

*Compliance and Internal Control*

**University of Guam**

(A Component Unit of the Government of Guam)

*Year Ended September 30, 2023*



University of Guam  
(A Component Unit of the Government of Guam)

Report on Compliance and Internal Control

Year Ended September 30, 2023

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

Management and the Board of Regents  
University of Guam:

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

#### ***Opinion on Each Major Federal Program***

We have audited University of Guam's (University's) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended September 30, 2023. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the University complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

#### ***Basis for Opinion on Each Major Federal Program***

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 the University and to meet our other ethical responsibilities in accordance with the 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 audit opinion on compliance for each major federal program. Our audit does not provide a legal determination of the University's compliance with the compliance requirements referred to above.

### ***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 the University'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 the University'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 the University'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 the University'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 the University'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 the University's internal control over compliance. Accordingly, no such opinion is expressed.

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

## **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002. 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 the University's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The University's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The University is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The University'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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be 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. *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 2023-001 and 2023-002 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 the University's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The University's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

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

We have audited the financial statements of the business-type activities and the discretely component unit of the University as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the University's basic financial statements. We have issued our report thereon dated June 6, 2024, which contained an 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 financial statements and certain other 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*

June 6, 2024

University of Guam  
(A Component Unit of the Government of Guam)

Schedule of Expenditures of Federal Awards by Grantor

Year ended September 30, 2023

<u>Federal Grantor Agency</u>	<u>Expenditures</u>
U.S. Department of Agriculture	\$ 16,013,751
U.S. Department of Commerce	1,696,298
U.S. Department of Defense	3,090,809
U.S. Department of Interior	2,790,211
U.S. Department of State	6,238
U.S. Department of Treasury	774,313
Library of Congress	20,600
National Aeronautics and Space Administration	682,097
National Endowment for the Humanities	131,067
National Science Foundation	5,195,066
U.S. Small Business Administration	1,070,158
U.S. Environmental Protection Agency	25,670
U.S. Department of Energy	95,180
U.S. Department of Education	17,914,536
U.S. Department of Health and Human Services	4,896,795
Corporation for National and Community Services	490,661
U.S. Department of Homeland Security	<u>36,854</u>
Grand Total	\$ <u><u>54,930,304</u></u>

*See accompanying notes.*

University of Guam  
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Schedule of Expenditures of Federal Awards

Year ended September 30, 2023

Federal AL #	Federal Grantor/Pass-Through Grantor/Program or Cluster Total	Pass-Through Entity ID Number	Expenditures	Amount Passed Through to Subrecipients	Research and Development Cluster
	Direct from U.S. Department of Agriculture:				
10.025	Plant and Animal Disease, Pest Control, and Animal Care		\$ 425,974	\$ ---	\$ 404,985
10.028	Wildlife Services		477,321	---	477,321
10.202	Cooperative Forestry Research		57,709	---	57,709
10.203	Payments to Agricultural Experiment Stations Under the Hatch Act		2,216,246	---	2,216,246
10.237	From Learning to Leading: Cultivating the Next Generation of Diverse Food and Agriculture Professionals		65,571	---	---
10.308	Resident Instruction, Agriculture, and Food Science Facilities and Equipment Grants		201,965	---	201,965
10.311	Beginning Farmer and Rancher Development Program		140,582	---	140,582
10.322	Distance Education Grants for Institutions of Higher Education in Insular Areas		43,712	---	43,712
10.329	Crop Protection and Pest Management Competitive Grants Program		12,559	---	---
10.500	Cooperative Extension Service		956,520	---	---
10.511	Smith Lever - Extension Funding		522,754	---	---
10.514	Expanded Food and Nutrition Education Program		145,220	---	---
10.515	Renewable Resources Extension Act		13,370	---	---
10.652	Forestry Research		133,093	---	133,093
10.664	Cooperative Forestry Assistance		129,531	---	129,531
10.680	Forest Health Protection		86,602	---	86,602
10.766	Community Facilities Loans and Grants		9,657,156	---	---
10.912	Environmental Quality Incentives Program		8,715	---	8,715
	Subtotal Direct Programs		15,294,600	---	3,900,461
	Pass-through from the Government of Guam Department of Agriculture:				
10.170	Specialty Crop Block Grant Program - Farm Bill	Various	84,289	---	---
10.664	Cooperative Forestry Assistance	C190600710	29,310	---	---
	Pass-through from Montana State University:				
10.215	Sustainable Agriculture Research and Education	Various	177,074	17,401	150,625

See accompanying notes.



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Schedule of Expenditures of Federal Awards, continued

Federal AL #	Federal Grantor/Pass-Through Grantor/Program or Cluster Total	Pass-Through Entity ID Number	Expenditures	Amount Passed Through to Subrecipients	Research and Development Cluster
10.304	Pass-through from University of California: Food and Agriculture Defense Initiative (FADI)	047120084	25,854	---	25,854
10.308	Pass-through from University of the Virgin Islands: Resident Instruction, Agriculture, and Food Science Facilities and Equipment Grants	090003765	(2,115)	---	(2,115)
10.310	Pass-through from University of Hawaii: Agriculture and Food Research Initiative (AFRI)	various	109,031	---	109,031
10.328	Pass-through from the Regents of the University of Idaho: Food Safety Outreach Program	075746271	15,518	---	---
10.328	Pass-through from Colorado State University: Food Safety Outreach Program	785977618	2,182	---	---
10.525	Pass-through from Washington State University: Farm and Ranch Stress Assistance Network Competitive Grants Program	Various	104,674	---	35,515
10.525	Pass-through from Montana State University: Farm and Ranch Stress Assistance Network Competitive Grants Program	816010045	3,500	---	---
10.561	Pass-through from Government of Guam Department of Public Health and Social Services: Supplemental Nutrition Assistance Program (SNAP) Cluster: State Administrative Matching Grants for the Supplemental Nutrition Assistance program	855028700	156,782	---	---

See accompanying notes.

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Schedule of Expenditures of Federal Awards, continued

Federal AL #	Federal Grantor/Pass-Through Grantor/Program or Cluster Total	Pass-Through Entity ID Number	Expenditures	Amount Passed Through to Subrecipients	Research and Development Cluster
10.683	Pass-through from Government of Guam Bureau of Statistics and Planning: National Fish and Wildlife Foundation	C220601640	13,052	---	---
	Subtotal Pass-Through Programs		719,151	17,401	318,910
	U.S. Department of Agriculture Total		\$ 16,013,751	\$ 17,401	\$ 4,219,371
	Direct from U.S. Department of Commerce:				
11.307	Economic Adjustment Assistance		\$ 19,125	\$ ---	\$ ---
11.417	Sea Grant Support		814,684	---	814,684
11.427	Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program		82,806	---	82,806
11.452	Unallied Industry Projects		30,357	---	---
11.473	Office for Coastal Management		387,337	---	387,337
11.482	Coral Reef Conservation Program		32,899	---	32,899
	Subtotal Direct Programs		1,367,208	---	1,317,726
	Pass-through from Government of Guam Bureau and Statistics and Planning:				
11.419	Coastal Zone Management Administration Awards	855031506	9,198	---	---
	Pass-through from The Micronesia Conservation Trust:				
11.462	Hydrologic Research	MCT1063NOA202016	44,701	---	44,701
11.482	Coral Reef Conservation Program	MCT1090NOA202289	73,368	---	73,368
	Pass-Through from National Marine Sanctuary Foundation:				
11.463	Habitat Conservation	5300-23-05-063	14,075	---	14,075

See accompanying notes.

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Schedule of Expenditures of Federal Awards, continued

Federal AL #	Federal Grantor/Pass-Through Grantor/Program or Cluster Total	Pass-Through Entity ID Number	Expenditures	Amount Passed Through to Subrecipients	Research and Development Cluster
11.482	Pass-Through from Government of Guam Bureau of Statistics and Planning: Coral Reef Conservation Program	779908151	187,748	---	187,748
	Subtotal Pass-Through Programs		329,090	---	319,892
	U.S. Department of Commerce Total		\$ 1,696,298	\$ ---	\$ 1,637,618
	Direct from U.S. Department of Defense:				
12.002	Procurement Technical Assistance For Business Firms		\$ 321,681	\$ ---	\$ ---
12.300	Basic and Applied Scientific Research		2,576,017	240,319	2,576,017
12.632	Legacy Resource Management Program		87,484	---	87,484
12.901	Mathematical Sciences Grants		83,838	---	83,838
	Subtotal Direct Programs		3,069,020	240,319	2,747,339
	Pass-through from Guam Waterworks Authority:				
12.600	Community Investment	OCON676-16-03	21,789	---	---
	Subtotal Pass-Through Program		21,789	---	---
	U.S. Department of Defense Total		\$ 3,090,809	\$ 240,319	\$ 2,747,339
	Direct from U.S. Department of Interior:				
15.657	Endangered Species Recovery Implementation		\$ 987	\$ ---	\$ 987
15.805	Assistance to State Water Resources Research Institutes		435,774	---	435,774
15.808	U.S. Geological Survey Research and Data Collection		343,278	---	343,278
15.875	Economic, Social, and Political Development of the Territories		959,373	---	582,953
15.926	American Battlefield Protection		52,349	---	---
15.945	Cooperative Research and Training Programs – Resources of the National Park System		109,518	---	109,518
	Subtotal Direct Programs		1,901,279	---	1,472,510

See accompanying notes.

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Schedule of Expenditures of Federal Awards, continued

Federal AL #	Federal Grantor/Pass-Through Grantor/Program or Cluster Total	Pass-Through Entity ID Number	Expenditures	Amount Passed Through to Subrecipients	Research and Development Cluster
	Pass-through from Government of Guam Department of Agriculture:				
15.615	Cooperative Endangered Species Conservation Fund	C210601870	396,908	---	---
15.634	State Wildlife Grants	C190600940	7,028	---	---
	Pass-through from University of Hawaii:				
15.820	National and Regional Climate Adaptation Science Centers	Various	240,853	2,443	240,853
	Pass-through from Government of Guam Bureau of Statistics and Planning:				
15.875	Economic, Social, and Political Development of the Territories	Various	233,473	---	---
	Pass-through from the Office of the Attorney General of Guam:				
15.875	Economic, Social, and Political Development of the Territories	227012275	10,670	---	---
	Subtotal Pass-Through Programs		<u>888,932</u>	<u>2,443</u>	<u>240,853</u>
	U.S. Department of Interior Total		<u>\$ 2,790,211</u>	<u>\$ 2,443</u>	<u>\$ 1,713,363</u>
	Direct from U.S. Department of State:				
19.040	Public Diplomacy Programs		<u>\$ 6,238</u>	<u>\$ ---</u>	<u>\$ ---</u>
	U.S. Department of State Total		<u>\$ 6,238</u>	<u>\$ ---</u>	<u>\$ ---</u>
	Pass-through from Government of Guam Bureau of Statistics and Planning:				
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	C230600950	\$ 15,283	\$ ---	\$ ---
	Pass-through from the Office of the Governor:				
21.029	COVID-19 - Coronavirus Capital Projects Fund	None identified	759,030	---	---
	U.S. Department of Treasury Total		<u>\$ 774,313</u>	<u>\$ ---</u>	<u>\$ ---</u>

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Schedule of Expenditures of Federal Awards, continued

Federal AL #	Federal Grantor/Pass-Through Grantor/Program or Cluster Total	Pass-Through Entity ID Number	Expenditures	Amount Passed Through to Subrecipients	Research and Development Cluster
	Direct from Library of Congress Grants:				
42.011	Library of Congress Grants		\$ 20,600	\$ ---	\$ ---
	Library of Congress Total		<u>\$ 20,600</u>	<u>\$ ---</u>	<u>\$ ---</u>
	Direct from National Aeronautics and Space Administration:				
43.008	Office of Stem Engagement (OSTEM)		511,256	---	511,256
	Pass-through from University of Hawaii:				
43.008	Office of Stem Engagement (OSTEM)	Various	170,841	---	170,841
	National Aeronautics and Space Administration Total		<u>\$ 682,097</u>	<u>\$ ---</u>	<u>\$ 682,097</u>
	Direct from National Endowment for Humanities:				
45.162	Promotion of the Humanities Teaching and Learning Resources and Curriculum Development		\$ 132,647	\$ ---	\$ ---
			132,647	-	---
	Pass-through from Northern Marianas Humanities Council:				
45.129	Promotion of the Humanities Federal/State Partnership	SO-253191-17	(1,580)	---	---
	National Endowment for the Humanities Total		<u>\$ 131,067</u>	<u>\$ ---</u>	<u>\$ ---</u>
	Direct from National Science Foundation:				
47.050	Geosciences		\$ 56,569	\$ ---	\$ 56,569
47.075	Social, Behavioral, and Economic Sciences		16,413	---	16,413
47.076	STEM Education (formerly Education and Human Resources)		556,402	---	556,402
47.083	Integrative Activities		<u>4,494,355</u>	<u>---</u>	<u>4,494,355</u>
	Subtotal Direct Programs		5,123,739	---	5,123,739

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Schedule of Expenditures of Federal Awards, continued

Federal AL #	Federal Grantor/Pass-Through Grantor/Program or Cluster Total	Pass-Through Entity ID Number	Expenditures	Amount Passed Through to Subrecipients	Research and Development Cluster
47.076	Pass-through from University of Hawaii: STEM Education (formerly Education and Human Resources) National Science Foundation Total	195738039	71,327 <u>\$ 5,195,066</u>	--- <u>---</u>	71,327 <u>\$ 5,195,066</u>
59.037	Direct from Small Business Administration: Small Business Development Centers U.S. Small Business Administration Total		\$ 1,070,158 <u>\$ 1,070,158</u>	\$ 129,247 <u>\$ 129,247</u>	\$ --- <u>---</u>
66.600	Pass-through from Guam Environmental Protection Agency: Environmental Protection Consolidated Grants for the Insular Areas - Program Support	072662992	\$ 11,998	\$ ---	\$ 11,998
66.716	Pass-through from the Extension Foundation: Research, Development, Monitoring, Public Education, Training, Demonstration, and Studies U.S. Environmental Protection Agency Total	830000027	13,672 <u>\$ 25,670</u>	--- <u>---</u>	--- <u>\$ 11,998</u>
81.049	Direct from U.S. Department of Energy: Office of Science Financial Assistance Program U.S. Department of Energy Total		\$ 95,180 <u>\$ 95,180</u>	\$ --- <u>---</u>	\$ 95,180 <u>\$ 95,180</u>
84.007	Direct from U.S. Department of Education: Student Financial Assistance Cluster: Federal Supplemental Educational Opportunity Grants		\$ 159,775	\$ ---	\$ ---
84.033	Federal Work-Study Program		400,664	---	---
84.063	Federal Pell Grant Program		7,579,780	---	---
84.268	Federal Direct Student Loans		3,465,179	---	---
84.379	Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)		36,308	---	---
84.U01	Other Financial Aid Student Financial Assistance Cluster Subtotal		86,242 <u>11,727,948</u>	--- <u>---</u>	--- <u>---</u>

See accompanying notes.

University of Guam  
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Schedule of Expenditures of Federal Awards, continued

Federal AL #	Federal Grantor/Pass-Through Grantor/Program or Cluster Total	Pass-Through Entity ID Number	Expenditures	Amount Passed Through to Subrecipients	Research and Development Cluster
84.031	Higher Education Institutional Aid		405,210	---	---
84.032	Federal Family Education Loans		147,095	---	---
	TRIO Cluster:				
84.042	TRIO Student Support Services		348,763	---	---
84.044	TRIO Talent Search		419,202	---	---
84.047	TRIO Upward Bound		535,731	---	---
	TRIO Cluster Subtotal		<u>1,303,696</u>	---	---
84.425	COVID-19 - Education Stabilization Fund (ESF) Under the Coronavirus Aid, Relief, and Economic Security Act:				
84.425F	COVID-19 - Higher Education Emergency Relief Fund (HEERF) - Institutional Portion		1,377,837	---	---
84.425L	COVID-19 - HEERF Minority Serving Institutions		632,870	---	---
	ESF Subtotal		<u>2,010,707</u>	---	---
	Pass-through from the Office of the Governor:				
84.425H	COVID-19 - Education Stabilization Fund - Governors (Outlying Areas)	778904292	2,319,880	---	---
	Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act Subtotal		<u>4,330,587</u>	---	---
	Subtotal Pass-Through Programs		<u>4,330,587</u>	---	---
	U.S. Department of Education Total		<u>\$ 17,914,536</u>	<u>\$ ---</u>	<u>\$ ---</u>
	Direct from U.S. Department of Health and Human Services:				
93.251	Early Hearing Detection and Intervention		\$ 275,377	\$ ---	\$ ---
93.307	Minority Health and Health Disparities Research		415,667	104,085	415,667
93.397	Cancer Centers Support Grants		1,430,643	109,066	1,430,643
93.464	ACL Assistive Technology		120,097	---	---
93.612	Native American Programs		207,833	---	---

See accompanying notes.

University of Guam  
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Schedule of Expenditures of Federal Awards, continued

Federal AL #	Federal Grantor/Pass-Through Grantor/Program or Cluster Total	Pass-Through Entity ID Number	Expenditures	Amount Passed Through to Subrecipients	Research and Development Cluster
93.632	University Centers for Excellence in Developmental Disabilities Education, Research, and Service		608,799	---	---
93.787	Title V Sexual Risk Avoidance Education Program (Discretionary Grants)		182,292	---	---
93.969	PPHF Geriatric Education Centers		690,297	---	690,297
	Subtotal Direct Programs		<u>3,931,005</u>	<u>213,151</u>	<u>2,536,607</u>
	Pass-through from Government of Guam Department of Public Health and Social Services:				
93.043	Special Programs for the Agin, Title III, Part D, Disease Prevention and Health Promotion Services	855028700	28,806	---	---
93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance	855028700	24,822	---	---
93.314	Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	855028700	52,154	---	---
93.391	Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	NH75OT000086	245,912	---	---
93.434	Every Student Succeeds Act/Preschool Development Grants	855028700	279,007	---	---
93.870	Maternal, Infant, and Early Childhood Home Visiting Grant	855028700	91,987	---	---
	Subtotal		<u>722,688</u>	---	---
	Pass-through from University of Hawaii:				
93.107	Area Health Education Centers	965088057	5,212	---	---
93.310	Trans-NIH Research Support	various	72	---	72
93.397	Cancer Centers Support Grants	5U54CA143727-13	4,245	---	4,245
93.898	Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	KA1319	76,203	---	76,203
	Subtotal		<u>85,732</u>	---	<u>80,520</u>

See accompanying notes.



University of Guam  
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Schedule of Expenditures of Federal Awards, continued

Federal AL #	Federal Grantor/Pass-Through Grantor/Program or Cluster Total	Pass-Through Entity ID Number	Expenditures	Amount Passed Through to Subrecipients	Research and Development Cluster
93.421	Pass-through from Association of University Centers on Disabilities: Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health	96364120	16,128	---	---
93.310	Pass-through from Portland State University: Trans-NIH Research Support	100122	80,569	---	80,569
93.433	Pass-through from Public Health Institute: ACL National Institute on Disability, Independent Living, and Rehabilitation Research	03841-AR12235	60,673	---	60,673
	Subtotal Pass-Through Programs		965,790	---	221,762
	U.S. Department of Health and Human Services Total		\$ 4,896,795	\$ 213,151	\$ 2,758,369
94.006	Pass-through from Serve Guam Commission: AmeriCorps State and National Corporation for National and Community Service Total	779908151	\$ 490,661	\$ ---	\$ ---
			\$ 490,661	\$ ---	\$ ---
97.039	Pass-through from Guam Homeland Security - Office of Civil Defense: Hazard Mitigation Grant	HMGP-DR4398-05-04	\$ 36,854	\$ ---	\$ ---
	U.S. Department of Homeland Security total		\$ 36,854	\$ ---	\$ ---
	Grand Total		\$ 54,930,304	\$ 602,561	\$ 19,060,401

See accompanying notes.

University of Guam  
(A Component Unit of the Government of Guam)

Notes to the Schedule of Expenditures of Federal Awards

Year Ended September 30, 2023

**1. Scope of Audit**

The University of Guam (the University) is a component unit of the Government of Guam created by Public Law 13-194, “The Higher Education Act,” which became effective on November 3, 1976, as an autonomous agency of the Government of Guam. Only the financial statements of the University are included within the scope of the Single Audit.

**2. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the University under programs of the Federal government for the year ended September 30, 2023. 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 the University, it is not intended to and does not present the financial position, changes in net position or cash flows of the University.

**3. Summary of Significant Accounting Policies**

*Basis of Accounting*

Expenditures reported on the Schedule are reported on the accrual basis of accounting, consistent with the manner in which the University maintains its accounting records. All expenses and capital outlays are reported as expenditures. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available. The University has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

The University recognizes contributions from the Federal government when qualifying expenditures are incurred.

The University participates in the Federal Direct Student Loan program. The value of loans presented in the Schedule of Expenditures of Federal Awards is equivalent to the amount of new loans during the year.

University of Guam  
(A Component Unit of the Government of Guam)

Schedule of Findings and Questioned Costs

Year Ended September 30, 2023

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

**Financial Statements**

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

Unmodified

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Internal control over financial reporting:

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

**Federal Awards**

Internal control over major federal programs:

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

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

All major programs

Unmodified

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

  X   **Yes**      \_\_\_\_\_ **No**

Identification of major federal programs:

<u>Assistance Listing number(s)</u>	<u>Name of federal program or cluster</u>
59.037	Small Business Development Centers
84.425	<u>Education Stabilization Fund:</u>
84.425H	COVID-19 – Education Stabilization Fund – Governors (Outlying Areas)
84.425F	COVID-19 – Higher Education Emergency Relief Fund Institutional Portion
84.425L	COVID-19 – Higher Education Emergency Relief Fund Minority Serving Institutions
Various	Research and Development Programs (R&D) Cluster

University of Guam  
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Schedule of Findings and Questioned Costs, continued

Section I—Summary of Auditor’s Results, continued

**Federal Awards, continued**

Dollar threshold used to distinguish between  
Type A and Type B programs:           \$ 1,647,909          

Auditee qualified as low-risk auditee?            Yes       X       No

**Section II—Financial Statement Findings**

No matters were reported.

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

Finding No.	ALN	Requirement	Questioned Costs
2023-001	84.425L	Allowable Costs/Cost Principles – Indirect Cost	\$-
2023-002	84.425 R&D Cluster	Suspension and Debarment	-

University of Guam  
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Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-001  
 Federal Agency: U.S. Department of Education  
 AL Program: 84.425L COVID-19 – Higher Education Emergency Relief Fund Minority Serving Institutions  
 Federal Award No.: P425L200532  
 Area: Allowable Costs/Cost Principles – Indirect Costs  
 Questioned Costs: \$0

Criteria:

In accordance with the University’s federal negotiated indirect cost rate agreement applicable for the fiscal year ended September 30, 2023, modified total direct costs to be used as the base for calculating indirect costs shall exclude equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs, and the portion of each subaward in excess of \$25,000.

Condition:

In our testing of total indirect costs during the fiscal year ended September 30, 2023, we noted that unallowable cost bases were used in the calculation of indirect costs. Details follow:

<b>Base</b>	<b>Base Amount</b>	<b>Indirect Cost Rate</b>	<b>Indirect Cost Amount</b>
Capital expenditures	\$ 87,686	39%	\$ 34,198
Lost revenues	180,421	39%	<u>70,364</u>
	Total indirect cost unallowed		<u><u>\$104,562</u></u>

The University subsequently recharacterized these indirect costs to lost revenues.

Cause:

The University used inappropriate cost bases in calculating indirect costs charged to the program.

Effect:

The University is in noncompliance with the applicable requirement. However, no questioned costs is reported as the costs were subsequently recharacterized from indirect costs to lost revenues.

Recommendation:

The University should ensure that calculations of indirect costs to be applied to Federal programs are made using allowed cost bases identified in the indirect cost rate agreement or applicable grant award.

Views of Responsible Officials:

See Corrective Action Plan.

University of Guam  
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Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-002  
Federal Agency: Various  
AL Program: COVID-19 – 84.425 Education Stabilization Fund  
R&D Cluster  
Federal Award No.: Various  
Area: Suspension and Debarment  
Questioned Costs: \$0

Criteria:

In accordance with 2 CFR 200.214, non-Federal entities are subject to the non-procurement debarment and suspension regulations implementing 2 CFR 180. Such regulation restricts awards, subawards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities. Under 2 CFR 180.300, when entering into a covered transaction with another person at the next lower tier, verification must be made that the person with whom an intent to do business with is not excluded or disqualified. Such verification can be made by (a) checking SAM Exclusions, (b) collecting a certification from that person; or (c) adding a clause or condition to the covered transaction with that person.

Condition:

The University represented that it performs regular verification from SAM Exclusions, however, no formal documentation is kept on procurement files as evidence of procedures performed.

Cause:

The University did not properly document that verification was performed to identify if the selected person or entity in the covered transaction was not suspended or debarred prior to transacting with them.

Effect:

The University is in noncompliance with the applicable requirement.

Recommendation:

The University should revisit and implement its procedures to ensure that vendors and entities that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities are restricted from Federal awards, subawards and contracts. Procedures performed should be adequately maintained in the procurement files.

Views of Responsible Officials:

See Corrective Action Plan.

**UNIVERSITY OF GUAM**  
**(A Component Unit of the Government of Guam)**

Corrective Action Plan  
Year Ended September 30, 2023

Finding NO. 2023-001

View of University of Guam and Corrective Action Plan: The University acknowledges the finding. The University has an approved indirect cost agreement for use on grants, contracts, and other agreements with the Federal Government. This agreement is accessible on the University's website and has been disseminated to all accountants responsible for grants and indirect cost calculations. The accountants are trained to use the allowable base as per the agreement when calculating indirect costs. We believe that this was a one-time oversight due to the nature of the grant. As lost revenues associated with the COVID-19 pandemic is allowable under the Higher Education Emergency Relief Fund (HEERF) Minority Serving Institutions grant, the cost was subsequently reclassified to its appropriate category. Additionally, we will provide further training and regular refresher courses for the accountants.

Name of Contact Person: Abigail Martin, Comptroller

Proposed Completion Date: Ongoing

Finding NO. 2023-002

View of University of Guam and Corrective Action Plan: The University acknowledges the finding. While the University regularly performs verification of vendors against the SAM Exclusions list via [www.sam.gov](http://www.sam.gov), the process is not consistently documented. Effective immediately, the University has implemented procedures to ensure proper documentation and maintenance of vendor verifications via the SAM Exclusions list. This procedure includes the following steps:

- Obtaining the debarred vendor listing from SAM.GOV monthly and reviewing vendors' status.
- Checking new vendors against the downloaded list for the month when creating new vendors in the system.
- Including a memorandum or statement indicating the verification process and status of vendors for purchases \$25,000 and above.

Name of Contact Person: Abigail Martin, Comptroller

Proposed Completion Date: Completed on May 14, 2024.