted for each grant award effective during the fiscal year.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-052, continued  
Federal Agency: U.S. Department of Homeland Security  
AL Program: 97.036 Disaster Grants – Public Assistance (Presidentially Declared  
Disasters)  
Federal Award No.: Various  
Area: Reporting  
Questioned Costs: \$0

Views of Responsible Officials:

GHS will work with DOA to make sure reports are submitted on time. GHS will also retain documentation of submitted reports.

## Government of Guam

### Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-053  
Federal Agency: U.S. Department of Homeland Security  
AL Program: 97.036 Disaster Grants – Public Assistance (Presidentially Declared Disasters)  
Federal Award No.: Various  
Area: Special Tests and Provisions – Project Accounting  
Questioned Costs: \$ Undeterminable

#### Criteria:

In accordance with 44 CFR 206.205(b)(1), for large projects, the recipient shall make an accounting to the Regional Administrator of eligible costs for each approved large project. In submitting the accounting the recipient shall certify that reported costs were incurred in the performance of eligible work, that the approved work was completed, that the project is in compliance with the provisions of the FEMA-State Agreement, and that payments for that project have been made in accordance with 2 CFR 200.305. Each large project shall be submitted as soon as practicable after the subrecipient has completed the approved work and requested payment.

#### Condition:

Guam Homeland Security (GHS) did not provide a listing of ongoing and completed large projects during the audit period.

#### Cause:

Department of Administration (DOA) assigned GHS as the agency responsible for providing required audit documentation, however, GHS did not provide timely responses to the audit team's requests. GHS could not identify the personnel responsible for compliance with applicable special tests and provision requirements.

#### Effect:

We are unable to verify compliance with the requirements for special tests and provisions – project accounting. Specifically, we are unable to ascertain if (1) for ongoing large projects, costs submitted for reimbursement were in compliance with the requirements for eligible work under the applicable Project; and (2) for completed large projects, entity's files document the total costs as allowable costs and if the costs are for allowable activities under the applicable Project. No questioned cost is presented as we are unable to quantify the extent of noncompliance.

#### Recommendation:

GHS management should establish internal policies and procedures over compliance with applicable special tests and provisions requirements. Also, GHS management should clearly identify department/ personnel responsible for program's compliance.

## Government of Guam

### Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-053, continued  
Federal Agency: U.S. Department of Homeland Security  
AL Program: 97.036 Disaster Grants – Public Assistance (Presidentially Declared  
Disasters)  
Federal Award No.: Various  
Area: Special Tests and Provisions – Project Accounting  
Questioned Costs: \$ Undeterminable

Views of responsible officials:

GHS will create a Standard Operating Procedure (SOP) to establish internal policies and procedures in compliance with applicable special tests and provision requirements. GHS will also identify department personnel responsible.



**DEPARTMENT OF  
ADMINISTRATION**  
DIPATTAMENTON ATMENESTRASION  
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April 6, 2026

Ernst & Young LLP  
231 Ypao Road Suite 201  
Tamuning, GU 96931

Set forth below is the Government of Guam's Corrective Action Plan for findings to be noted on Government of Guam's Single Audit Report for Year Ending September 30, 2024.

The difficulty in recruiting and training accounting personnel is a global concern to governments, businesses, and those providing audit services. The government is working on a recruitment and retention process.

**Finding No.: 2024-001      General Ledger Reconciliation and SEFA Reconciliation**

Responding Agency:      Department of Administration (DOA)

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

In FY2024 part of the year was processed in the new FMIS Microsoft 365 accounting system, which the auditor was granted access. Supporting documents are embedded into the accounting records. The necessary controls will be strengthened when the updated modules of the FMIS are fully implemented.

**Finding No.: 2024-002      OPEB Census Data and OPEB Liability**

Responding Agency:      Department of Administration (DOA)

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

In FY2024 OPEB report the Mortality Rates Assumption is the same that GGRF's Actuary uses and is industry standard for public entities. This report is a rollover report and census differences originating in FY2023 will not be adjusted. Census corrections will be made in FY2025. Liability is reported in the Government-wide statements only and does not impact governmental or federal funds.

**Finding No.: 2024-003**      **Tax Receivables**

Responding Agency:            Department of Administration (DOA)

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

DOA relies on data provided by DRT to update the tax receivable accounts. GovGuam mirrors the U.S. Tax Code and DRT is charged with enforcement of the Guam Territorial Income Tax pursuant to the Organic Act of Guam, as amended, and 11 GCA Chapter 1. The IRS Safeguard Rules limits the amount of information that is accessible outside the taxing authorities. Going forward DOA will work collaboratively with DRT to obtain and post-tax receivables.

**Finding No.: 2023-004**      **Special Revenue Fund Deficits**

Responding Agency:            Department of Administration (DOA)

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

The GovGuam Budget process appropriates to each fund an authority to expend funds pursuant to the annual appropriations law. The power to appropriate is Organically bestowed on the Guam Legislature. The root cause of the deficits is attributed to the inherent difference between the appropriate funds and revenues collected by each Special Revenue Fund. DOA will continue to monitor the interfund activities and will propose permanent transfers as necessary pursuant to GASB 34.

**Finding No.: 2024-005**      **Capital Assets**

Responding Agency:            Department of Administration (DOA)

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

Implementation of a Fixed Assets Module as part of the new FMIS system that will help automate the tracking and reporting of Capital assets, is near completion with final testing in progress. DOA will update the SOP for the Fixed Assets for capital asset reporting accordingly. Review of Assets acquired in FY2024 was completed, with FY2025 in progress. As noted previously, the process is hampered by difficulties in recruiting personnel.

**Finding No.: 2024-006**      **Compliance with GASB Statement No. 68,  
Accounting and Financial Reporting for Pensions**

Responding Agency:            Department of Administration (DOA)

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

Required information is obtained from the GGRF's Actuarial Valuation report and the subsequent Independent Auditor's Report on the Pensions. Historically, the Actuarial report for FY2024 was issued

in May 2025 and FY2023 was issued in June 2024. Until the GGRF Actuary report is available timely, DOA will not be able to complete GASB 68 and 73 requirements within the audited year.

**Finding No.: 2024-007**      **Compliance with GASB Statement No. 96  
Subscription-Based Information Technology Arrangements (SBITA)**

Responding Agency:      Department of Administration (DOA)

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

DOA has updated Year End closing procedures with additional resource identified (GAAFR) to ensure appropriate recording of GASB 96 transactions.

**Finding No.: 2024-008**      **Reconciliation of Unearned Revenues**

Responding Agency:      Department of Administration (DOA)

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

Similar to response in Finding 2024-003, DOA relies on DRT to provide the necessary information. However, DOA has identified where the data is located and has worked with DRT to generate the proper report to properly account and report the tax credits. DOA has incorporated this task into year-end closing process.

**Finding No.: 2024-009**      **Medical and Dental Self-Insured Claims Liabilities**

Responding Agency:      Department of Administration (DOA)

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

DOA has identified the required report to update the medical and dental self-insurance claims liabilities and have incorporated this into our fiscal year end closing checklist.

**Finding No.: 2024-010**      **Cash Management**

Responding Agency:      Department of Administration (DOA)

Responsible Personnel:      Edward M. Birn, Director

The Federal and Compliance section will establish a Standard Operating Procedure for draw downs. As well as, conducting drawdowns daily to minimize the time between the drawdowns of federal funds and the disbursement for federal program purposes.

**Finding No.: 2024-011**      **Period of Performance**

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

Responsible Personnel:        Theresa Arriola, Director (DPHSS)

The DPHSS WIC Program disagrees with the findings. All supporting documents related to the findings were provided promptly on March 3, 2026 when request was received on February 26, 2026.

In accordance with WIC FY 2024 Closeout Guidance and the requirements under 2 CFR 200.344, the WIC Program is allowed 90 days after the end of the period of performance to submit all final financial reports, as well as 90 days to liquidate all obligations incurred during the period of performance. For FY 2024, the closeout timeline required that all obligations be liquidated no later than January 31, 2025.

The program adhered to these federal requirements. All obligations were liquidated prior to the close of the fiscal year grant, and obligations were reported in the fiscal year in which they occurred, consistent with 7 CFR 246.17. Furthermore, the final closeout report was submitted within 120 days after the end of the fiscal year, fully complying with WIC closeout procedures.

Based on the timely submission of all supporting documentation and adherence to federal closeout regulations, the DPHSS WIC Program maintains that the questioned costs were appropriately obligated, liquidated, and reported.

**Finding No.: 2024-012**      **Procurement, Suspension, and Debarment**

Responding Agency:            Department of Administration (DOA)

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

GSA will continue to verify vendor eligibility through SAM.gov prior to contract award. Documentation of the verification will be retained in the procurement file for each transaction.

GSA has revised IFB templates to include the required debarment and suspension certification language in accordance with 2 CFR 200.214. Effective immediately, all new contracts will include this clause prior to execution.

For local vendors that may not appear in federal systems, GSA will require a debarment and suspension certification as part of the contracting process and maintain this documentation within the procurement record.

**Finding No.: 2024-013**      **Allowable Costs/Cost Principles:  
Procurement, Suspension, and Debarment**

Responding Agency:            Department of Administration (DOA)

Responsible Personnel:        Edward M. Birn, Director

Agency disagrees with 2 out of the 3 findings.

- Condition 1 regarding the Authorization To Proceed (ATP), as per the Grant and Cooperative Agreement and the Grant Terms and Conditions, it did not state that an ATP is required to begin work on the grant for D20AP00048 and D21AP10145. The Government complies with ATP requirements for grants which mandate such compliance. If the grant is silent, no ATP is required..
- Condition 2 GSA will continue to verify vendor eligibility through SAM.gov prior to contract award. Documentation of the verification will be retained in the procurement file for each transaction.
- Condition 3 The necessary controls will be strengthened when the updated Federal Grant module is fully implemented.

**Finding No.: 2024-014**      **Equipment and Real Property Management**

Responding Agency:            Department of Administration (DOA)

Responsible Personnel:        Edward M. Birn, Director

Implementation of a Fixed Assets Module as part of the new FMIS system that will help automate the tracking and reporting of Capital assets, is near completion with final testing in progress. DOA will update the SOP for the Fixed Assets for capital asset reporting accordingly. Review of Assets acquired in FY2024 was completed, with FY2025 in progress. As noted previously, the process is hampered by difficulties in recruiting personnel.

**Finding No.: 2024-015**      **Reporting**

Responding Agency:            Bureau of Budget and Management Research (BBMR)

Responsible Personnel:        Lester Carlson, Director

BBMR will work with DOA to keep soft copies of submitted and approved Federal Financial Reports (FFR) on hand.

**Finding No.: 2024-016**      **Subrecipient Monitoring**

Responding Agency:      Bureau of Budget and Management Research (BBMR)

Responsible Personnel:      Lester Carlson, Director

BBMR will create Standard Operating Procedures as well as a checklist, to assist in the monitoring of subrecipient compliance.

**Finding No.: 2024-017**      **Eligibility**

Responding Agency:      Department of Labor (DOL)

Responsible Personnel:      David M. Dell’Isola

In June 2024, GDOL established a policy workgroup to modernize internal procedures. Consequently, the AJC-024-Selective Service Registration policy was updated and formally approved on August 12, 2024. This updated guidance was distributed to all American Job Center (AJC) staff and case managers on August 15, 2024, to ensure future consistency in documentation and eligibility overrides.

**Finding No.: 2024-018**      **Eligibility**

Responding Agency:      Department of Administration (DOA)

Responsible Personnel:      Edward M. Birn, Director

The Agency is reviewing the management of Federal Grants to ensure robust handover and succession plans are in place for future programs. The sudden passing of the ERA Program Coordinator directly impacted overall management of the program.

**Finding No.: 2024-019**      **Matching, Level of Effort, Earmarking**

Responding Agency:      Department of Administration (DOA)

Responsible Personnel:      Edward M. Birn, Director

The Agency is reviewing the management of Federal Grants to ensure robust handover and succession plans are in place for future programs. The sudden passing of the ERA Program Coordinator directly impacted overall management of the program.

**Finding No.: 2024-020**

**Reporting**

Responding Agency: Department of Administration (DOA)

Responsible Personnel: Edward M. Birn, Director

The Agency disagrees with this finding. Please refer to a letter dated March 31, 2026, regarding Reports on Compliance September 30, 2024

**Finding No.: 2024-021**

**Activities Allowed or Unallowed:  
Allowable Costs/Cost Principles**

Responding Agency: Department of Administration (DOA)

Responsible Personnel: Edward M. Birn, Director

The Agency disagrees with this finding. Please refer to a letter dated March 31, 2026, regarding Reports on Compliance September 30, 2024.

**Finding No.: 2024-022**

**Eligibility**

Responding Agency: Department of Administration (DOA)

Responsible Personnel: Edward M. Birn, Director

The Agency is reviewing its federal grants management to ensure robust handover and succession plans are in place of future programs.

**Finding No.: 2024-023**

**Matching, Level of Effort, Earmarking**

Responding Agency: Department of Administration (DOA)

Responsible Personnel: Edward M. Birn, Director

The Agency is reviewing its federal grants management to ensure robust handover and succession plans are in place of future programs.

**Finding No.: 2024-024**

**Reporting**

Responding Agency: Department of Administration (DOA)

Responsible Personnel: Edward M. Birn, Director

The Agency is reviewing its federal grants management to ensure robust handover and succession plans are in place of future programs.

**Finding No.: 2024-025**      **Activities Allowed or Unallowed:  
Allowable Costs/Cost Principles**

Responding Agency:      Department of Administration (DOA)

Responsible Personnel:      Edward M. Birn, Director

The Agency disagrees with this finding. Please refer to a letter dated March 31, 2026, regarding Reports on Compliance September 30, 2024.

**Finding No.: 2024-026**      **Matching, Level of Effort, Earmarking**

Responding Agency:      Department of Administration (DOA)

Responsible Personnel:      Edward M. Birn, Director

The Agency disagrees with this finding. Please refer to a letter dated March 31, 2026, regarding Reports on Compliance September 30, 2024.

**Finding No.: 2024-027**      **Procurement, Suspension, and Debarment**

Responding Agency:      Department of Administration (DOA)

Responsible Personnel:      Edward M. Birn, Director

GSA will continue to verify vendor eligibility through SAM.gov prior to contract award. Documentation of the verification will be retained in the procurement file for each transaction.

GSA has revised IFB templates to include the required debarment and suspension certification language in accordance with 2 CFR 200.214. Effective immediately, all new contracts will include this clause prior to execution.

For local vendors that may not appear in federal systems, GSA will require a debarment and suspension certification as part of the contracting process and maintain this documentation within the procurement record.

**Finding No.: 2024-028**      **Subrecipient Monitoring**

Responding Agency:      Department of Administration (DOA)

Responsible Personnel:      Edward M. Birn, Director

The Agency disagrees with this finding. Please refer to a letter dated March 31, 2026, regarding Reports on Compliance September 30, 2024.

**Finding No.: 2024-029      Matching, Level of Effort, Earmarking**

Responding Agency:      Bureau of Budget and Management Research (BBMR)

Responsible Personnel:      Lester Carlson, Director

The Agency disagrees with this finding. Please refer to a letter dated March 31, 2026, regarding Reports on Compliance September 30, 2024.

**Finding No.: 2024-030      Reporting**

Responding Agency:      Bureau of Budget and Management Research (BBMR)

Responsible Personnel:      Lester Carlson, Director

BBMR will work with DOA to make sure reports are submitted on time. BBMR will also retain documentation of submitted reports.

**Finding No.: 2024-031      Subrecipient Monitoring**

Responding Agency:      Bureau of Budget and Management Research (BBMR)

Responsible Personnel:      Lester Carlson, Director

BBMR will create Standard Operating Procedures as well as a checklist, to assist in the monitoring of subrecipient compliance.

**Finding No.: 2024-032      Activities Allowed or Unallowed:  
Allowable Costs/Cost Principles**

Responding Agency:      Guam Environmental Protection Agency (GEPA)

Responsible Personnel:      Michelle Lastimoza, Director

Request to DOA will require immediate collaboration between Guam EPA and DOA to gather, reconcile, and provide all documentation supporting compliance of allowable costs incurred during the federal award period of performance as specified in the terms and conditions of the federal award or in the approved extension.

**Finding No.: 2024-033**      **Cash Management**

Responding Agency:      Guam Environmental Protection Agency (GEPA)

Responsible Personnel:      Michelle Lastimoza, Director

Request to DOA will require immediate collaboration between Guam EPA and DOA, as all Guam EPA reimbursement requests are accompanied by the FGIA balance report and, currently, the GFMIS expenditure reports.

**Finding No.: 2024-034**      **Period of Performance**

Responding Agency:      Guam Environmental Protection Agency (GEPA)

Responsible Personnel:      Michelle Lastimoza, Director

Request to DOA will require immediate collaboration between Guam EPA and DOA to gather, reconcile, and provide all supporting documentation to support compliance with the period of performance in question.

**Finding No.: 2024-035**      **Program Income**

Responding Agency:      Guam Environmental Protection Agency (GEPA)

Responsible Personnel:      Michelle Lastimoza, Director

Guam EPA has implemented processes relevant to the monitoring and reconciliation of program income. As part of our Correction Action for the FY2023 audit, which is a repeat finding in FY2024, Guam EPA is attaching a sample report of all program income collected through the Transaction Processing System (TPS) to include external payments received by DOA. Also, variances not captured by this report, consisting of payments/transactions submitted directly to DOA via electronic method of payments, are being reconciled by our staff and DOA.

**Finding No.: 2024-036**      **Cash Management**

Responding Agency:      Department of Administration (DOA)

Responsible Personnel:      Edward M. Birn, Director

The Federal and Compliance section will establish a Standard Operating Procedure for drawdowns. As well as, conducting drawdowns daily to minimize the time between the drawdowns of federal funds and the disbursement for federal program purposes.

**Finding No.: 2024-037**      **Equipment and Real Property Management**

Responding Agency:      Department of Administration (DOA)

Responsible Personnel:      Edward M. Birn, Director

Implementation of a Fixed Assets Module as part of the new FMIS system that will help automate the tracking and reporting of Capital assets, is near completion with final testing in progress. DOA will update the SOP for the Fixed Assets for capital asset reporting accordingly. Review of Assets acquired in FY2024 was completed, with FY2025 in progress. As noted previously, the process is hampered by difficulties in recruiting personnel.

**Finding No.: 2024-038**      **Period of Performance**

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

Responsible Personnel:      Theresa Arriola, Director

DPHSS ELC Program disagrees with the findings.

Condition 1: The questioned labor costs of \$16,668 align with payment of Core funded staff during that approved budget period for BP01. The PPE coincides with two draws for the ending and beginning of those fiscal years. Supporting documents were submitted twice, once on February 9, 2026, and February 20, 2026, including the Notice of Award (NOA) for this grant with issue date of July 9, 2024.

Condition 2: The question of compliance with period of performance was justified through supporting documentations as reflected in the NOAs and extensions of NOAs which were provided twice February 9, 20206 and February 23, 2026. Program also noted that core funds have expanded authority to be utilized in subsequent budget periods throughout the 5-year cycle of the Cooperative Agreement. Upon auditor’s review, a correspondence email noted that the documents were received and findings were removed for all but on expense. Although all supporting NOAs were submitted for every expenditure amount, a follow up email with the last NOA for 6NU50CK000561-05-00 was provided again as an attachment.

**Finding No.: 2024-039**      **Procurement, Suspension, and Debarment**

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

Responsible Personnel:      Theresa Arriola, Director (DPHSS)

GSA will continue to verify vendor eligibility through SAM.gov prior to contract award. Documentation of the verification will be retained in the procurement file for each transaction.

GSA has revised IFB templates to include the required debarment and suspension certification language in accordance with 2 CFR 200.214. Effective immediately, all new contracts will include this clause prior to execution.

For local vendors that may not appear in federal systems, GSA will require a debarment and suspension certification as part of the contracting process and maintain this documentation within the procurement record.

**Finding No.: 2024-040**      **Activities Allowed or Unallowed:  
Allowable Costs/Cost Principles**

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

Responsible Personnel:      Theresa Arriola, Director

The Bureau of Child Care Services (BCCS) disagrees with this finding. The questioned transactions relate to a major system migration from the AS400 to the D365 system, which temporarily impacted the traceability of certain records. During this transition, some data identifiers were reformatted to fit the new system's structure. However, this was a synchronization issue rather than a lack of oversight, and BCCS maintains that all costs are allowable, necessary, and reasonable under CCDF requirements. Supporting documents exist and were provided after a subsequent request on February 9, 2026, via One Drive link.

**Finding No.: 2024-041**      **Eligibility**

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

Responsible Personnel:      Theresa Arriola, Director

The Bureau of Child Care Services (BCCS) disagrees with this finding. Eligibility determinations were conducted in accordance with federal and local requirements. The exceptions noted are due to a subsequent request received by BCCS on January 20, 2026, and consequently responded to on January 29, 2026. Additional supporting documents were provided on February 9, 2026. Certain payment variances reflect allowable program exceptions.

**Finding No.: 2024-042**      **Matching, Level of Effort, Earmarking**

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

Responsible Personnel:      Theresa Arriola, Director

The Bureau of Child Care Services (BCCS) disagrees with this finding and maintains that it has enhanced monitoring controls to ensure compliance with all applicable earmarking requirements. BCCS reports expenditures on a cumulative basis until the grant's liquidation end date. This reporting structure provides the necessary flexibility to reconsolidate cost categories, ensuring that final totals align with mandated spending thresholds by the end of the grant period.

Furthermore, BCCS maintains that Quality Rating and Improvement System (QRIS) initiatives and other quality-enhancing activities were actively conducted throughout the performance period. To ensure a

thorough reconciliation of these expenditures, BCCS formally requests the supporting documentation and specific sample set used by the auditors to conclude that these activities were not sufficiently documented or performed. We are prepared to provide evidence of these programmatic activities to demonstrate compliance with earmarking requirements.

**Finding No.: 2024-043**      **Reporting**

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

Responsible Personnel:        Theresa Arriola, Director (DPHSS)

The Bureau of Child Care Services (BCCS) disagrees with this finding. BCCS maintains that it enforces strict monitoring controls over compliance with reporting requirements and that the variances noted are not a result of inaccurate data entry but that is due to the cumulative reporting until the end of the grant period. BCCS' ACF-696 quarterly reports are reported cumulatively through the grant's liquidation end date, and any quarterly reported variances are reconciled by the end of the grant period. During a Reporting Walkthrough meeting with Ernst & Young Senior Auditor, on November 17, 2025, BCCS discussed detailed reporting requirements, processes, and procedures. During this meeting, the agency communicated how responsible personnel review accounting records and perform the reconciliation of required reports.

**Finding No.: 2024-044**      **Special Test and Provisions  
Health and Safety Requirements**

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

Responsible Personnel:        Theresa Arriola, Director

The Bureau of Child Care Services (BCCS) disagrees with this finding. All applicable providers were monitored and met necessary health and safety requirements. All supporting inspection reports and certifications exist and were provided to the auditors via a OneDrive link on February 9, 2026, following a subsequent request for information.

Additionally, in accordance with the Rules and Regulations Governing Child Care Facilities Section 1.5.00 (a), Relative Care facilities are exempt from Sanitary Permits.

BCCS requests a detailed breakdown of the \$3,726,391 valuation to clarify if the audit team applied a total disallowance of payments or a weighted penalty for perceived documentation gaps. We maintain that this dollar amount is fundamentally inaccurate if the assessment did not properly factor in the specific regulatory exemptions applicable to these providers. Furthermore, BCCS questions the rationale used to assign such a substantial fiscal impact to an administrative-heavy finding, especially where the core program requirements and services were successfully fulfilled.

**Finding No.: 2024-045**      **Eligibility**

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

Responsible Personnel:        Theresa Arriola, Director

DPHSS agrees with this finding. The Bureau of Economic Security (BES) recognized the finding as an issue and in response, held a bureau-wide training for both front desk personnel and eligibility specialists on December 22 - 23, 2025. This training focused on application handling including the timeliness of eligibility determinations and proper documentation maintenance procedures. The training reinforced use of a standardized application checklist that was developed to support application completeness. Staff were also trained in the correct method for uploading documents into the OnBase system, the bureau's digital record archive, for secure storage and efficient retrieval.

In January 2026, BES conducted a Customer Email Standard Operating Procedure (SOP) training to reinforce staff compliance with documentation requirements, including the use of document imaging process (DIP) to ensure customer documentation received via email is uploaded into the OnBase system within two business days. In addition, DPHSS is preparing additional training sessions, which are currently being developed, on topics such as Medicaid Basics 101, Customer Service, and Medicaid Eligibility.

To assess compliance with the training, Eligibility Specialist Supervisors were tasked with periodically reviewing random samples of applications across all three centers to verify application completeness, including required documents. BES will further reinforce timeliness compliance by incorporating 45-day timeliness checks and targeted reviews of higher-risk cases into supervisory case reviews. Findings from these reviews will be used to inform corrective action and retraining as needed. DPHSS is also revising the document verification list in the Public Application form to help clients clearly identify required documentation needed to support eligibility determination and reduce the risk of missing or incomplete case files.

**Finding No.: 2024-046**      **Period of Performance**

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

Responsible Personnel:        Theresa Arriola, Director

DPHSS disagrees with this finding and provided documentation of grantor approval to use the FY 2024 award to pay prior year obligations. The enclosed communication from Linda Gee, CMS, dated July 1, 2021, provides more information. **45 CFR 95.7** ([https://www.ecfr.gov/cgi-bin/text-idx?node=pt45.1.95&rgn=div5#se45.1.95\\_17](https://www.ecfr.gov/cgi-bin/text-idx?node=pt45.1.95&rgn=div5#se45.1.95_17)) provides that a state Medicaid agency (i.e. Guam Medicaid Agency) has up to two years to file for a claim that it made.

DPHSS welcomes the opportunity to discuss and collaboratively identify the relevant information and guidance during an entrance conference for each year's audit.

**Finding No.: 2024-047**

**Special Test and Provisions  
Provider Eligibility (Screening and Enrolment)**

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

Responsible Personnel: Theresa Arriola, Director

DPHSS agrees with this finding. DPHSS is aware that deficiencies exist with the Medicaid provider enrolment process. DPHSS's response to this deficiency is addressed in its modernization plan, which will automate certain provider enrolment functions.

In March 2024, DPHSS performed site visits for 21 providers, and since then has continued to perform site visits year-round. Memorandums regarding provider compliance topics have also been communicated to providers and published on the provider portal, including information regarding criminal background checks. DPHSS is currently contracted with a consultant that is assisting in the implementation of compliant provider enrolment operations, which includes policy revisions, updates to provider applications and disclosure forms, development of standard operating procedures, and training for both staff and providers.

In addition, DPHSS is currently in the process of establishing a Medicaid Program Integrity Unit (PI Unit) with a mission to conduct independent and objective Medicaid program integrity functions adherent to federal and local laws. The PI Unit will also assist DPHSS in addressing and managing Medicaid related Corrective Action Plans.

**Finding No.: 2024-048**

**Eligibility  
Special Test and Provisions-  
Utilization Control  
Provider Eligibility (Screening and Enrolment)  
Provider Health and Safety Standards**

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

Responsible Personnel: Theresa Arriola, Director

DPHSS agrees with this finding. To address the recommendation for a reconciliation process, DPHSS is in the process of forming a multi-agency technology initiative which will include:

- **Establishment of an Inter-Agency Data Hub:** DPHSS, in collaboration with the Office of Technology (OTECH) and the Department of Administration (DOA), aims to establish a centralized Data Hub. This hub will facilitate real-time or scheduled data synchronization between the DPHSS medical management systems and DOA's financial accounting records, which are managed in the Guam Financial Management Information System (GFMS). The data hub is intended to ensure all claims paid are automatically after proper approvals and are then reconciled with the general ledger.

- **Inter-Agency Agreement and Coordination:** DPHSS acknowledges that successful implementation of this Data Hub requires a unified commitment. DPHSS leadership is coordinating with the Director of DOA to discuss the technical requirements and administrative protocols. A formal Memorandum of Agreement (MOA) or a joint standard procedure will be sought, subject to the concurrence and approval by both Agency Directors.
- **Manual Interim Reconciliation:** Until the Data Hub is fully operational, DPHSS will work with DOA to implement a monthly manual reconciliation process. This will involve a "crosswalk" review of claim batch totals against financial system postings to identify and resolve variances (such as voided checks or manual adjustments) in a timely manner.
- **Engagement with OTECH:** Once the two directors agree on the framework, DPHSS will engage OTECH to design the data architecture necessary to ensure data integrity, security, and compliance with federal reporting standards.

**Estimated implementation timeframe: March 31, 2027**

**Finding No.: 2024-049      Activities Allowed or Unallowed:  
Allowable Costs/Cost Principles**

Responding Agency:      Guam Homeland Security (GHS)

Responsible Personnel:      Esther Aguigui, Director

Guam Homeland Security (GHS) will make sure that proper supporting documentation is available. GHS will also identify department personnel responsible.

**Finding No.: 2024-050      Matching, Level of Effort, Earmarking**

Responding Agency:      Guam Homeland Security (GHS)

Responsible Personnel:      Esther Aguigui, Director

GHS will create a Standard Operating Procedure (SOP) to establish internal policies and procedures with applicable matching and earmarking requirements. GHS will also identify department personnel responsible.

**Finding No.: 2024-051      Period of Performance**

Responding Agency:      Guam Homeland Security (GHS)

Responsible Personnel:      Esther Aguigui, Director

GHS will create a Standard Operating Procedure (SOP) to establish internal policies and procedures over compliance with applicable period of Performance requirements, as well as retention of all grant agreements. GHS will also identify department personnel responsible.

**Finding No.: 2024-052**

**Reporting**

Responding Agency: Guam Homeland Security (GHS)

Responsible Personnel: Esther Aguigui, Director

GHS will work with DOA to make sure reports are submitted on time. GHS will also retain documentation of submitted reports.

**Finding No.: 2024-053**

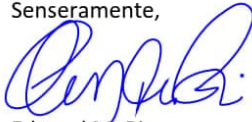
**Special Test and Provisions – Project Accounting**

Responding Agency: Guam Homeland Security (GHS)

Responsible Personnel: Esther Aguigui, Director

GHS will create a Standard Operating Procedure (SOP) to establish internal policies and procedures in compliance with applicable special tests and provision requirements. GHS will also identify department personnel responsible.

Senseramente,



Edward M. Birn

**Attachments**

Copy: Public Auditor, OPA  
Director, BBMR  
Director, DOL  
Director, DPHSS  
Director, GHS  
Director, GEPA



**DEPARTMENT OF  
ADMINISTRATION**  
DIPATTAMENTON ATMENESTRASION  
DIRECTOR'S OFFICE  
(Ufisinan Direktot)  
Telephone (Telifon): (671) 475-1101/1250



March 25,2026

Mary Jane Dela Cruz  
Ernst & Young LLP  
231 Ypao Road Suite  
201 Tamuning, GU  
96913

SUBJECT: FY23 Single Audit Reports – Schedule of Prior Years Single Audit Findings

Hafa Adai Ms. Dela Cruz:

Department of Administration is actively pursuing resolutions to matters reported on the Schedule of Findings and Questioned Costs for the year ended September 30, 2023. Department of Administration notes that some of the findings are generally repeated from FY2018 to FY2022. This is the result of reporting these findings for the previous year to close the end of the following financial year. These findings are the subject of ongoing resolutions.

Enclosed with this memorandum are our responses to the audit findings for FY2023 and prior.

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

Sensesramente,

Edward M. Birn  
Director  
Department of Administration

Enclosures

**AUDIT FINDINGS  
FISCAL YEAR 2018**

<b>AUDIT FINDING NO.</b>	<b>STATUS</b>
2018-001	Resolved in the current year
2018-002	For closure per UG 2 CFR Part 200.511, there has been no follow up from granting agency.
2018-003	For closure per UG 2 CFR Part 200.511, there has been no follow up from granting agency.
2018-004	<b>Department of Administration</b>  In the new FMIS there will be a Fixed Assets module that should help automate the tracking and report of the leases. Prior to the system going live, DOA will continue to monitor, track, and reconcile all leases quarterly.  <b>On-going</b>

**AUDIT FINDINGS  
FISCAL YEAR 2019**

AUDIT FINDING NO.	STATUS
2019-001	<p><b>Department of Public Health &amp; Social Services</b></p> <p>DPHSS to improve their training on the responsibilities of all Eligibility Specialists Supervisors (ESSs) to effectively review ES eligibility determinations for completeness prior to case finalization.</p> <p><b>On-going</b></p>
2019-002	<p><b>Department of Public Health &amp; Social Services</b></p> <p>For missing documents, the mandatory scanning of documents will be imposed upon checking of clients at the front desk area. Any additional documents provided by the clients during the interview will be scanned by the eligibility specialists. This will ensure that there will be no delay in the scanning of documents. Recruit clerical personnel to support the supervisors of the program.</p> <p>Mandate 100% supervisory reviews will prevent errors from occurring. DPHSS will submit Standard Operating Procedures (SOP) to address each condition noted on report and submit to DOA/Accounting no later than the end of FY20 to enforce management of case files and to monitor eligibility determinations for compliance of program requirements.</p> <p>DPHSS must complete the following items by end of September 30, 2023:</p> <ul style="list-style-type: none"> <li>• Administrator of the program must identify and correct weaknesses found with the PHPro system and to ensure that responsible are trained to report any system related issues they come upon.</li> <li>• Complete an inventory of current case files that are in the Eligibility Verification System and submit a record of survey for any case files not found if any.</li> <li>• Responsible personnel will develop a checklist and immediately conduct a review of current case files for completeness utilizing checklist requirements and correct all deficiencies found.</li> </ul>

- Must conduct improved initial/ annual/refresher training for staff responsible for intake and posting of information to IEVS to document training received.

**On-going**

**2019-003** For closure per UG 2 CFR Part 200.511, there has been no follow up from granting agency.

**2019-004** For closure per UG 2 CFR Part 200.511, there has been no follow up from granting agency.

**2019-005** **Department of Public Health and Social Services**

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

DPHSS must complete the following items by end of September 30, 2020:

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

**On-going**

**2019-007** **Department of Administration**

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

reconcile with the general ledger on a perpetual basis. Management will conduct additional training to staff assigned in SEFA preparation

**On-going**

**2019-008**

**Department of Administration**

In the new FMIS there will be a Fixed Assets module that should help automate the tracking and report of the leases. Prior to the system going live, DOA will continue to monitor, track, and reconcile all leases quarterly.

**On-going**

**AUDIT FINDINGS  
FISCAL YEAR 2020**

AUDIT FINDING NO.	STATUS
2020-001	<b>Resolved in the current year</b>
2020-002	<p><b>Department of Administration</b></p> <p>The present accounting system does not permit automatic reconciliation of the subsidiary federal ledger. In particular, subsidiary ledgers do not update the general ledger when journal entries or postings from outside sources are made to the subsidiary ledgers. The necessary controls will be strengthened when an updated FMIS is implemented with processes, which will ensure that these ledgers reconcile with the general ledger on a perpetual basis.</p> <p><b>On-going</b></p>
2020-003	<p><b>Department of Administration</b></p> <p>In the new FMIS there will be a Fixed Assets module that should help automate the tracking and report of the leases. Prior to the system going live, DOA will continue to monitor, track, and reconcile all leases quarterly.</p> <p><b>On-going</b></p>
2020-004	<p><b>Department of Labor</b></p> <p>Department of Labor has worked with their vendor. All ineligible benefit payments have been established as an overpayment and collection efforts have been initiated. GDOL will advise DOA monthly of the amount subject to offset so it may be posted in the financial system.</p> <p><b>On going</b></p>
2020-005	<b>For closure per UG 2 CFR Part 200.511, there has been no follow up from granting agency.</b>
2020-006/ 2020-008	<p><b>Department of Administration</b></p> <p>Procurement process was followed based off GAC Title 5 Chapter 5 §5213.</p> <p><b>On-going</b></p>

**2020-007 Department of Administration**

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

**On-going**

**2020-011 Department of Administration**

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

**As per notice received on January 31, 2026, Condition 1 is ongoing, where as condition 2 is now resolved and can be closed.**

**2020-012 Department of Administration**

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

**On-going**

**2020-013 As per notice received on January 31, 2026, Finding is resolved and will be closed.**

**AUDIT FINDINGS  
FISCAL YEAR 2021**

AUDIT FINDING NO.	STATUS
2021-001	<b>Resolved in the current year</b>
2021-002	<p><b>Department of Administration</b></p> <p>The present accounting system does not permit automatic reconciliation of the subsidiary federal ledger. In particular, subsidiary ledgers do not update the general ledger when journal entries or postings from outside sources are made to the subsidiary ledgers. The necessary controls will be strengthened when an updated FMIS is implemented with processes, which will ensure that these ledgers reconcile with the general ledger on a perpetual basis.</p> <p><b>On-going</b></p>
2021-003	<p><b>Department of Administration</b></p> <p>In the new FMIS there will be a Fixed Assets module that should help automate the tracking and report of the leases. Prior to the system going live, DOA will continue to monitor, track, and reconcile all leases quarterly.</p> <p><b>On-going</b></p>
2021-004	<b>Resolved in the current year.</b>
2021-005	<b>For closure per UG 2 CFR Part 200.511, there has been no follow up from granting agency.</b>
2021-006	<p><b>Department of Administration</b></p> <p>DPHSS Division of Public Welfare will work with DMR and FIS to ensure reports include accurate reporting of expungements.</p> <p><b>On-going</b></p>
2021-007/ 2021-009/ 2021-020/ 2021-029	<p><b>Department of Administration</b></p> <p>Procurement process was followed based off GAC Title 5 Chapter 5 §5213.</p> <p><b>On-going</b></p>
2021-008	<b>For closure per UG 2 CFR Part 200.511, there has been no follow up from granting agency.</b>

<b>2021-010</b>	<p><b>Department of Administration</b></p> <p>Program coordinators will ensure that ATPs are received prior to approving program cost.</p> <p><b>On-going</b></p>
<b>2021-014</b>	<p><b>Department of Administration</b></p> <ol style="list-style-type: none"> <li>1. The absorption of credit card fees by GovGuam was not primarily driven by expected collection enhancements, which would be susceptible to justification by metrics, although some acceleration of collections was noted. The primary goal is to permit and encourage payments to GovGuam remotely by citizens especially using website access. This was designed to minimize contact between GovGuam workers and potential COVID positive Guamanians, especially when government offices were closed and movement outside homes discouraged. Even with infection rates under control, safe practices necessitate continuation of this benefit.</li> <li>2. Procurement of quarantine and isolation facilities was necessarily done without the benefit of significant data on expected travellers and infections. Because of the health risk, potential bidders were hesitant to price services without a significant commitment to defray their fixed and variable costs. This translated into contracts containing room minimums. In the event, quarantine facility minimums were generally exceeded whereas isolation facilities are generally not full, due to the successful infection containment measures in place. Future commitments will take into consideration data gathered by the usage over the last few months.</li> </ol> <p><b>As per notice received on January 31, 2026, Condition 1 is ongoing, where as condition 2 is now resolved and can be closed.</b></p>
<b>2021-015/ 2021-018</b>	<p><b>Department of Administration</b></p> <p>Quarterly Reports are submitted to U.S. Treasury through CRF Portal.</p> <p><b>On-going</b></p>
<b>2021-016</b>	<p><b>As per notice received on January 31, 2026, Finding is resolved and will be closed.</b></p>

<b>2021-017</b>	<p><b>Department of Administration</b></p> <p>All files have been provided to auditors for verification.</p> <p><b>On-going</b></p>
<b>2021-019</b>	<p><b>As per notice received on January 31, 2026, Finding is resolved and will be closed.</b></p>
<b>2021-021</b>	<p><b>As per notice received on January 31, 2026, Finding is resolved and will be closed.</b></p>
<b>2021-028</b>	<p><b>Department of Administration</b></p> <p>DPHSS will create a Standing Operating Procedure (SOP) on the effective handling of revalidating providers' enrollments regardless of provider type at least every five (5) years.</p> <p><b>On-going</b></p>
<b>2021-030</b>	<p><b>Department of Administration</b></p> <p>GDOL has worked with their vendor. All ineligible benefits payments have been established as an overpayment, and collection efforts have been initiated. GDOL will advise DOA monthly of the amount subject to offset so it may be posted to the financial system.</p> <p><b>On-going. DOL is currently working on it with FEMA.</b></p>

**AUDIT FINDINGS  
FISCAL YEAR 2022**

AUDIT FINDING NO.	STATUS
2022-001	<b>Resolved in the current year</b>
2022-002	<p><b>Department of Administration</b></p> <p>The present account system does not permit automatic reconciliation of the subsidiary federal ledger. In particular, subsidiary ledgers do not update the general ledger when journal entries or postings from outside sources are made to the subsidiary ledgers. The necessary controls will be strengthened when an updated FMIS is implemented with the processes, which will ensure that these ledgers reconcile with the general ledger on a perpetual basis.</p> <p><b>On-going</b></p>
2022-003	<b>Resolved in the current year</b>
2022-004	<p><b>Department of Administration</b></p> <p>GovGuam Division of accounts will develop monitoring procedures for financial reporting purposes with timely recognition of grant related transactions.</p> <p><b>On-going</b></p>
2022-005	<p><b>Department of Administration</b></p> <p>Department of Administration will request the autonomous agencies to submit a certification statement with printed name, signature, and date attesting the census data records submitted is complete and accurate. Additionally, the DOA will conduct its own random sampling of census data to ensure the accuracy and completeness. Internal sampling will test the enrollment plans, enrollment class, and demographic data. It is through this dual-approach that DOA will mitigate the collection of inaccurate or incomplete census data.</p> <p><b>To be removed not related to Federal Compliance.</b></p>

- 2022-006 Department of Administration**
- In the new FMIS there will be a Fixed Assets module that should help automate the tracking and report of the leases. Prior to the system going live, DOA will continue to monitor, track, and reconcile all leases quarterly.
- On-going**
- 2022-007 Department of Administration**
- GovGuam Division of Accounts will monitor and record prior to the year closing.
- On-going**
- 2022-008 Department of Administration**
- In the new FMIS there will be a Fixed Assets module that should help automate the tracking and report of the leases. Prior to the system going live, DOA will continue to monitor, track, and reconcile all leases quarterly.
- On-going**
- 2022-009 For closure per UG 2 CFR Part 200.511, there has been no follow up from granting agency.**
- 2022-010 For closure per UG 2 CFR Part 200.511, there has been no follow up from granting agency.**
- 2022-011 Department of Public Health and Social Services**
- The Bureau of Economic Security, Division of Public Welfare Supervisors are verifying documents making sure it is complete and uploaded into the system. A checklist will be created to ensure all vital documents are completed and uploaded.
- On-going**
- 2022-013/  
2022-022 Department of Administration**
- Procurement process was followed based off GAC Title 5 Chapter 5 §5213.
- On-going**
- 2022-015 As per notice provided on May 17, 2024 this finding is now considered correct and will be closed.**

<b>2022-016</b>	<p><b>Department of Administration</b></p> <p>Agency does not agree with the questioned cost. The file in question does not match amounts in the said file. Additional, ERA did not have a cost threshold in the cycle by the case number. The amount of the claimant's income was below the 30% threshold as per their documents submitted, therefore, qualified for the program. Furthermore, any review and approval will have the program manager's signature as required by ERA's SOP.</p> <p><b>On-going</b></p>
<b>2022-017/ 2022-020</b>	<p><b>Department of Administration</b></p> <p>Timing of required reporting by US Treasury may not align with reported AS400 expenditures after reporting has been posted. There is no provision in quarterly ERA reporting for adjustments of previously reported values. Moving forward all reporting will be reviewed and approved by the Federal and Compliance Section.</p> <p><b>On-going</b></p>
<b>2022-018</b>	<p><b>Department of Administration</b></p> <p>We disagree with this finding. Funds were properly deposited in the Federal account, which was subsequently moved to a different bank account to make sure the funds were not being comingled with other federal funds. We maintained identification for said funds, and moving forward will make sure that reconciliation is done in a timely manner.</p> <p><b>On-going</b></p>
<b>2022-019</b>	<p><b>As per notice received on January 31, 2026, Finding is resolved and will be closed.</b></p>
<b>2022-021</b>	<p><b>As per notice received on January 31, 2026, Finding is resolved and will be closed.</b></p>
<b>2022-023</b>	<p><b>As per notice received on January 31, 2026, Finding is resolved and will be closed.</b></p>
<b>2022-024</b>	<p><b>Department of Administration</b></p> <p>GETC will contact OPA and EY to start their Uniform Guidance Single Audit.</p> <p><b>On-going</b></p>

- 2022-025 Department of Public Health and Social Services**
- Agency agrees with the first condition advising moving forward they will create an SOP to ensure that the Byrd Anti-Lobbying Certification is included. The other 2 conditions they disagree with citing that all documentation wasere submitted to EY.
- On-going**
- 2022-026 Department of Public Health and Social Services**
- Agency agrees with the findings. Moving forward they will develop SOP to make sure all proper documentation is in place prior to the approval of cases.
- On-going**
- 2022-027 Department of Public Health and Social Services**
- Agency agrees with the findings. Moving forward, DPHSS will develop an SOP and evaluation to ensure that the minimum requirements are met for references for family foster homes, and that they can be easily identified.
- On-going**
- 2022-028 Department of Public Health and Social Services**
- Agency disagrees with the findings. The agency provided how the calculations were established by each priority to determine the amount that is allowed not to exceed \$400k.
- On-going**
- 2022-029 Department of Public Health and Social Services**
- Agency disagrees with the findings. The grant eligibility criteria in questions are the CAPS21 Grant. All grantees demonstrated compliance with the eligibility criteria in the attached GY21 GU ARPA Stabilization Notice of Award Supplemental Terms and Conditions on page 6 item 2 that was provided to EY.
- On-going**
- 2022-030 Department of Public Health and Social Services**
- Agency disagrees with the findings. DCW is compliant with reporting requirements, however, unable to provide copies of report as requested

due to lack of access. Requests have been made to the federal counterparts to obtain copies and will be provided. Moving forward agencies will also submit a copy to the Division of Accounts.

**On-going**

**2022-031 Department of Public Health and Social Services**

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

**On going**

**2022-032 Department of Public Health and Social Services**

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

**On going**

**2022-033 Department of Public Health and Social Services**

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

**On going**

**AUDIT FINDINGS  
FISCAL YEAR 2023**

AUDIT FINDING NO.	STATUS
2023-001	<b>Resolved in the current year</b>
2023-002	<p><b>Department of Admnisitration</b></p> <p>FY2024 part of the year was processed in the new FMIS Microsoft 365 accounting system, which the auditor have been granted access. Supporting documents are embedded into the accounting records. The legacy system operational in FY2023 does not permit automatic reconciliation of the subsidiary Federal ledger. Subsidiary ledgers do not update the General ledger when journal entries or postings from outside sources are made to the subsidiary ledgers. The necessary controls will be strengthened when the updated modules of the FMIS are fully implemented which includes an automated reconciliation tool that will ensure these balances reconcile with the general ledger on a perpetual basis.</p> <p><b>On-going</b></p>
2023-003	<p><b>Department of Administration</b></p> <p>An adjustment was made in FY24 to record the grant revenues. Division of Accounts will update monitoring procedures for financial reporting with timely recognition of grant-related transactions. This will include a quarterly review of revenue accounts as part of the reconciliation process.</p> <p><b>On-going</b></p>
2023-004	<p><b>Department of Administration</b></p> <p>The auditor's conclusion regarding Mortality Rate Assumption is unclear. On April 26, 2024, the agency Actuary wrote to the auditor seeking information, however, no response was received. The Government has adopted a different process for collecting census data for FY 2024 audit using data available from enrolment in the Government Self-Funded Plan. The result of the liability does not impact the Governmental Funds balance or cost reported under federal grants.</p> <p><b>To be removed not related to Federal Compliance.</b></p>
2023-005	<p><b>Department of Administration</b></p> <p>The Government agrees that such information should be available for purposes of compiling information for the Notes in the financial statements.</p>

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

**To be removed not related to Federal Compliance.**

**2023-006 Department of Administration**

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

**To be removed not related to Federal Compliance.**

**2023-007/  
2023-011/  
2023-012/  
2023-026 Department of Administration**

In the new FMIS there will be a Fixed Assets module that should help automate the tracking and report of the leases. Prior to the system going live, DOA will continue to monitor, track, and reconcile all leases quarterly.

**On-going**

**2023-008 Department of Public Health and Social Services**

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

Our corrective action plan is as follows:

1. It was indicated in the Post Disaster report under Lessons Learned about revising the DSNAP application. The application will include a question or checkbox that will ask if the applicant or any household member is a government employee. Our target date is January 2026.

The application will be routed to the Supervisory D-SNAP team who will conduct the reviews on government employees. Our target date is November 2025.

**On-going**

**2023-009 Department of Public Health and Social Services**

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

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

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

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

**On-going**

**2023-010 Department of Administration**

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

**On-going**

<p><b>2023-013/ 2023-014/ 2023-016/ 2023-023/ 2023-030/</b></p>	<p><b>Department of Administration</b></p> <p>The Agency disagrees with the finding of non-compliance as we have complied to submit the reporting in a timely manner to the federal agency. Due to the timing of required reporting, it may not align with reported AS400 expenditures after reporting has been posted. There is no provision in the reporting for adjustments of previously reported values. Moving forward all reporting will be reviewed and approved by the Federal and Compliance Section. Implementation of the Federal Module anticipated to be fully functional by end of FY2025 will automate and improve this process.</p>
	<p><b>On-going</b></p>
<p><b>2023-015</b></p>	<p><b>Department of Administration</b></p> <p>All documents were provided to HAF for client's eligibility for the program. However, due to a move, file was misplaced. Records Management SOPs will be updated to have all documentation stored electronically.</p>
	<p><b>On-going</b></p>
<p><b>2023-017/ 2023-021</b></p>	<p><b>Department of Administration</b></p> <p>Procurement process was followed based off GAC Title 5 Chapter 5 §5213.</p> <p>Condition 3, \$3.35 mil are not a cost in our books, as these costs are captured in GMHA's audit expenditures.</p>
	<p><b>On-going</b></p>
<p><b>2023-018</b></p>	<p><b>As per notice received on January 31, 2026, Finding is resolved and will be closed.</b></p>
<p><b>2023-019</b></p>	<p><b>Department of Administration</b></p> <p>An awardee could not report the required information in FSRS unless the federal awarding agency has registered the award. The US Treasury has not advised the Government that they have registered the Capital Projects Fund award.</p>
	<p><b>On-going</b></p>
<p><b>2023-020/ 2023-025</b></p>	<p><b>Department of Administration</b></p> <p>The agency followed the criteria stated in the finding. Improvements to monitoring controls have been implemented. Prior to the creating of any</p>

subrecipient account a copy of the FFATA report be attached, as well as, creating a check list of subrecipient monitoring requirements prior to any payments being made.

**On-going**

**2023-022 Guam Environmental Protection Agency**

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

**On-going**

**2023-024 Guam State Clearing House**

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

**On-going**

**2023-027 Department of Administration**

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

**On-going**

**2023-028 Department of Public Health and Social Services**

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

**On-going**

**2023-029 Department of Public Health and Social Services**

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

**On-going**

**2023-031 Department of Public Health and Social Services**

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

**On-going**

**2023-032 Department of Public Health and Social Services**

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

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

**On-going**

**2023-033 Department of Public Health and Social Services**

Updating the existing Standard Operating Procedure (SOP) 2023-01, which governs interactions between the Department of Public Health and Social Services (DPHSS) and DOA/Division of Accounts. Since November 2024, we have been collaborating with DOA to revise this SOP with the goal of reconciling Medicaid and CHIP expenditures, as well as aligning

reports from CMS-64 with the new Guam Financial Management Information System (GFMS). Currently, PMS staff is in the process in finalizing the DRAFT SOP. We intend to have the DRAFT SOP completed and forwarded to DOA by Friday, January 31, 2025. If there are no changes to the SOP, we will work to have the SOP signed by all parties no later than February 14, 2025.

**On-going**

**2023-034 Department of Public Health and Social Services**

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

**On-going**