

GOVERNMENT OF GUAM

SINGLE AUDIT REPORTS

YEAR ENDED SEPTEMBER 30, 2021

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YEAR ENDED SEPTEMBER 30, 2021

C O N T E N T S

	<u>PAGE</u>
Part I. Independent Auditor's Report 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	1
Part II. Independent Auditor's Report 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	3
Part III. Schedule of Expenditures of Federal Awards:	
Summary of Schedule of Expenditures of Federal Awards, by Grantor	7
U.S. Department of Agriculture	8
U.S. Department of Commerce	8
U.S. Department of Defense	9
U.S. Department of Housing and Urban Development	9
U.S. Department of the Interior	9
U.S. Department of Justice	10
U.S. Department of Labor	10
U.S. Department of Transportation	11
U.S. Department of the Treasury	12
National Foundation on the Arts and the Humanities	12
U.S. Environmental Protection Agency	12
U.S. Department of Energy	12
U.S. Department of Education	12
U.S. Department of Health and Human Services	13
Corporation for National and Community Service	15
U.S. Department of Homeland Security	15
Notes to Schedule of Expenditures of Federal Awards	16
Reconciliation of Schedule of Expenditures of Federal Awards to Basic Financial Statements	18
Schedule of Findings and Questioned Costs	19
Part IV. Summary of Unresolved and Resolved Questioned Costs	70
Corrective Action Plan	71

INDEPENDENT AUDITOR'S REPORT 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, 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, 2021, and the related notes to the financial statements, which collectively comprise GovGuam's basic financial statements, and have issued our report thereon dated July 13, 2022. Our report includes a reference to other auditors and emphasis-of-matters paragraphs for the adoption of new accounting standards and the impact of COVID-19. Other auditors audited the financial statements of the GovGuam Retirement Fund, the GovGuam Deferred 457 Compensation Plan, the Antonio B. Won Pat International Airport Authority, the Guam Economic Development Authority, the Guam Housing Corporation, the Guam Preservation Trust, and the Guam Educational Telecommunications Corporation, as described in our report on GovGuam's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those other auditors.

For purposes of this report, our consideration of internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts and grants, and other matters did not include the Guam Department of Education, the Chamorro Land Trust Commission, the Guam Ancestral Lands Commission, the Solid Waste Operations Fund, the Guam Community College, the Guam Housing and Urban Renewal Authority, the Guam Memorial Hospital Authority, the Guam Power Authority, the Guam Visitors Bureau, the Guam Waterworks Authority, the Port Authority of Guam, and the University of Guam, which were all audited by us. We have issued separate reports on our consideration of internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters for these entities. Other auditors issued separate reports on their consideration of internal control over financial reporting and their tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters for the GovGuam Retirement Fund, the GovGuam Deferred 457 Compensation Plan, the Antonio B. Won Pat International Airport Authority, the Guam Economic Development Authority, the Guam Housing Corporation, the Guam Preservation Trust, and the Guam Educational Telecommunications Corporation. The findings, if any, included in those reports are not included herein.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2021-001 through 2021-004 and 2021-011 that we consider to be material weaknesses.

Compliance and Other Matters

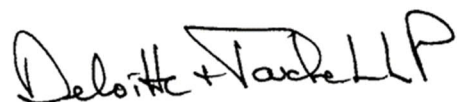
As part of obtaining reasonable assurance about whether GovGuam's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards, and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2021-011 and 2021-023.

GovGuam's Responses to Findings

GovGuam's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. GovGuam's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.



July 13, 2022

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Honorable Lourdes A. Leon Guerrero
Governor
Government of Guam:

Report on Compliance for Each Major Federal Program

We have audited the Government of Guam's (GovGuam's) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of GovGuam's major federal programs for the year ended September 30, 2021. GovGuam's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

As discussed in Note 3b to the Schedule of Expenditures of Federal Awards, GovGuam's basic financial statements include the operations of certain entities whose federal awards are not included in the Schedule of Expenditures of Federal Awards for the year ended September 30, 2021. Our audit, described below, did not include the operations of the entities identified in Note 3b as these entities conducted separate audits in accordance with the Uniform Guidance, if required.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of GovGuam's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about GovGuam's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our qualified and unmodified opinions on compliance for major federal programs. However, our audit does not provide a legal determination of GovGuam's compliance.

Basis for Qualified Opinion on Certain Major Federal Programs

As described in Findings 2021-003, 2021-005, 2021-008, 2021-010 through 2021-018, 2021-020, 2021-021, 2021-024, 2021-025, 2021-028, 2021-029, and 2021-030 in the accompanying Schedule of Findings and Questioned Costs, GovGuam did not comply with requirements regarding the following:

Finding #	ALN	Program (or Cluster) Name	Compliance Requirement
2021-005	10.542	Pandemic EBT Food Benefits	Reporting
2021-008	10.551 10.561	SNAP Cluster	Special Tests and Provisions
2021-003	15.875	Economic, Social and Political Development of the Territories	Equipment and Real Property Management
2021-010	15.875	Economic, Social and Political Development of the Territories	Special Tests and Provisions
2021-011	17.225	Unemployment Insurance (PUA/FPUC)	Eligibility
2021-012	17.225	Unemployment Insurance (PUA/FPUC)	Special Tests and Provisions
2021-013	17.277	National Dislocated Worker	Eligibility
2021-003	20.509	Formula Grants for Rural Areas and Tribal Transit Program	Equipment and Real Property Management
2021-014	21.019	Coronavirus Relief Fund	Activities Allowed or Unallowed
2021-015	21.019	Coronavirus Relief Fund	Reporting
2021-016	21.019	Coronavirus Relief Fund	Subrecipient Monitoring
2021-017	21.023	Emergency Rental Assistance Program	Eligibility
2021-018	21.023	Emergency Rental Assistance Program	Reporting
2021-020	21.027	Coronavirus State and Local Fiscal Recovery Funds	Procurement
2021-021	21.027	Coronavirus State and Local Fiscal Recovery Funds	Subrecipient Monitoring
2021-003	66.600	Environmental Protection Consolidated Grants for the Insular Areas - Program Support	Equipment and Real Property Management
2021-003	93.323	Epidemiology and Laboratory Capacity for Infectious Diseases	Equipment and Real Property Management
2021-024	93.323	Epidemiology and Laboratory Capacity for Infectious Diseases	Procurement
2021-025	93.575	CCDF Cluster	Eligibility
2021-028	93.778	Medicaid Cluster	Special Tests and Provisions
2021-029	97.042	Emergency Management Performance Grants	Procurement
2021-030	97.050	Presidential Declared Disaster Assistance to Individuals and Households - Other Needs	Eligibility

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

Qualified Opinion on Certain Major Federal Programs

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, GovGuam complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the following major programs for the year ended September 30, 2021:

ALN	Program (or Cluster) Name
10.542	Pandemic EBT Food Benefits
10.551	SNAP Cluster
15.875	Economic, Social and Political Development of the Territories
17.225	Unemployment Insurance (PUA/FPUC)
17.277	National Dislocated Worker
20.509	Formula Grants for Rural Areas and Tribal Transit Program
21.019	Coronavirus Relief Fund
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
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases
93.575	CCDF Cluster
93.778	Medicaid Cluster
97.042	Emergency Management Performance Grants
97.050	Presidential Declared Disaster Assistance to Individuals and Households - Other Needs

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, GovGuam complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs for the year ended September 30, 2021.

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 2021-006, 2021-007, 2021-009, 2021-019, 2021-022, 2021-026, and 2021-027. Our opinion on each major federal program is not modified with respect to these matters.

GovGuam's response to the noncompliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. GovGuam's response was not subjected to the 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

Management of GovGuam is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered GovGuam's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of GovGuam's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we identified 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 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 2021-003, 2021-005, 2021-008, 2021-010 through 2021-018, 2021-020, 2021-021, 2021-024, 2021-025, 2021-028, 2021-029, and 2021-030 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned costs as 2021-006, 2021-007, 2021-009, 2021-019, 2021-022, 2021-026, and 2021-027 to be significant deficiencies.

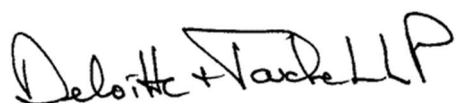
GovGuam's response to the internal control over compliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. GovGuam's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion 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, 2021, and the related notes to the financial statements, which collectively comprise GovGuam's basic financial statements. We issued our report thereon dated July 13, 2022, which contained unmodified opinions on those financial statements and which report included a reference to other auditors and emphasis-of-matters paragraphs for the adoption of new accounting standards and the impact of COVID-19. 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 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.



July 13, 2022

GOVERNMENT OF GUAM

Summary of Schedule of Expenditures of Federal Awards, by Grantor
Year Ended September 30, 2021

<u>Federal Agency</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture	\$ 177,859,388
U.S. Department of Commerce	4,157,643
U.S. Department of Defense	10,521,312
U.S. Department of Housing and Urban Development	70,010
U.S. Department of the Interior	21,506,001
U.S. Department of Justice	5,410,532
U.S. Department of Labor	390,921,140
U.S. Department of Transportation	11,066,183
U.S. Department of the Treasury	155,265,693
National Foundation on the Arts and the Humanities	481,892
U.S. Environmental Protection Agency	3,155,424
U.S. Department of Energy	655,746
U.S. Department of Education	3,818,333
U.S. Department of Health and Human Services	163,598,232
Corporation for National and Community Service	1,124,472
U.S. Department of Homeland Security	54,658,365
GRAND TOTAL	\$ <u>1,004,270,366</u>

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

GOVERNMENT OF GUAM

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2021

Federal AL Number	Federal Grantor/Program or Cluster Title	Federal Expenditures	Amounts Passed Through To Subrecipients
U.S. DEPARTMENT OF AGRICULTURE			
10.025	Plant and Animal Disease, Pest Control, and Animal Care	\$ 32,447	\$ 12,405
10.170	Specialty Crop Block Grant Program - Farm Bill	188,671	173,224
10.179	Micro-Grants for Good Security Program	-	
10.535	Snap Fraud Framework Implementation Grant	1,840	
10.542	Pandemic EBT Benefits	34,180,684	
SNAP Cluster:			
10.551	Supplemental Nutrition Assistance Program	134,719,185	
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	<u>1,975,641</u>	<u>358,227</u>
	Subtotal SNAP Cluster	<u>136,694,826</u>	<u>358,227</u>
10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children	6,117,104	
10.557	COVID-19 WIC Special Supplemental Nutrition Program for Women, Infants, and Children	230,626	
10.572	WIC Farmers' Market Nutrition Program (FMNP)	(744)	
Child Nutrition Cluster:			
10.579	Child Nutrition Discretionary Grants Limited Availability	<u>-</u>	
	Subtotal Child Nutrition Cluster	<u>-</u>	
10.649	COVID-19 Pandemic EBT Administrative Costs	259,920	
10.664	Cooperative Forestry Assistance	148,014	
10.675	UCF-Urban & Community Forestry	-	
10.678	Cooperative Forestry Assistance	6,000	
Community Facilities Loans and Grants Cluster:			
10.766	Community Facilities Loans and Grants	<u>-</u>	
	Subtotal Community Facilities Loans and Grants Cluster	<u>-</u>	
	U.S. DEPARTMENT OF AGRICULTURE TOTAL	<u>\$ 177,859,388</u>	<u>\$ 543,856</u>
U.S. DEPARTMENT OF COMMERCE			
11.001	Census Bureau Data Products	\$ 2,030,030	\$ -
Economic Development Cluster:			
11.307	COVID-19 Economic Adjustment Assistance	<u>874</u>	
	Subtotal Economic Development Cluster	874	
11.407	Interjurisdictional Fisheries Act of 1986	11,993	
11.419	Coastal Zone Management Administration Awards	764,373	
11.437	Pacific Fisheries Data Program	128,366	
11.441	Regional Fishery Management Councils	-	
11.454	Unallied Management Projects	-	
11.467	Meteorologic and Hydrologic Modernization Development	432,520	85,915
11.472	Unallied Science Program	30,292	
11.482	Coral Reef Conservation Program	436,702	282,521
11.549	State and Local Implementation Grant Program	72,493	
11.999	Marine Debris Program	<u>250,000</u>	
	U.S. DEPARTMENT OF COMMERCE TOTAL	<u>\$ 4,157,643</u>	<u>\$ 368,436</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

GOVERNMENT OF GUAM

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2021

Federal AL		Expenditures	Amounts Passed Through To Subrecipients
Number	Federal Grantor/Program or Cluster Title	<u>Expenditures</u>	<u>Subrecipients</u>
	U.S. DEPARTMENT OF DEFENSE		
12.113	State Memorandum of Agreement Program for the Reimbursement of Technical Services	\$ 180,085	\$ -
12.401	National Guard Military Operations and Maintenance (O&M) Projects	4,049,122	
12.404	National Guard ChalleNGe Program	63,610	
12.600	Community Investment	4,305,844	4,305,844
12.607	Community Economic Adjustment Assistance for Realignment or Closure of Military Installation	(5,523)	
12.610	Community Economic Adjustment Assistance for Compatible Use and Joint Land Use Studies	322,230	
12.618	Community Economic Adjustment Assistance for Establishment or Expansion of a Military Installation	<u>1,605,944</u>	<u>1,140,604</u>
	U.S. DEPARTMENT OF DEFENSE TOTAL	<u>\$ 10,521,312</u>	<u>\$ 5,446,448</u>
	U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
14.235	Supportive Housing Program	\$ 70,010	
14.251	Economic Development Initiative (EDI)-Special Projects	-	
14.267	Continuum of Care Program	-	
14.854	Public and Indian Housing Drug Elimination Program	<u>-</u>	
	U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT TOTAL	<u>\$ 70,010</u>	
	U.S. DEPARTMENT OF THE INTERIOR		
	Fish and Wildlife Cluster:		
15.605	Sport Fish Restoration	\$ 885,720	\$ -
15.608	Fish and Wildlife Management Assistance	-	
15.611	Wildlife Restoration and Basic Hunter Education	652,075	
15.626	Enhanced Hunter Education and Safety	<u>333</u>	
	Subtotal Fish and Wildlife Cluster	1,538,128	
15.615	Cooperative Endangered Species Conservation Fund	507,306	100,582
15.622	Sportsfishing and Boating Safety Act	2,837	
15.634	State Wildlife Grants	91,387	576
15.875	Economic, Social, and Political Development of the Territories	19,036,786	12,766,576
15.904	Historic Preservation Fund Grants-In-Aid	<u>329,557</u>	<u>-</u>
	U.S. DEPARTMENT OF THE INTERIOR TOTAL	<u>\$ 21,506,001</u>	<u>\$ 12,867,734</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

GOVERNMENT OF GUAM

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2021

Federal AL Number	Federal Grantor/Program or Cluster Title	Expenditures	Amounts Passed Through To Subrecipients
	U.S. DEPARTMENT OF JUSTICE		
16.017	Sexual Assault Services Formula Program	\$ 17,361	\$ 14,392
16.034	Coronavirus Emergency Supplemental Funding	570,396	
16.523	Juvenile Accountability Incentive Block Grants	(48)	
16.527	Supervised Visitation, Safe Havens for Children	-	
16.540	Juvenile Justice and Delinquency Prevention Program	43,163	
16.541	Developing, Testing and Demonstrating Promising New Programs	-	
16.554	National Criminal History Improvement Program (NCHIP)	445,975	
16.575	Crime Victim Assistance	1,250,311	573,879
16.576	Victim Compensation Program	56,074	56,074
16.579	Drug Free Communities	-	
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	-	
16.582	Crime Victim Assistance/Discretionary Grants	-	
16.585	Drug Court Discretionary Grant Program	314,988	
16.588	Violence Against Women Formula Grants	605,898	483,167
16.589	Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program	-	
16.590	Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	29,108	8,135
16.593	Residential Substance Abuse Treatment for State Prisoners	31,092	28,522
16.606	State Criminal Alien Assistance Program	542,110	
16.710	Public Safety Partnership and Community Policing Grants	193,652	
16.727	Combating Underage Drinking	-	
16.735	PREA Program: Strategic Support for PREA Implementation	2,711	
16.738	Edward Byrne Memorial Justice Assistance Grant Program	466,840	434,977
16.742	Paul Coverdell Forensic Sciences Improvement Grant Program	371,305	362,088
16.750	Support for Adam Walsh Act Implementation Grant Program	121,274	
16.751	Edward Byrne Memorial Competitive Grant Program	11,285	11,125
16.754	Harold Rogers Prescription Drug Monitoring Program	65,144	
16.812	Second Chance Act Reentry Initiative	147,052	
16.816	John R. Justice Prosecutors and Defenders Incentive Act	76	
16.828	Innovative Responses to Behavior in the Community: Swift, Certain, and Fair Supervision Program	40,126	
16.922	Equitable Sharing Program	84,639	
	U.S. DEPARTMENT OF JUSTICE TOTAL	<u>\$ 5,410,532</u>	<u>\$ 1,972,359</u>
	U.S. DEPARTMENT OF LABOR		
17.002	Labor Force Statistics	\$ 63,531	
17.005	Compensation and Working Conditions	51,039	
	Employment Service Cluster:		
17.207	Employment Service/Wagner-Peyser Funded Activities	355,297	
17.801	Jobs for Veterans State Grants	134,479	
	Subtotal Employment Service Cluster	<u>489,776</u>	
17.225	COVID-19 - Unemployment Insurance	<u>383,787,325</u>	
	BALANCE FORWARD	<u>\$ 384,391,671</u>	

See accompanying notes to Schedule of Expenditures of Federal Awards.

GOVERNMENT OF GUAM

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2021

Federal AL Number	Federal Grantor/Program or Cluster Title	Expenditures	Amounts Passed Through To Subrecipients
	U.S. DEPARTMENT OF LABOR		
	BALANCE FORWARD	\$ 384,391,671	
17.235	Senior Community Service Employment Program	776,849	
	WIOA Cluster:		
17.258	WIOA Adult Program	610,811	
17.259	WIOA Youth Activities	442,223	
17.278	WIOA National Dislocated Worker Formula Grants	901,669	
	Subtotal WIOA Cluster	<u>1,954,703</u>	
17.273	Temporary Labor Certification for Foreign Workers	61,211	
17.277	WIOA National Dislocated Worker Grants / WIA National Emergency Grants	-	
17.277	COVID-19 - WIOA National Dislocated Worker Grants / WIA National Emergency Grants	3,078,329	
17.281	WIOA Dislocated Worker National Reserve Technical Assistance and Training	-	
17.285	Apprenticeship USA Grants	296,310	
17.504	Consultation Agreements	362,067	
17.604	Safety and Health Grants	-	
	U.S. DEPARTMENT OF LABOR TOTAL	<u>\$ 390,921,140</u>	
	U.S. DEPARTMENT OF TRANSPORTATION		
	Highway Planning and Construction Cluster:		
20.205	Highway Planning and Construction	\$ 6,630,922	\$ -
	Subtotal Highway Planning and Construction Cluster	<u>6,630,922</u>	
	FMCSA Cluster:		
20.218	Motor Carrier Safety Assistance	138,285	
	Subtotal FMCSA Cluster	<u>138,285</u>	
20.237	Motor Carrier Safety Assistance High Priority Activities Grants and Cooperative Agreements	-	
	Federal Transit Cluster:		
20.500	Federal Transit Capital Investment Grants	220,638	
	Subtotal Federal Transit Cluster	<u>220,638</u>	
20.509	Formula Grants for Rural Areas and Tribal Transit Program	1,195,271	
20.509	COVID-19 - Formula Grants for Rural Areas and Tribal Transit Program	1,996,271	
	Transit Services Programs Cluster:		
20.513	COVID-19 - Enhanced Mobility of Seniors and Individuals with Disabilities	7,151	
	Subtotal Transit Services Programs Cluster	<u>7,151</u>	-
20.530	Public Transportation Innovation	1,633	
	Highway Safety Cluster:		
20.600	State and Community Highway Safety	802,015	147,663
20.602	Occupant Protection Incentive Grants	53,081	
20.610	State Traffic Safety Information System Improvement	-	
20.616	National Priority Safety Program	-	
	Subtotal Highway Safety Cluster	<u>855,096</u>	<u>147,663</u>
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	20,916	-
	U.S. DEPARTMENT OF TRANSPORTATION TOTAL	<u>\$ 11,066,183</u>	<u>\$ 147,663</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

GOVERNMENT OF GUAM

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2021

Federal AL Number	Federal Grantor/Program or Cluster Title	<u>Expenditures</u>	<u>Amounts Passed Through To Subrecipients</u>
U.S. DEPARTMENT OF THE TREASURY			
21.016	Equitable Sharing Program	\$ 11,808	\$ -
21.019	COVID-19 - Coronavirus Relief Fund	53,131,516	11,318,707
21.023	COVID-19 Emergency Rental Assistance Program	5,519,931	-
21.027	COVID-19 Coronavirus State And Local Fiscal Recovery Funds	<u>96,602,438</u>	<u>31,099,916</u>
	U.S. DEPARTMENT OF THE TREASURY TOTAL	<u>\$ 155,265,693</u>	<u>\$ 42,418,623</u>
NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES			
45.025	Promotion of the Arts Partnership Agreements	\$ 273,331	\$ 110,200
45.025	COVID-19 Promotion of the Arts Partnership Agreements	86,950	86,950
45.310	Grants to States	107,419	-
45.310	COVID-19 Grants to States	<u>14,192</u>	<u>-</u>
	NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES TOTAL	<u>\$ 481,892</u>	<u>\$ 197,150</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY			
66.040	State Clean Diesel Grant Program	\$ -	
66.600	Environmental Protection Consolidated Grants for the Insular Areas-Program Support	3,155,424	
66.804	Underground Storage Tank (UST) Prevention, Detection and Compliance Program	<u>-</u>	
	U.S. ENVIRONMENTAL PROTECTION AGENCY TOTAL	<u>\$ 3,155,424</u>	
U.S. DEPARTMENT OF ENERGY			
81.041	State Energy Program	\$ 349,761	
81.042	Weatherization Assistance for Low-Income Persons	245,563	
81.119	State Energy Program Special Projects	<u>60,422</u>	
	U.S. DEPARTMENT OF ENERGY TOTAL	<u>\$ 655,746</u>	
U.S. DEPARTMENT OF EDUCATION			
84.126	Rehabilitation Services Vocational Rehabilitation Grants to States	\$ 843,746	\$ -
84.177	Rehabilitation Services Independent Living Services for Older Individuals Who are Blind	-	
84.187	Supported Employment Services for Individuals with the Most Significant Disabilities	-	
84.425	COVID-19 Education Stabilization Fund	<u>2,974,587</u>	<u>2,799,421</u>
	U.S. DEPARTMENT OF EDUCATION TOTAL	<u>\$ 3,818,333</u>	<u>\$ 2,799,421</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

GOVERNMENT OF GUAM

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2021

Federal AL		Expenditures	Amounts Passed Through To Subrecipients
Number	Federal Grantor/Program or Cluster Title		
	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
93.041	Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	\$ 15,857	\$ -
93.042	Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals	45,733	
93.042	COVID-19 Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals	5,961	
93.043	Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	184,853	
93.043	COVID-19 Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	97,450	
	Aging Cluster:		
93.044	Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	1,323,807	
93.044	COVID-19 Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	918,871	
93.045	Special Programs for the Aging, Title III, Part C, Nutrition Services	1,327,407	
93.045	COVID-19 - Special Programs for the Aging, Title III, Part C, Nutrition Services	2,875,164	
93.053	Nutrition Services Incentive Program	391,726	
	Subtotal Aging Cluster	<u>6,836,975</u>	
93.048	Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	88,970	
93.048	COVID-19 - Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	154,010	
93.052	National Family Caregiver Support, Title III, Part E	617,994	
93.052	COVID-19 National Family Caregiver Support, Title III, Part E	443,380	
93.069	Public Health Emergency Preparedness	225,559	
93.070	Environmental Public Health and Emergency Response	40,908	
93.073	Birth Defects and Developmental Disabilities - Prevention and Surveillance	-	
93.074	Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	-	
93.077	Family Smoking Prevention and Tobacco Control Act Regulatory Research	305,533	
93.103	Food and Drug Administration Research	-	
93.104	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	32,618	
93.110	Maternal and Child Health Federal Consolidated Programs	13,952	
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Program	754,852	
93.127	Emergency Medical Services for Children	142,358	
93.136	Injury Prevention and Control Research and State and Community Based Programs	1,605	
93.150	Projects for Assistance in Transition from Homelessness (PATH)	66,136	
93.217	Family Planning Services	81,917	
	Health Center Program Cluster:		
93.224	Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	2,057,019	
93.224	COVID-19 - Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	947,808	
	Subtotal Health Center Program Cluster	<u>3,004,827</u>	
	BALANCE FORWARD	<u>\$ 13,161,448</u>	<u>\$ -</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

GOVERNMENT OF GUAM

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2021

Federal AL Number	Federal Grantor/Program or Cluster Title	<u>Expenditures</u>	<u>Amounts Passed Through To Subrecipients</u>
	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
	BALANCE FORWARD	\$ 13,161,448	\$ -
93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance	2,595,923	
93.268	Immunization Cooperative Agreements	1,020,798	
93.268	COVID-19 Immunization Cooperative Agreements	664,457	
93.283	Centers for Disease Control and Prevention Investigations and Technical Assistance	-	
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	667,396	
93.323	COVID-19-Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	3,659,797	
93.324	State Health Insurance Assistance Program	55,381	
93.336	Behavioral Risk Factor Surveillance System	196,994	
93.354	State Health Department Response to Crisis	421,238	
93.369	ACL Independent Living State Grants	-	
93.377	Prevention and Control of Chronic Disease and Associated Risk Factors in the U.S. Affiliated Pacific Islands, U.S. Virgin Islands, and P.R.	408,628	
93.387	National State Tobacco Program	18,444	
93.391	COVID-19 Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	53,075	
93.434	Prevention and Control of Chronic Disease	442,181	
93.504	Family to Family Health Information Centers	85,699	
93.505	ACA Maternal, Infant, and Early Childhood Home Visiting Program	(1,851)	
	TANF Cluster:		
93.558	Temporary Assistance for Needy Families	508,615	
	Subtotal TANF Cluster	<u>508,615</u>	
93.560	Family Support Payments to States Assistance Payments	1,200,341	
93.563	Child Support Enforcement	4,401,590	364,959
93.568	COVID-19 Low-Income Home Energy Assistance	169,645	
	CCDF Cluster:		
93.575	Child Care and Development Block Grant	7,062,465	
93.575	COVID-19 Child Care and Development Block Grant	<u>2,004,205</u>	1,997,272
	Subtotal CCDF Cluster	9,066,670	
93.597	Grants to States for Access and Visitation Programs	69,153	
93.630	Developmental Disabilities Basic Support and Advocacy Grants	254,700	
93.630	COVID-19 Developmental Disabilities Basic Support and Advocacy Grants	2,000	
93.645	COVID-19 Stephanie Tubbs Jones Child Welfare Services Program	41,613	
93.665	COVID-19 Emergency Grants to Address Mental and Substance Use Disorders During COVID-19	76,111	
93.667	Social Services Block Grant	2,187,985	
93.685	Formula Grants U.S. DHHS	396,019	
93.747	COVID-19 Elder Abuse Prevention Interventions Program	22,547	
93.758	Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	-	
93.767	Children's Health Insurance Program	<u>1,141,777</u>	
	Medicaid Cluster:		
93.778	Medical Assistance Program	113,356,385	
93.778	Medical Assistance Program	<u>33,581</u>	
	Subtotal Medicaid Cluster	113,389,966	
	BALANCE FORWARD	<u>\$ 156,378,340</u>	<u>\$ 2,362,231</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

GOVERNMENT OF GUAM

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2021

Federal AL Number	Federal Grantor/Program or Cluster Title	Expenditures	Amounts Passed Through To Subrecipients
	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
	BALANCE FORWARD	\$ 156,378,340	\$ 2,362,231
93.788	Opioid STR	245,527	
93.815	Domestic Ebola Supplement to the Epidemiology and Laboratory Capacity for the Infectious Diseases (ELC)	-	
93.817	Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities	-	
93.829	Section 223 Demonstration Program to Improve Community Mental Health Services	686,958	
93.870	Maternal, Infant and Early Childhood Home Visiting Grant Program	720,903	
93.889	National Bioterrorism Hospital Preparedness Program	122,743	122,743
93.898	Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	653,110	
93.917	HIV Care Formula Grants	278,072	
93.917	COVID-19 HIV Care Formula Grants	19,383	
93.945	Assistance Programs for Chronic Disease Prevention and Control	8,789	
93.958	Block Grants for Community Mental Health Services	1,311,288	
93.958	COVID-19 - Block Grants for Community Mental Health Services	469,684	
93.959	Block Grants for Prevention and Treatment of Substance Abuse	1,262,490	
93.959	COVID-19 Block Grants for Prevention and Treatment of Substance Abuse	345	
93.982	Mental Health Disaster Assistance and Emergency Mental Health	504,741	
93.991	Preventive Health and Health Services Block Grant	304,980	
93.994	Maternal and Child Health Services Block Grant to the States	630,879	
	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES TOTAL	<u>\$ 163,598,232</u>	<u>\$ 2,484,974</u>
	CORPORATION FOR NATIONAL AND COMMUNITY SERVICE		
94.003	State Commissions	\$ 274,101	\$ -
94.006	AmeriCorps	651,063	651,063
94.007	National State Tobacco Program	76,274	
94.009	Training and Technical Assistance	123,034	
	CORPORATION FOR NATIONAL AND COMMUNITY SERVICE TOTAL	<u>\$ 1,124,472</u>	<u>\$ 651,063</u>
	U.S. DEPARTMENT OF HOMELAND SECURITY		
97.008	Non-Profit Security Program	\$ 20,892	\$ -
97.012	Boating Safety Financial Assistance	1,288,302	
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	1,996,453	21,783
97.036	COVID-19 Disaster Grants - Public Assistance (Presidentially Declared Disasters)	14,547,273	11,079,110
97.039	Hazard Mitigation Grant	17,926	
97.042	Emergency Management Performance Grants	557,968	
97.042	COVID-19 Emergency Management Performance Grants	129,094	
97.047	Pre-Disaster Mitigation	210,866	234,253
97.050	COVID-19 Presidential Declared Disaster Assistance to Individuals and Households - Other Needs	35,090,425	
97.052	Emergency Operations Centers	-	
97.067	Homeland Security Grant Program	769,166	
97.082	Earthquake Consortium	30,000	
	U.S. DEPARTMENT OF HOMELAND SECURITY TOTAL	<u>\$ 54,658,365</u>	<u>\$ 11,335,146</u>
	TOTAL EXPENDITURES OF FEDERAL AWARDS	<u>\$ 1,004,270,366</u>	<u>\$ 81,232,873</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

GOVERNMENT OF GUAM

Notes to Schedule of Expenditures of Federal Awards Year Ended September 30, 2021

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 GovGuam are included within the scope of the audit. The U.S. Department of the Interior has been designated as GovGuam'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, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of GovGuam, it is not intended to and does not present the financial positions or changes in financial positions of GovGuam.

3. Summary of Significant Accounting Policies

a. Basis of Accounting:

All expenditures and capital outlays that represent the federal share are reported as expenditures. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting, consistent with the manner in which GovGuam 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 GovGuam 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, 2021 basic financial statements; except that the Guam Department of Education, the GovGuam Retirement Fund, the GovGuam Deferred 457 Compensation Plan, and all of the discretely presented component units are excluded. Accordingly, the accompanying Schedule of Expenditures of Federal Awards presents the federal award programs administered by GovGuam, as defined above, for the year ended September 30, 2021.

GOVERNMENT OF GUAM

Notes to Schedule of Expenditures of Federal Awards
Year Ended September 30, 2021

3. Summary of Significant Accounting Policies, Continued

The federal expenditure totals for the excluded departments and component units as of September 30, 2021, are as follows:

<u>Department or Component Unit</u>	<u>Federal Expenditure Total</u>
Antonio B. Won Pat International Airport Authority	\$ 42,769,262
GovGuam Retirement Fund	\$ -
GovGuam Deferred 457 Compensation Plan	\$ -
Guam Community College	\$ 6,930,616
Guam Department of Education	\$ 117,099,751
Guam Economic Development Authority	\$ -
Guam Educational Telecommunications Corporation	\$ -
Guam Housing and Urban Renewal Authority	\$ 58,560,330
Guam Housing Corporation	\$ -
Guam Memorial Hospital Authority	\$ 30,173,940
Guam Power Authority	\$ 15,064,047
Guam Preservation Trust	\$ -
Guam Visitors Bureau	\$ -
Guam Waterworks Authority	\$ 64,781,487
Port Authority of Guam	\$ 2,215,096
University of Guam	\$ 51,997,698

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

c. Cost Allocation:

GovGuam has a plan for the allocation of common costs related to public health and social services federal awards programs. The amounts allocated to 2021 federal awards programs are based on 2021 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 GovGuam. These programs generally could include donated commodities, insurance, electronic benefit payments under the Supplemental Nutrition Assistance Program (SNAP) and Pandemic EBT Food Benefits (P-EBT) program, and loans. For the year ended September 30, 2021, GovGuam had the following noncash awards:

U.S. Department of Agriculture

ALN 10.551 SNAP EBT payments	\$ 134,719,185
ALN 10.542 PEPT payments	<u>34,180,684</u>

Total EBT payments reported on the Schedule of Expenditures of Federal Awards	\$ <u>168,899,869</u>
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GOVERNMENT OF GUAM

Reconciliation of Schedule of Expenditures of Federal Awards to
Basic Financial Statements
Year Ended September 30, 2021

	<u>2021 Expenditures</u>
Federal Grants Assistance Fund:	
Total expenditures	\$ 478,449,801
Less transfers in from other funds	(18,337,025)
Plus transfers out to other funds	5,737,500
ARPA Assistance Fund:	
Total expenditures	96,056,705
Plus transfers out to other funds	545,732
CARES Act Unemployment Assistance Fund	380,263,943
COVID-19 Fund:	
Total expenditures	52,173,182
Plus transfers out to other funds	<u>957,449</u>
Federal expenditures, transfers, and other uses	995,847,287
<u>ALN</u>	
11.001 Fund 633 Census 2020	
Census Bureau Data Products	2,030,030
Superior Court of Guam:	
16.554 National Criminal History Improvement Program (NCHIP)	445,975
16.585 Drug Court Discretionary Grant Program	310,008
16.750 Support for Adam Walsh Act Implementation Grant Program	119,142
16.812 Second Chance Act Reentry Initiative	147,052
16.828 Swift Certain and Fair Sanctions Program	40,126
16.922 Equitable Sharing Program	4,026
21.016 Equitable Sharing Funds	11,808
93.243 Substance Abuse and Mental Health Services Projects of Regional and National Significance	715,101
21.023 Fund 681	
Emergency Rental Assistance Program	5,519,931
93.224 Fund 105 Community Health Centers:	
Health Centers Program	3,004,827
Variance	<u>(3,924,947)</u>
Total Federal Expenditures Subject to Audit	\$ <u>1,004,270,366</u>

GOVERNMENT OF GUAM

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED SEPTEMBER 30, 2021

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs
Year Ended September 30, 2021

Section I - Summary of Auditor's Results

Financial Statements

1. Type of report the auditors issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

2. Material weakness(es) identified? Yes
 3. Significant deficiency(ies) identified? None reported
 4. Noncompliance material to financial statements noted? Yes

Federal Awards

Internal control over major federal programs:

5. Material weakness(es) identified? Yes
 6. Significant deficiency(ies) identified? Yes
 7. Type of auditor's report issued on compliance for major federal programs:
 ALN 10.557, ALN 12.600, and ALN 97.036 Unmodified
 All other major programs Qualified
 8. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes
 9. Identification of major federal programs:

<u>AL Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.542	Pandemic EBT Food Benefits
10.551	SNAP Cluster: Supplemental Nutrition Assistance Program (SNAP)
10.561	State Administrative Matching Grants for the SNAP
10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children
12.600	Community Investment
15.875	Economic, Social and Political Development of the Territories
17.225	Unemployment Insurance
17.277	WIOA National Dislocated Worker Grants / WIA National Emergency Grants
20.509	Formula Grants for Rural Areas and Tribal Transit Program
21.019	Coronavirus Relief Fund
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
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)
	CCDF Cluster:
93.575	Child Care and Development Block Grant
	Medicaid Cluster:
93.778	Medical Assistance Program
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)
97.042	Emergency Management Performance Grants
97.050	Presidential Declared Disaster Assistance to Individuals and Households - Other Needs

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2021

Section I - Summary of Auditor's Results, Continued

10. Dollar threshold used to distinguish between Type A and Type B Programs:	\$3,012,811
11. Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

<u>Reference Number</u>	<u>Finding</u>
2021-001	Financial Management Information System (FMIS)
2021-002	General Ledger and SEFA Reconciliations
2021-003	Capital Assets
2021-004	GASB 24 Transactions
2021-011	PUA Overpayments
2021-023 84.425	Subrecipient Monitoring

Section III - Federal Award Findings and Questioned Costs

<u>Reference Number</u>	<u>AL Number</u>	<u>Finding</u>	<u>Questioned Costs</u>
2021-005	10.542	Reporting	\$ -
2021-006	10.551/10.561	Allowable Costs/Cost Principles	-
2021-007	10.551/10.561	Procurement and Suspension and Debarment	41,849
2021-008	10.551/10.561	Special Tests and Provisions – EBT Reconciliation	-
2021-003	15.875	Equipment and Real Property Management	-
2021-009	15.875	Procurement and Suspension and Debarment	-
2021-010	15.875	Special Tests and Provisions - ATP	-
2021-011	17.225	Eligibility	23,299,123
2021-012	17.225	Special Tests and Provisions – UI Program Integrity	-
2021-013	17.277	Eligibility	57,122
2021-003	20.509	Equipment and Real Property Management	-
2021-014	21.019	Activities Allowed or Unallowed	732,791
2021-015	21.019	Reporting	-
2021-016	21.019	Subrecipient Monitoring	4,244,106
2021-017	21.023	Eligibility	58,214
2021-018	21.023	Reporting	-
2021-019	21.027	Period of Performance	2,082,892
2021-020	21.027	Procurement and Suspension and Debarment	93,953
2021-021	21.027	Subrecipient Monitoring	7,429,479
2021-003	66.600	Equipment and Real Property Management	-
2021-022	66.600	Procurement and Suspension and Debarment	1,411
2021-023	84.425	Subrecipient Monitoring	1,214,942
2021-003	93.323	Equipment and Real Property Management	-
2021-024	93.323	Procurement and Suspension and Debarment	121,277
2021-025	93.575	Eligibility	260,040
2021-026	93.575	Special Tests and Provisions – Health and Safety	22,755
2021-027	93.778	Reporting	-
2021-028	93.778	Special Tests and Provisions – Provider	188,206
2021-029	97.042	Procurement and Suspension and Debarment	15,020
2021-030	97.050	Eligibility	<u>1,825,740</u>
			\$ <u>41,688,920</u>

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2021

Finding No.: 2021-001
Area: Financial Management Information System (FMIS)

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

Condition: As of May 2022, the Department of Administration (DOA) had not closed the general ledger accounting system. Accordingly, the AS400 financial data provided for audit in December 2021 included data for both FY 2020 and FY 2021. Additional time and effort were required to segregate the financial data and to reconcile individual beginning fund balances to facilitate timely completion of the FY 2021 audit.

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

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

Identification as a Repeat Finding: 2020-001

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

Views of Responsible Officials:

GovGuam's Corrective Action Plan provides planned corrective actions and does not specify disagreement with the finding.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2021

Finding No: 2021-002
Area: General Ledger and Schedule of Expenditures of Federal Awards Reconciliations

Criteria:

General ledger balances should be timely reconciled (e.g., at least monthly) to the subsidiary ledger or supporting details and reviewed for ongoing pertinence. Opening net position should be reconciled to the audited prior year ending net position. The Schedule of Expenditures of Federal Awards (SEFA) should present all amounts passed through to subrecipients.

Condition:

1. Opening net position was not reconciled for the following funds:

<u>Fund Description</u>	<u>Per 2020 Financial Statements</u>	<u>Balance per 2021 General Ledger</u>	<u>Variance</u>
GENERAL FUND	40,143,080	40,691,249	548,169
FEDERAL GRANT FUND	234,679	(403,557)	(638,236)
STREET LIGHT FUND	-	240,498	240,498
TERRITORIAL EDUCATION FACILITY	213,953	1,068,313	854,360
GUAM HIGHWAY FUND	(1,236,529)	(1,636,376)	(399,847)
SAFE STREETS ACT	-	145,991	145,991
LAND SURVEY REVOLVING FUND	-	348,943	348,943
GUAM MUSEUM FUND	-	538,060	538,060
MEDICALLY INDIGENT PROGRAM PAY	(601,418)	(583,751)	17,667
UOG CAPITAL IMPROVEMENTS FUND	-	(936,772)	(936,772)
FINANCIAL MGMT DIVISION RELVNG	(264,974)	(438,038)	(173,064)
GUAM REGIONAL TRANSIT AUTHORITY	-	745,276	745,276
HEALTHY FUTURES FUND	(14,192,426)	(14,546,982)	(354,556)
TAX COLLECTION ENHANCEMENT FND	-	136,247	136,247
PUBLIC SCHOOL LIBRARY RESOURCE	-	483,339	483,339
PUBLIC RECREATION SERVICES FND	-	199,542	199,542
INDIRECT COST FUND	-	981,440	981,440
GCC CAPITAL IMPROVEMENTS FUND	23,244	223,644	200,400
COVID-19 SPECIAL FUND	(30)	(53,131,545)	(53,131,515)

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2021

Finding No: 2021-002, Continued
Area: General Ledger and Schedule of Expenditures of Federal Awards Reconciliations

Condition, Continued:

2. Various reconciling issues were identified, such as recording lease expenditures as prepayments; recording collections as liabilities, recording unreleased checks as a reduction of cash, understatements and overstatements of accruals, unreconciled differences in grant receivables and deferred revenues, capital lease liabilities, recognizing grant contributions and receivables due from a grantor when expenditures were incurred, and recognizing deferred revenues from a grantor when expenditures were not incurred.
 - a) Approximately \$482M of American Rescue Plan revenues were not incurred and should be reported as deferred revenue. An audit adjustment was proposed to correct this misstatement.
 - b) Approximately \$6.070M of Emergency Rental Assistance Program funds were not incurred and should be reported as deferred revenue. An audit adjustment was proposed to correct this misstatement.
 - c) General Fund prepayments of approximately \$4.572M were for lease payments that should be reported as expenditures. Such is included in the summary of uncorrected misstatements.
 - d) General Fund bank reconciliations included approximately \$24.6M of unreleased checks and \$1.8M of stale dated checks as of September 30, 2021; understating cash and understating liabilities. An audit reclassification was proposed to correct the misstatements.
 - e) General Fund accrued payroll was overstated by \$32.9M. Understatements of accrued payroll was also identified in the Federal Grants Fund and Other Governmental Funds of \$1.983M and \$2.150M, respectively. Reconciliations were not completed until 8 months subsequent to the fiscal year end.
 - f) General Fund includes approximately \$5.5M of GRT tax collections that have not been allocated by tax type in the General Ledger.
 - g) Due to the nature of the Federal Grants Assistance Fund, revenues should only be reported as expenditures are incurred. As of September 30, 2021, Fund 101 had an ending net position of \$1.142M. A post-closing entry was recorded to reduce this balance.
 - h) For 6 (or 28%) of 21 General Fund transactions tested, \$253K of expenditures were not accrued as of year-end. Projected understatement of unreported accruals approximates \$1.272M.
 - i) For 2 (or 18%) of 11 of Federal Grants Fund transactions tested, \$106K of expenditures were not accrued as of year-end. Projected understatement of unreported accruals approximates \$2.992M.
 - j) For 6 (or 66%) of 9 of Other Non-Major Government Fund transactions tested, \$724K of expenditures were not accrued as of year-end. Projected understatement of unreported accruals approximates \$1.426M.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2021

Finding No: 2021-002, Continued
Area: General Ledger and Schedule of Expenditures of Federal Awards Reconciliations

Condition, Continued:

- k) For 1 (or 33%) of 3 of ARPA Fund transactions tested, \$403K of expenditures were not accrued as of year-end. The projected understatement of unreported accruals approximates \$727K.
 - l) Net pension, OPEB liabilities and related deferred inflow and outflow of resources were not adjusted to reflect current year changes. An audit adjustment was proposed to report net changes of \$10.874M and \$60.484M for related net pension and OPEB liabilities, respectively.
 - m) Capital lease liabilities were overstated by \$7.930M. An audit adjustment was proposed to correct this misstatement.
 - n) Bonds payables and other related balances had a net understatement that approximated \$14.430M. An audit adjustment was proposed to correct this misstatement.
 - o) Approximately \$3.9M of General Ledger expenditures were not traceable to the SEFA.
 - p) The CARES Act Unemployment Assistance Fund (Fund 679) included \$7.760M of amounts due from the federal agency that did not reconcile with supporting schedules.
 - q) The General Fund, Census 2020 Fund (Fund 633) included \$2M of amounts due from the federal agency that did not reconcile with the General Ledger.
3. Approximately \$69M in recorded expenditures related to amounts passed through to subrecipients that were not reconciled in the SEFA as of June 14, 2022. A final SEFA was provided on June 21, 2022, and approximately \$2.5M of amounts passed through to subrecipients continued to be an unreconciled difference between the general ledger and the SEFA. Additionally, the final SEFA erroneously identified clusters of programs, including the identification of ALN 10.542 Pandemic EBT Food Benefits (with \$34.2M in expenditures) as a program in the SNAP Cluster.

Cause:

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

Effect:

The aforementioned accounts and SEFA amounts were misstated. There is a potential for GovGuam to not perform required subrecipient monitoring requirements.

Identification as a Repeat Finding: 2020-002

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2021

Finding No: 2021-002, Continued
Area: General Ledger and Schedule of Expenditures of Federal Awards Reconciliations

Recommendation:

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

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

Views of Responsible Officials:

GovGuam's Corrective Action Plan provides planned corrective actions and does not specify disagreement with the finding.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2021

Finding No.: 2021-003, Continued
AL Program: 15.875 DOI Economic, Social and Political Development of the Territories
AL Program: 20.509 DOT Formula Grants for Rural Areas and Tribal Transit Program
AL Program: 66.600 EPA Environmental Protection Consolidated Grants for the Insular Areas -
Program Support
AL Program: 93.323 HHS COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases
Area: Equipment and Real Property Management
Area: Capital Assets
Questioned Costs: \$0

Condition, Continued:

7. For one (or 10%) of ten samples tested, transaction for \$631,300 was capitalizable but not included in the capital asset register. A projected understatement of capital assets for current year of \$13M may be presented and included in the summary of uncorrected misstatements.
8. For one (or 50%) of two samples tested, a capitalized project was understated by \$782K (C180600540 and C180600541).
9. Construction costs were not easily identifiable by project. 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.

This condition is a reiteration of conditions in the prior year audit.

Cause:

The processes over inventory, maintenance and reconciliation of capital assets are not routine. GovGuam requires more funding and human resources to fully develop a reliable equipment management system.

Effect:

GovGuam is in noncompliance with applicable equipment management requirements. The underlying capital outlays are not considered questioned costs, as we are unable to quantify the extent of noncompliance. This noncompliance applies to ALNs 15.875, 20.509, 66.600, and 93.323, for which cumulative capital outlays over the past five years exceed the program's FY 2021 materiality level.

Furthermore, depreciable assets and amounts reported as construction in progress may be materially misstated. Such potential misstatements were mitigated through a proposed audit adjustment.

Identification as a Repeat Finding: 2020-003

Recommendation:

GovGuam should complete the required biannual physical inventory and reconciliations during FY 2022 and should consider developing a more detailed corrective action plan with timetables for completing planned actions, such as requesting Federal assistance, processing required reconciliations and reports, training personnel, and coordinating with other governmental units on property management requirements.

GovGuam should continue implementing controls over timely tagging all equipment and over performing the required future inventories and reconciliations in accordance with applicable equipment management requirements.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2021

Finding No.: 2021-003, Continued
AL Program: 15.875 DOI Economic, Social and Political Development of the Territories
AL Program: 20.509 DOT Formula Grants for Rural Areas and Tribal Transit Program
AL Program: 66.600 EPA Environmental Protection Consolidated Grants for the Insular Areas -
Program Support
AL Program: 93.323 HHS COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases
Area: Equipment and Real Property Management
Area: Capital Assets
Questioned Costs: \$0

Recommendation, Continued:

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

The Division of Accounts should investigate whether additional personnel well versed in accounting reconciliations and processes may be required 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:

GovGuam's Corrective Action Plan provides planned corrective actions and does not specify disagreement with the finding.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2021

Finding No: 2021-004
Area: GASB 24 Transactions

Criteria:

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

Condition: As of September 30, 2021, SNAP and P-EBT transactions totaling \$168,899,857 were not reported.

Cause: GovGuam did not effectively monitor compliance with GASB 24 requirements.

Effect: GovGuam is in noncompliance with applicable GASB 24 requirements.

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

Views of Responsible Officials:

GovGuam's Corrective Action Plan specifies agreement with the finding and provides planned corrective actions.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2021

Finding No.: 2021-005
Federal Agency: U.S. Department of Agriculture
AL Program: 10.542 Pandemic EBT Food Benefits (P-EBT)
Federal Award No.: COVID-19 The Families First Coronavirus Response Act, Section 1101
Area: Reporting
Questioned Costs: \$0

Criteria:

In accordance with applicable reporting requirements, FNS-292B, Report of Disaster Food Stamp Benefit Issuance, should be prepared and submitted.

Condition:

FNS-292B reports were not prepared and submitted.

Cause:

GovGuam recently requested access to FNS-292B in the Food Program Reporting System to submit the reports.

Effect:

GovGuam is in noncompliance with applicable FNS-292B reporting requirements.

Recommendation:

GovGuam should establish and implement controls over reporting requirements. Responsible personnel should monitor the status of required reports well in advance of report due dates and should commence the necessary actions to effect accurate and complete submissions in a timely manner.

Views of Responsible Officials:

GovGuam's Corrective Action Plan specifies agreement with the finding and provides planned corrective actions.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2021

Finding No.: 2021-006
Federal Agency: U.S. Department of Agriculture
AL Program: 10.551/10.561 SNAP Cluster
Federal Award No.: 2021 7GU400GU4
Area: Allowable Costs/Cost Principles
Questioned Costs: \$0

Criteria:

In accordance with applicable allowable costs/cost principles requirements, SNAP net issuances recorded per the financial management system must be adequately documented to be allowable under Federal awards.

Condition:

SNAP expungements represent a household's inactive SNAP electronic benefit transfer (EBT) benefits that have been removed from online access. Program expenditures appear overstated by \$671,667 in expungements, as follows:

FNS-46:	
Total issuances	\$ 169,121,294
Returns: Expungement	(842,183)
Returns: Repayment	<u>(50,909)</u>
Net Issuances	<u>168,228,202</u>
Schedule of expenditures:	
ALN 10.551 SNAP	134,719,185
ALN 10.542 P-EBT	<u>34,180,684</u>
Total	<u>168,899,869</u>
Difference	\$ <u><u>671,667</u></u>

Cause:

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

Effect:

GovGuam is in noncompliance with applicable allowable costs/cost principles requirements. No questioned cost is presented as the expungements were not issued to households.

Recommendation:

GovGuam should strengthen monitoring controls over applicable allowable costs/cost principles requirements. Responsible personnel at the Division of Accounts and Department of Public Health and Social Services should more closely coordinate to determine that SNAP EBT recorded in the financial management system is adequately documented.

Views of Responsible Officials:

GovGuam's Corrective Action Plan specifies agreement with the finding and provides planned corrective actions.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2021

Finding No.: 2021-007
Federal Agency: U.S. Department of Agriculture
AL Program: 10.551/10.561 SNAP Cluster
Area: Procurement and Suspension and Debarment
Questioned Costs: \$41,849

Criteria:

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

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

Condition:

Of 18 procurement transactions tested, aggregating \$516K of \$735K in total applicable non-payroll program expenditures, we noted the following:

1. The small purchases method was used; however, less than three informal price quotations are on file. Given the ease of emailing capabilities and official social media platforms, other potential suppliers should have been solicited and given an opportunity to participate in the federally funded transaction. No questioned cost is presented as the procurement can be viewed as being technically compliant based on existing GovGuam procurement regulations and guidance from the Office of the Attorney General of Guam.
 - a. For one (or 6%), the procurement of data line installations includes three quotations, of which one indicates "no quote."
 - b. For one (or 6%), the procurement of tape cartridges and bar codes includes three quotations, of which one indicates "no quote."
 - c. For one (or 6%), the procurement of document scanners includes four quotations, of which two indicate "no quote."

<u>Federal Award No.</u>	<u>Prior Reference</u>	<u>Date</u>	<u>Vendor Number</u>	<u>Amount Tested</u>
2020 7GU400GU4	P206A03085	04/01/2020	N0096228	\$ 4,974
2021 7GU400GU4	P216A01453	12/30/2020	S0097692	\$ 8,508
2021 7GU400GU4	P216A02227	02/15/2021	N0096228	\$10,912

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2021

Finding No.: 2021-007, Continued
 Federal Agency: U.S. Department of Agriculture
 AL Program: 10.551/10.561 SNAP Cluster
 Area: Procurement and Suspension and Debarment
 Questioned Costs: \$41,849

Condition, Continued:

2. For three (or 17%), the emergency procurement method was used to procure office rental space for the Department of Public Health and Social Services State Office and Bureau of Economic Security under purchase order P216E00127, dated 12/04/2020 pursuant to Executive Orders 2020-03 – 2020-36 (Emergency Response to COVID-19). No positive quotations were on file for FY2021. The previous emergency procurement in FY2020 pursuant to Executive Order 2019-26 (Relative to Declaring a State of Emergency for the Department of Public Health and Social Services as a Result of Damage Suffered to its Mangilao Main Facility) had five positive quotations. The FY2020 emergency procurement results appear to have been used for FY2021.

<u>Federal Award No.</u>	<u>Prior Reference</u>	<u>Date</u>	<u>Vendor Number</u>	<u>Amount Tested</u>	<u>FY 2021 Expenditures and Questioned Costs</u>
2021 7GU400GU4	P216E00127	12/04/2020	R0099636	\$66,000	\$ 66,000
2021 7GU400GU4	P216E00027	11/27/2020	R0099636	\$ 1,704	5,078
2021 7GU400GU4	P216E00027		R0099636	\$12,230	<u>12,620</u>
					<u>\$ 83,698</u>

Cause:

GovGuam did not enforce compliance with applicable procurement requirements.

Effect:

GovGuam is in noncompliance with applicable procurement requirements. The reportable questioned cost is \$41,849 (50% share of \$83,698).

Recommendation:

Responsible procurement personnel should enforce compliance with applicable procurement requirements.

Views of Responsible Officials:

GovGuam's Corrective Action Plan provides a detailed response and does not specify disagreement with the finding.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued Year Ended September 30, 2021

Finding No.: 2021-008
Federal Agency: U.S. Department of Agriculture
AL Program: 10.551/10.561 SNAP Cluster
Federal Award No.: 2021 7GU400GU4
Area: Special Tests and Provisions – EBT Reconciliation
Questioned Costs: \$0

Criteria:

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

Condition:

Of seventy-eight reconciliation dates tested, the reconciliation data contained no dates relative to signoffs, system extractions, or printing, etc., to substantiate whether the daily reconciliation occurred.

Cause:

DPHSS management did not effectively monitor compliance with applicable EBT reconciliation requirements.

Effect:

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

Identification as a Repeat Finding: Finding 2020-005

Recommendation:

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

Views of Responsible Officials:

GovGuam's Corrective Action Plan specifies agreement with the finding and provides planned corrective actions.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2021

Finding No.: 2021-009
Federal Agency: U.S. Department of the Interior
AL Program: 15.875 Economic, Social, and Political Development of the Territories
Federal Award No.: D19AF00065
Area: Procurement and Suspension and Debarment
Questioned Costs: \$0

Criteria:

In accordance with applicable procurement and suspension and debarment requirements, the procurement file must document the history of the procurement, including the rationale for the method of procurement, selection of contract type, basis for contractor selection, and the basis for the contract price.

Condition:

For one (or 6%), the small purchases method was used; however, less than three informal price quotations are on file. The procurement of lawn maintenance equipment includes four quotations, two of which indicate "no quote." Given the ease of emailing capabilities and official social media platforms, other potential suppliers should have been solicited and given an opportunity to participate in the federally funded transaction. No questioned cost is presented as the procurement can be viewed as being technically compliant based on existing GovGuam procurement regulations and guidance from the Office of the Attorney General of Guam.

<u>Prior Reference</u>	<u>Date</u>	<u>Vendor Number</u>	<u>Amount Tested</u>
P206A05731	09/26/2020	E0098666	\$ 19,835

Cause:

GovGuam did not enforce compliance with applicable procurement requirements.

Effect:

GovGuam is in noncompliance with applicable procurement requirements.

Identification as a Repeat Finding: Finding 2020-006

Recommendation:

Responsible procurement personnel should enforce compliance with applicable procurement requirements.

Views of Responsible Officials:

GovGuam's Corrective Action Plan provides a detailed response and does not specify disagreement with the finding.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2021

Finding No.: 2021-010
Federal Agency: U.S. Department of the Interior
AL Program: 15.875 Economic, Social, and Political Development of the Territories
Area: Special Tests and Provisions - ATP
Questioned Costs: \$0

Criteria:

In accordance with grant terms and conditions, costs may not be incurred, and work may not commence on a project until the Office of Insular Affairs (OIA) has issued an Authorization to Proceed (ATP).

Condition:

For one (or 4%) of 25 transactions tested for compliance, a total of \$1,670,965 in costs were incurred under grant number D21AF10049 on 03/15/2021; however, the corresponding ATP was not issued by OIA until 03/31/2021. No questioned cost is presented because GovGuam subsequently obtained and provided an ATP from OIA on 06/06/2022 with an amended issuance date of 03/15/2021.

Cause:

GovGuam did not effectively perform monitoring controls over compliance with applicable grant terms and conditions for ATPs.

Effect:

GovGuam is in noncompliance with applicable grant terms and conditions for ATPs.

Recommendation:

GovGuam should strengthen monitoring controls over compliance with applicable grant terms and conditions for ATPs. Responsible personnel should review ATPs prior to approving Program costs and should document such reviews on file.

Views of Responsible Officials:

GovGuam's Corrective Action Plan specifies agreement with the finding and provides planned corrective actions.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2021

Finding No.: 2021-011
 Federal Agency: U.S. Department of Labor
 AL Program: 17.225 Unemployment Insurance
 Federal Award No.: COVID-19 Pandemic Unemployment Assistance (PUA)
 Federal Award No.: COVID-19 Federal Pandemic Unemployment Compensation (FPUC)
 Area: Eligibility
 Questioned Costs: \$23,299,123

Criteria:

In accordance with applicable eligibility requirements, claimants are eligible to receive pandemic unemployment assistance and Federal pandemic unemployment compensation if they file an initial application and weekly certifications. Claimants who have been laid off or furloughed may qualify for weekly benefit of \$345. Claimants still working but making less than \$345 a week may qualify for PUA minus their wages.

Condition:

Of 60 case files tested, aggregating \$1.3 million of \$380.3 million in total program benefits, we noted the following:

1. For 29 (or 48%), the case file documentation demonstrates ineligibility.

<u>Claim ID</u>	<u>Week Ending Date</u>	<u>PUA Overpayment</u>	<u>FPUC Overpayment</u>	<u>FY21 Recovery</u>	<u>Questioned Cost</u>
22753	02/27/2021				\$ 640
24768	11/28/2020	\$ 345	\$ -		345
28720	01/02/2021				527
30573	05/01/2021				535
36583	02/06/2021	\$345	\$300		645
42592	04/17/2021				633
67288	01/09/2021	\$345	\$300		645
71729	02/20/2021	\$345	\$300		645
75646	04/10/2021				524
81511	03/06/2021	\$345	\$300		645
88699	01/02/2021	\$345	\$300		645
97391	05/22/2021				495
184834	08/15/2020	\$345	\$ -		345
223523	05/02/2020	\$345	\$600		945
356713	05/23/2020	\$345	\$600		945
401872	07/24/2021	\$345	\$300		645
403803	07/17/2021	\$345	\$300		645
404352	08/07/2021	\$345	\$300		645
405433	05/22/2021	\$345	\$300		645
406523	06/05/2021	\$345	\$300		645
407096	07/10/2021				615
408896	06/26/2021	\$345	\$300		645
409468	07/17/2021	\$345	\$300		645
410665	05/15/2021	\$345	\$300		645
411238	07/17/2021	\$345	\$300		645
412771	06/19/2021				533
413799	07/31/2021				583
414579	07/24/2021	\$345	\$300		645
418949	07/10/2021	\$345	\$300		645
					<u>\$ 17,985</u>

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2021

Finding No.: 2021-011, Continued
 Federal Agency: U.S. Department of Labor
 AL Program: 17.225 Unemployment Insurance
 Federal Award No.: COVID-19 Pandemic Unemployment Assistance (PUA)
 Federal Award No.: COVID-19 Federal Pandemic Unemployment Compensation (FPUC)
 Area: Eligibility
 Questioned Costs: \$23,299,123

Condition, Continued:

2. For one (or 2%), the claimant was still working and made more than \$345 for the week, yet received the full weekly PUA benefit.

<u>Claim ID</u>	<u>Week Overpaid</u>	<u>PUA Overpayment</u>	<u>FPUC Overpayment</u>	<u>FY21 Recovery</u>	<u>Questioned Cost</u>
10881	09/05/2020	\$ 252	\$ -	\$ 3	\$ 249

3. For five (or 8%), the claimant claimed to be unable and unavailable to work or attested that he/she is able to telework.

<u>Claim ID</u>	<u>Weeks Overpaid</u>	<u>PUA Overpayment</u>	<u>FPUC Overpayment</u>	<u>FY21 Recovery</u>	<u>Questioned Cost</u>
24768	11/28/2020	\$345	\$0		See above
47959	05/15/2021	\$345	\$300		\$ 645
54195	01/16/2021	\$345	\$300		645
404352	08/07/2021	\$345	\$300		See above
404889	06/05/2021	\$345	\$300		645
					<u>\$1,935</u>

4. A total of \$23,278,954 in PUA overpayments was reported during FY 2021.

Cause:

Guam Department of Labor did not effectively monitor compliance with applicable eligibility requirements.

Effect:

GovGuam is in noncompliance with applicable eligibility requirements. The reportable questioned cost is at least \$23,299,123.

Identification as a Repeat Finding: Finding 2020-010

Recommendation:

Guam Department of Labor should periodically monitor compliance with applicable eligibility requirements. Responsible personnel should timely perform quality control reviews and enforce recovery of overpayments.

Views of Responsible Officials:

GovGuam's Corrective Action Plan provides planned corrective actions and does not specify disagreement with the finding.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2021

Finding No.: 2021-012
 Federal Agency: U.S. Department of Labor
 AL Program: 17.225 Unemployment Insurance
 Federal Award No.: COVID-19 Pandemic Unemployment Assistance (PUA)
 Federal Award No.: COVID-19 Federal Pandemic Unemployment Compensation (FPUC)
 Area: Special Tests and Provisions – UI Program Integrity - Overpayments
 Questioned Costs: \$0

Criteria:

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

Condition:

1. For 5 (or 8%) of 60 case files tested, aggregating \$1.3 million of \$380.3 million in total program benefits, a notice of overpayment was mailed to the claimant after 09/30/2021; however, no subsequent documentation was provided to substantiate recoupment of the overpayment.

<u>Claim ID</u>	<u>Weeks Overpaid</u>	<u>PUA Overpayment</u>	<u>FPUC Overpayment</u>	<u>FY21 Recovery</u>	<u>Questioned Cost</u>
10881	09/05/20	\$ 252	\$ -	\$ 3	\$ 249
75646	03/14/20-07/11/20	\$6,210	\$9,000	\$8,856	6,354
223523	04/25/20-10/10/20	\$8,625	\$8,400	\$ -	17,025
356713	03/28/20-06/27/20	\$4,830	\$7,800	\$ -	12,630
410066	04/03/21-07/31/21	\$2,103	\$3,900	\$ -	6,003
					<u>\$42,261</u>

2. For 49 (or 94%) of 52 case files tested, aggregating \$765,056 of \$11.4 million in total program benefits, a notice of overpayment was mailed to the claimant during FY 2021. For 46 of the 49 overpayment cases, no subsequent documentation was provided to substantiate recoupment of the overpayment, resulting in total questioned costs of \$614,135.

Cause:

Guam Department of Labor did not effectively monitor compliance with applicable special tests and provisions requirements for overpayments.

Effect:

GovGuam is in noncompliance with applicable special tests and provisions requirements for overpayments. No questioned cost is presented at this finding because related questioned costs are previously reported at Finding Number 2021-011.

Recommendation:

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

Views of Responsible Officials:

GovGuam’s Corrective Action Plan provides planned corrective actions and does not specify disagreement with the finding.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2021

Finding No.: 2021-013
 Federal Agency: U.S. Department of Labor
 AL Program: 17.277 WIOA National Dislocated Worker Grants / WIA National Emergency Grants
 Federal Award No.: COVID-19 DW-34678-20-60-A-66
 Area: Eligibility
 Questioned Costs: \$57,122

Criteria:

In accordance with applicable eligibility requirements, only those who are dislocated workers or long-term unemployed for at least 27 weeks may participate in the Program. Case files should contain such documents as employment verification letters or separation letters.

Condition:

For 5 (or 8%) of 60 case files tested, aggregating \$733,351 of \$3 million in total program benefits, case file documentation was insufficient to substantiate eligibility, and the salary paid to the participant in FY 2021 is a questioned cost.

- For 2 (or 3%), no document is in the case file to demonstrate that the participant is a dislocated worker or is long-term unemployed.

<u>Initials</u>	<u>Position</u>	<u>Agency</u>	<u>Salary in FY 2021</u>
DH	Data Control Clerk I	DPHSS	\$ 6,363
PN	Community Program Aide I	DPHSS	-
MT	Customer Service Representative	PUA	19,584
			<u>\$ 25,947</u>

- For 1 (or 2%), the participant's application indicates unemployment for only 26 weeks.

<u>Initials</u>	<u>Position</u>	<u>Agency</u>	<u>Annual Salary</u>
KS	Customer Service Representative	DOL ADMIN	\$ 13,572

- For 1 (or 2%), the personnel action form indicates a job title of Community Service Representative, however, no such job title is specified in the applicable Guam Competitive Wage Act of 2014 or the General Pay Plan. Therefore, we are unable to determine the accuracy of the participant's wages.

<u>Initials</u>	<u>Position</u>	<u>Agency</u>	<u>Annual Salary</u>
ER	Community Service Representative	DPHSS	\$ 17,603

- For 1 (or 2%), the birthdate in the master file does not agree with the birthdate on the participant's identification documents. As a corrective action, the Program Administrator updated the master listing. No questioned cost results because other case file documents demonstrate eligibility of the participant.

<u>Initials</u>	<u>Position</u>	<u>Agency</u>
AF	Data Control Clerk I	DPHSS

- For 27 (or 45%), no routing letter checklist is in the case file to demonstrate that the case file was reviewed for accuracy and completeness by the former Program Administrator. As a corrective action, the successor Program Administrator reviewed the files and created a routing letter checklist. No questioned cost results from this test of monitoring controls.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2021

Finding No.: 2021-013, Continued
Federal Agency: U.S. Department of Labor
AL Program: 17.277 WIOA National Dislocated Worker Grants / WIA National Emergency Grants
Federal Award No.: COVID-19 DW-34678-20-60-A-66
Area: Eligibility
Questioned Costs: \$57,122

Cause:

Guam Department of Labor did not effectively monitor compliance with applicable eligibility requirements.

Effect:

GovGuam is in noncompliance with applicable eligibility requirements. The reportable questioned cost is \$57,122.

Recommendation:

Guam Department of Labor should periodically monitor compliance with applicable eligibility requirements. Responsible personnel should timely perform and document quality control reviews.

Views of Responsible Officials:

GovGuam's Corrective Action Plan provides planned corrective actions and does not specify disagreement with the finding.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2021

Finding No.: 2021-014
Federal Agency: U.S. Department of the Treasury
AL Program: 21.019 Coronavirus Relief Fund
Federal Award No.: COVID-19
Area: Activities Allowed or Unallowed
Questioned Costs: \$732,791

Criteria:

In accordance with applicable activities allowed or unallowed requirements, payments must be used to cover costs that are:

1. Necessary expenditures incurred due to the public health emergency with respect to COVID-19;
2. Not accounted for in the government's most recently approved budget as of September 15, 2020; and
3. Incurred during the period that begins on March 1, 2020 and ends on December 30, 2021.

Condition:

For 5 (or 26%) of 19 non-payroll transactions tested, aggregating \$3.6M of \$57.1M in total non-payroll program costs, the cost does not appear to be a necessary expenditure incurred due to the public health emergency with respect to COVID-19, as follows:

- a. Credit card fees absorbed by various GovGuam agencies. Although we understand that the absorption of credit card fees may have been necessary to encourage online payments, we are not aware of analytics to determine pre- and post-COVID usage of credit cards and associated fees. No credit card statements were provided to substantiate fees charged.

<u>Transaction No.</u>	<u>Prior Reference</u>	<u>Date</u>	<u>Vendor Number</u>	<u>Amount Tested</u>
J210611434	FEE-032021	03/31/2021	GovGuam Agencies	\$444,692

- b. Unoccupied hotel rooms during the period from 08/23/2020 through 05/08/2021. Of the total 2,183 rooms used during the period, 1,273 rooms (or 58%) remained unoccupied at a rate of \$175 or \$120. Although we understand that mass reservations may have been necessary to secure rooms to accommodate unknown numbers of quarantined travelers, we are not aware of monitoring efforts and analytics to more accurately project the required number of room reservations and to minimize costs for unoccupied rooms as experience with the pandemic progressed.

<u>Transaction No.</u>	<u>Prior Reference</u>	<u>Date</u>	<u>Vendor Number</u>	<u>Amount Tested</u>
0726805	P216E00020	10/16/2020	D0017231	\$ 93,594
EFT_011421	D210660516	01/11/2021	C0012494	93,570
EFT_020121	D210660571	01/29/2021	C0012494	81,800
EFT_052421	D210661484	05/21/2021	C0012494	19,135
				<u>\$288,099</u>

Cause:

GovGuam did not effectively monitor compliance with applicable activities allowed or unallowed requirements.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2021

Finding No.: 2021-014, Continued
Federal Agency: U.S. Department of the Treasury
AL Program: 21.019 Coronavirus Relief Fund
Federal Award No.: COVID-19
Area: Activities Allowed or Unallowed
Questioned Costs: \$732,791

Effect:

GovGuam is in noncompliance with applicable activities allowed or unallowed requirements. The reportable questioned cost is \$732,791.

Identification as a Repeat Finding: 2020-011

Recommendation:

GovGuam should more closely monitor program costs for compliance with activities allowed or unallowed requirements.

Views of Responsible Officials:

GovGuam's Corrective Action Plan provides a detailed response and states that credit card statements are available for Condition a. above.

Auditor Response:

The credit card statements were not provided.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2021

Finding No.: 2021-015
Federal Agency: U.S. Department of the Treasury
AL Program: 21.019 Coronavirus Relief Fund
Federal Award No.: COVID-19
Area: Reporting
Questioned Costs: \$0

Criteria:

In accordance with applicable reporting requirements for special reporting, each prime recipient of the Fund shall provide a quarterly Financial Progress Report that contains COVID-19 related costs incurred during the covered period. The prime recipient's quarterly Financial Progress Report submission should be supported by the data in the prime recipient's accounting system.

Condition:

No reports were provided.

Cause:

GovGuam did not effectively perform monitoring controls over reporting requirements.

Effect:

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

Identification as a Repeat Finding: 2020-012

Recommendation:

GovGuam should enforce compliance with applicable reporting requirements.

Views of Responsible Officials:

GovGuam's Corrective Action Plan provides a response that quarterly reports are submitted.

Auditor Response:

Copies of the submitted reports were not provided.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2021

Finding No.: 2021-016
Federal Agency: U.S. Department of the Treasury
AL Program: 21.019 Coronavirus Relief Fund
Federal Award No.: COVID-19
Area: Subrecipient Monitoring
Questioned Costs: \$4,244,106

Criteria:

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

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

Condition:

For the year ended September 30, 2021, GovGuam reported \$53.1 million in total program expenditures in the Schedule of Expenditures of Federal Awards (SEFA). A total of \$11.3 million represents amounts passed through to GovGuam line agencies and component units, including a total of \$4,244,106 million to Guam Economic Development Authority (GEDA) for the Guam Small Business Pandemic Assistance Grant (\$1,273,106) and the Small Business Rent Assistance Grant Program (\$2,971,000). According to Executive Order (EO) No. 2020-18, dated June 1, 2020,

“GEDA is designated as the entity responsible for the administration of the Guam Small Business Pandemic Assistance Grant....The Administrator of GEDA is designated as the official responsible for overseeing the program which includes the following items:...[(b)]. Creating the program inclusive of application, promotional materials, standard operating procedures, and other relevant documentation. [(c)] Receiving and reviewing applications in a timely manner and periodically reporting a payment schedule to the Department of Administration for check issuance to small businesses.”

Similarly, EO 2020-40, dated November 23, 2020, states,

“GEDA is designated as the entity responsible for the administration of the [Small Business Rent Assistance Grant] Program....The Administrator of GEDA is designated as the official responsible for overseeing the program which includes the following items:...[(a)]. Creating the Program inclusive of application, standard operating procedures, and other relevant documentation. [(b)] Receiving and reviewing applications and reporting a payment schedule to the Department of Administration for check issuance to eligible small businesses.”

As such, GEDA is expected to be audited as required by the Single Audit Act and 2 CFR part 200. We are aware that the audit report on GEDA's FY 2021 financial statements was issued and dated April 6, 2022. However, it appears GEDA was not subjected to a Single Audit.

Cause:

GovGuam did not enforce compliance with applicable subrecipient monitoring requirements.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2021

Finding No.: 2021-016, Continued
Federal Agency: U.S. Department of the Treasury
AL Program: 21.019 Coronavirus Relief Fund
Federal Award No.: COVID-19
Area: Subrecipient Monitoring
Questioned Costs: \$4,244,106

Effect:

GovGuam is in noncompliance with applicable subrecipient monitoring requirements. The reportable questioned cost is \$4,244,106.

Identification as a Repeat Finding: 2020-013

Recommendation:

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

Views of Responsible Officials:

GovGuam's Corrective Action Plan provides a detailed response as to why GEDA was not a subrecipient and states, "Auditors may request access to GEDA and DOA records for verification of eligibility."

Auditor Response:

An examination of GEDA's and DOA's records as to eligibility would not address this finding relative to subrecipient monitoring. Based on our understanding of the substance of the relations between GEDA and DOA, GEDA was a subrecipient because GEDA administered the Program.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2021

Finding No.: 2021-017
Federal Agency: U.S. Department of the Treasury
AL Program: 21.023 Emergency Rental Assistance
Federal Award No.: COVID-19
Area: Eligibility
Questioned Costs: \$58,214

Criteria:

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

Condition:

For 5 (or 8%) of 60 case files tested, aggregating \$628,698 of \$5.2 million in total program rental assistance costs, case file documentation was not sufficient to substantiate the participant's income.

<u>Case No.</u>	<u>Amount Tested</u>
21-00106	\$ 5,652
21-00337	15,794
21-00466	5,590
212-00035	10,840
212-00087	20,338
	<u>\$ 58,214</u>

Cause:

GovGuam did not effectively monitor case files for compliance with applicable eligibility requirements.

Effect:

GovGuam is in noncompliance with applicable eligibility requirements. The reportable questioned cost is \$58,214.

Recommendation:

GovGuam should establish and implement controls over recordkeeping to substantiate compliance with applicable eligibility requirements. Responsible personnel should obtain and file such documents as pay stubs and tax forms to verify household income prior to determining eligibility.

Views of Responsible Officials:

GovGuam's Corrective Action Plan states, "Files have been provided to auditors for verification."

Auditor Response:

The files that were provided did not contain sufficient documentation relative to participants' incomes.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2021

Finding No.: 2021-018
 Federal Agency: U.S. Department of the Treasury
 AL Program: 21.023 Emergency Rental Assistance
 Federal Award No.: COVID-19
 Area: Reporting
 Questioned Costs: \$0

Criteria:

In accordance with applicable reporting requirements, expenditures reported in quarterly reports should be supported by underlying accounting records.

Condition:

Expenditures reported in the quarterly reports differ from amounts recorded in AS400, as follows:

ACCOUNT	QUARTER END	PER AS400	PER REPORT	Variance
Expenditures	06/30/2021	\$1,588,700	\$1,795,646	\$206,946
Administrative Expenditures	06/30/2021	\$ 90,496	118,668	\$ 28,172
Expenditures	09/30/2021	\$3,639,567	\$3,359,913	(\$279,654)
Administrative Expenditures	09/30/2021	\$ 201,167	\$ -	(\$201,167)

Cause:

GovGuam did not effectively perform monitoring controls over reporting requirements.

Effect:

GovGuam may be in noncompliance with applicable reporting requirements. No questioned cost is presented as the reported amounts do not represent overpayments.

Recommendation:

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

Views of Responsible Officials:

GovGuam's Corrective Action Plan provides a response and does not specify disagreement with the finding.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2021

Finding No.: 2021-019
 Federal Agency: U.S. Department of the Treasury
 AL Program: 21.027 Coronavirus State and Local Fiscal Recovery Funds
 Federal Award No.: COVID-19
 Area: Period of Performance
 Questioned Costs: \$2,082,892

Criteria:

In accordance with applicable period of performance requirements, recipients may only use funds to cover costs incurred during the period beginning on March 3, 2021 and ending on December 31, 2024.

Condition:

Expenditures incurred prior to March 3, 2021, were charged to the Program. For service periods that included periods both within and outside the period of performance, only the prorated cost for the noncompliant period is a questioned cost.

<u>Account Number</u>	<u>Tran Number</u>	<u>Vendor Number</u>	<u>Service Period</u>	<u>Amount</u>	<u>Questioned Cost</u>
5682C210200AR301111	J210620760		PPE 010221-031321	\$ 19,961	\$ 14,838
5682C210200AR301113	J210620760		PPE 010221-031321	5,457	4,754
5682C210280AR301230	EFT_062421	D0017231	02/24/21-03/01/21	611,484	611,484
5682C210280AR301230	EFT_062421	D0017231	03/02/21-03/03/21	116,394	58,197
5682C210280AR302230	EFT_072021	J7106401	01/03/21-02/28/21	274,462	274,462
5682C210280AR302230	EFT_072021	J7106401	03/01/21-03/07/21	36,041	10,297
5682C210280AR301230	EFT_091021	H0097035	12/01/20-02/28/21	1,083,866	1,083,866
5682C210280AR301230	EFT_091021	H0097035	03/01/21-03/31/21	387,400	24,994
					<u>\$ 2,082,892</u>

Cause:

GovGuam did not effectively monitor Program costs for compliance with applicable period of performance requirements.

Effect:

GovGuam is in noncompliance with applicable period of performance requirements. The reportable questioned cost is \$2,082,892.

Recommendation:

GovGuam should strengthen monitoring controls over compliance with applicable period of performance requirements. Prior to charging costs to the Program, responsible personnel should scrutinize invoices to ascertain that the costs were incurred during the period of performance.

Views of Responsible Officials:

GovGuam's Corrective Action Plan provides planned corrective actions and does not specify disagreement with the finding.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2021

Finding No.: 2021-020
 Federal Agency: U.S. Department of the Treasury
 AL Program: 21.027 Coronavirus State and Local Fiscal Recovery Funds
 Federal Award No.: COVID-19
 Area: Procurement and Suspension and Debarment
 Questioned Costs: \$93,953

Criteria:

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

1. Sole source procurement is not permissible unless a requirement is available from only a single supplier. In cases of reasonable doubt, competition should be solicited.
2. Emergency procurement shall be made with such competition as is practicable under the circumstances, and the procurement agent must solicit at least three informal price quotations.

Condition:

Of 8 procurement transactions tested, aggregating \$17.2M of \$21.9M in total applicable non-payroll program expenditures, we noted the following:

1. For one (or 12%), the sole source method was used to procure case management services under purchase order P206E00409, dated 07/09/2020, for \$111,144. The written rationale stated that the supplier is the only provider of the required services. Such rationale is not sufficient, as it prevented other suppliers from competing for the opportunity to participate in this federally funded transaction.

<u>Prior Reference</u>	<u>Date</u>	<u>Vendor Number</u>	<u>Amount Tested</u>	<u>FY 2021 Expenditures and Questioned Costs</u>
D210631CS028	06/29/2021	C2408101	\$ 93,953	\$ 93,953

2. For two (or 25%) under one purchase order number P216E00021, the emergency procurement method was used to procure janitorial services for COVID-19 isolation facilities. The procurement file includes three quotations, of which one indicates "no quote." Given the ease of emailing capabilities and official social media platforms, other potential suppliers should have been solicited and given an opportunity to participate in this federally funded transaction. No questioned cost is presented as the procurement can be viewed as being technically compliant based on existing GovGuam procurement regulations and guidance from the Office of the Attorney General of Guam.

<u>Prior Reference</u>	<u>Date</u>	<u>Vendor Number</u>	<u>Amount Tested</u>	<u>FY 2021 Expenditures</u>
D210280095	07/13/2021	J7106401	\$ 159,610	\$ 452,461
D210280140	09/30/2021	J7106401	\$ 36,041	See above

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2021

Finding No.: 2021-020, 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
Area: Procurement and Suspension and Debarment
Questioned Costs: \$93,953

Condition, Continued:

3. For four (or 50%) under one purchase order number P206E00601, the emergency procurement method was used to procure COVID-19 isolation facilities. The procurement file includes four quotations, of which three indicate "no quote." Given the ease of emailing capabilities and official social media platforms, other potential suppliers should have been solicited and given an opportunity to participate in this federally funded transaction. No questioned cost is presented as the procurement can be viewed as being technically compliant based on existing GovGuam procurement regulations and guidance from the Office of the Attorney General of Guam.

<u>Prior Reference</u>	<u>Date</u>	<u>Vendor Number</u>	<u>Amount Tested</u>	<u>FY 2021 Expenditures</u>
D210661704	06/16/2021	D0017231	\$11,843,492	\$11,843,492
D210662022	08/20/2021	D0017231	\$ 1,946,592	\$ 1,946,592
D210662144	08/20/2021	D0017231	\$ 1,263,031	\$ 1,263,031
D210662401	09/30/2021	D0017231	\$ 10,555	\$ 304,720

Cause:

GovGuam did not enforce compliance with applicable procurement requirements.

Effect:

GovGuam is in noncompliance with applicable procurement requirements. The reportable questioned cost is \$93,953.

Recommendation:

Responsible procurement personnel should enforce compliance with applicable procurement requirements.

Views of Responsible Officials:

GovGuam's Corrective Action Plan provides a detailed response and does not specify disagreement with the finding.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2021

Finding No.: 2021-021
Federal Agency: U.S. Department of the Treasury
AL Program: 21.027 Coronavirus State and Local Fiscal Recovery Funds
Federal Award No.: COVID-19
Area: Subrecipient Monitoring
Questioned Costs: \$7,429,479

Criteria:

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

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

Condition:

For the year ended September 30, 2021, GovGuam reported \$96.6 million in total program expenditures in the Schedule of Expenditures of Federal Awards (SEFA). A total of \$31.1 million represents amounts passed through to GovGuam line agencies and component units, including \$7.4 million to Guam Economic Development Authority (GEDA) for the Guam Small Business Pandemic Assistance Grant. According to Executive Order No. 2021-22, dated September 7, 2021,

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

As such, GEDA is expected to be audited as required by the Single Audit Act and 2 CFR part 200. We are aware that the audit report on GEDA’s FY 2021 financial statements was issued and dated April 6, 2022. However, it appears GEDA was not subjected to a Single Audit.

Cause:

GovGuam did not enforce compliance with applicable subrecipient monitoring requirements.

Effect:

GovGuam is in noncompliance with applicable subrecipient monitoring requirements. The reportable questioned cost is \$7,429,479.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2021

Finding No.: 2021-021, Continued
Federal Agency: U.S. Department of the Treasury
AL Program: 21.027 Coronavirus State and Local Fiscal Recovery Funds
Federal Award No.: COVID-19
Area: Subrecipient Monitoring
Questioned Costs: \$7,429,479

Recommendation:

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

Views of Responsible Officials:

GovGuam's Corrective Action Plan provides a detailed response as to why GEDA was not a subrecipient and states, "Auditors may request access to GEDA and DOA records for verification of eligibility."

Auditor Response:

An examination of GEDA's and DOA's records as to eligibility would not address this finding relative to subrecipient monitoring. Based on our understanding of the substance of the relations between GEDA and DOA, GEDA was a subrecipient because GEDA administered the Program.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2021

Finding No.: 2021-022
 Federal Agency: U.S. Environmental Protection Agency
 AL Program: 66.600 Environmental Protection Consolidated Grants
 Federal Award No.: M009061390
 Area: Procurement and Suspension and Debarment
 Questioned Costs: \$1,411

Criteria:

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

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

Condition:

Of 7 procurement transactions tested, aggregating \$343K out of \$435K in total non-payroll program expenditures, we noted the following:

1. For one (or 14%), the sole source method was used to procure two-way radios under purchase order P216A00017, dated 09/29/2020, for \$1,470. The written rationale stated that no other supplier would be suitable or acceptable due to the delay and additional costs that would result from transitioning to a new supplier. Such rationale is not sufficient, as it prevented other suppliers from competing for the opportunity to participate in this federally funded transaction.

<u>Prior Reference</u>	<u>Date</u>	<u>Vendor Number</u>	<u>Amount Tested</u>	<u>FY 2021 Expenditures and Questioned Costs</u>
P216A00017	09/29/2020	10096229	\$1,411	\$ 1,411

2. The small purchases method was used; however, less than three informal price quotations are on file. Given the ease of emailing capabilities and official social media platforms, other potential suppliers should have been solicited and given an opportunity to participate in the federally funded transactions. No questioned cost is presented as the procurement can be viewed as being technically compliant based on existing GovGuam procurement regulations and guidance from the Office of the Attorney General of Guam.
 - a. For one (or 14%), the procurement of preventative maintenance of lab equipment includes three quotations, of which two indicate "no quote."
 - b. For one (or 14%), the procurement of lab equipment includes four quotations, of which three indicate "no quote."

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2021

Finding No.: 2021-022, Continued
Federal Agency: U.S. Environmental Protection Agency
AL Program: 66.600 Environmental Protection Consolidated Grants
Federal Award No.: M009061390
Area: Procurement and Suspension and Debarment
Questioned Costs: \$1,411

Condition, Continued:

<u>Prior Reference</u>	<u>Date</u>	<u>Vendor Number</u>	<u>Amount Tested</u>	<u>FY 2021 Expenditures</u>
P216A01095	12/04/2020	J5544401	\$14,808	\$14,808
P216A04921	07/23/2021	M0098076	\$ 1,119	\$ 1,119

Cause:

GovGuam did not enforce compliance with applicable procurement requirements.

Effect:

GovGuam is in noncompliance with applicable procurement requirements. The reportable questioned cost is \$1,411, as the projected question cost exceeds the threshold.

Recommendation:

Responsible procurement personnel should enforce compliance with applicable procurement requirements.

Views of Responsible Officials:

GovGuam's Corrective Action Plan provides a detailed response and does not specify disagreement with the finding.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2021

Finding No.: 2021-023
Federal Agency: U.S. Department of Education
AL Program: 84.425 Education Stabilization Fund
Federal Award No.: COVID-19 84.425H Education Stabilization Fund – Governors (Outlying Areas)
Requirement: Subrecipient Monitoring
Questioned Costs: \$1,214,942

Criteria:

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

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

Condition:

Although ALN 84.425 is not a major program in FY 2021, the Guam Office of Public Accountability identified that the Guam Educational Telecommunications Corporation (PBS Guam), a component unit of GovGuam, expended \$1,214,942 in Program funds passed through from GovGuam during FY 2021. In GovGuam's Memorandum of Understanding document, GovGuam clearly identified to PBS Guam that it is a "subgrantee" and provided the AL number and name. As such, PBS Guam is expected to be audited as required by the Single Audit Act and 2 CFR part 200. We are aware that the issued audit report on PBS Guam's FY 2021 financial statements was dated March 10, 2022. However, it appears PBS Guam was not subjected to a Single Audit.

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

Effect: GovGuam is in noncompliance with applicable subrecipient monitoring requirements. The reportable questioned cost is \$1,214,942.

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

Views of Responsible Officials:

GovGuam's Corrective Action Plan provides planned corrective actions and does not specify disagreement with the finding.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2021

Finding No.: 2021-024
 Federal Agency: U.S. Department of Health and Human Services
 AL Program: 93.323 Epidemiology and Laboratory Capacity for Infectious Diseases
 Area: Procurement and Suspension and Debarment
 Federal Award No.: COVID-19 NU50CK000531
 Questioned Costs: \$121,277

Criteria:

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

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

Condition:

Of 22 procurement transactions tested, aggregating \$1.2M out of \$2.3M in total applicable non-payroll program expenditures, we noted the following:

1. For two (or 9%), no procurement file was provided. The two transactions comprise one direct payment for office space rental, as follows:

<u>Prior Reference</u>	<u>Date</u>	<u>Vendor Number</u>	<u>Amount Tested</u>	<u>FY 2021 Expenditures and Questioned Costs</u>
D210600034	08/01/2020	F0096081	\$ 44,190	\$ 121,277

2. For five (or 23%), the small purchases method was used; however, less than three informal price quotations are on file. Given the ease of emailing capabilities and official social media platforms, other potential suppliers should have been solicited and given an opportunity to participate in the federally funded transactions. No questioned cost is presented as the procurement can be viewed as being technically compliant based on existing GovGuam procurement regulations and guidance from the Office of the Attorney General of Guam.
 - a. The procurement of biological safety cabinet certification includes four quotations, of which three indicate "no quote" under direct payment request D211703047.
 - b. The procurement of fifteen dual wireless headsets includes three quotations, of which two indicate "no quote" under purchase order P216A02987.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2021

Finding No.: 2021-024, Continued
Federal Agency: U.S. Department of Health and Human Services
AL Program: 93.323 Epidemiology and Laboratory Capacity for Infectious Diseases
Area: Procurement and Suspension and Debarment
Federal Award No.: COVID-19 NU50CK000531
Questioned Costs: \$121,277

Condition, Continued:

- c. The procurement of COVID testing kits includes three quotations, of which two indicate “no quote” under purchase order P216A03986.
- d. The procurement of laboratory supplies and equipment includes three quotations, of which two indicate “no quote” under purchase order P216A04666.
- e. The procurement of non-emergency transportation services between isolation facilities and the hospital includes three quotations, of which one indicates “no quote” under purchase order P216E00043.

<u>Prior Reference</u>	<u>Date</u>	<u>Vendor Number</u>	<u>Amount Tested</u>
D211703047	01/30/2020	E0016421	\$ 6,785
P216A02987	03/31/2021	M9271501	\$ 4,886
P216A03986	06/07/2021	M0098076	\$ 9,545
P216A04666	07/12/2021	M0098076	\$23,960
P216E00043	10/08/2020	A0016619	\$ 7,425

- 3. For three (or 14%), the emergency procurement method was used; however, less than three informal price quotations are on file. Given the ease of emailing capabilities and official social media platforms, other potential suppliers should have been solicited and given an opportunity to participate in the federally funded transactions. No questioned cost is presented as the procurement can be viewed as being technically compliant based on existing GovGuam procurement regulations and guidance from the Office of the Attorney General of Guam.
 - a. The procurement of two seven-passenger vehicles includes four quotations, of which two indicate “no quote” under P206E00695.
 - b. The procurement of SARS-COVID-2 antibody assay test kits includes four quotations, of which three indicate “no quote” under P216E00208.
 - c. The procurement of laboratory equipment includes three quotations, of which one indicates “no quote” under P216E00236.

<u>Prior Reference</u>	<u>Date</u>	<u>Vendor Number</u>	<u>Amount Tested</u>
P206E00695	09/25/2020	G0016707	\$48,980
P216E00208	12/21/2020	M0098076	\$66,600
P216E00236	12/31/2020	M0098076	\$50,000

Cause:

GovGuam did not enforce compliance with applicable procurement requirements.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2021

Finding No.: 2021-024, Continued
Federal Agency: U.S. Department of Health and Human Services
AL Program: 93.323 Epidemiology and Laboratory Capacity for Infectious Diseases
Area: Procurement and Suspension and Debarment
Federal Award No.: COVID-19 NU50CK000531
Questioned Costs: \$121,277

Effect:

GovGuam is in noncompliance with applicable procurement requirements. The reportable questioned cost is \$121,277.

Identification as a Repeat Finding: Finding 2020-015

Recommendation:

Responsible procurement personnel should enforce compliance with applicable procurement requirements.

Views of Responsible Officials:

GovGuam's Corrective Action Plan provides a detailed response and does not specify disagreement with the finding.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2021

Finding No.: 2021-025
 Federal Agency: U.S. Department of Health and Human Services
 AL Program: 93.575 Child Care and Development Block Grant
 Federal Award No.: 2001GUCCDF, G-1901GUCCDD
 Area: Eligibility
 Questioned Costs: \$260,040

Criteria:

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

Condition:

Of 60 case files tested, aggregating \$581,751 of \$6.2M in total Program benefits, we noted the following:

1. For 29 or (48%), the case file documentation is insufficient to demonstrate eligibility. The case files lacked such documentation as child care applications, verifications of employment/student enrollment, child birth certificates, parent identification documents, and/or verifications of residency.

<u>Case Number</u>	<u>FY 2021 Benefits</u>	<u>Case Number</u>	<u>FY 2021 Benefits</u>	<u>Case Number</u>	<u>FY 2021 Benefits</u>
201501963	\$ 7,800	201803409	\$16,490	201903453	\$ 15,275
201601813	9,500	201803409		202000751	8,550
201700585	19,495	201803747	18,880	202004946	9,850
201702494	-	201803747	-	202100334	510
201703090	-	201803966	6,150	700002749	18,955
201800130	18,700	201803966		700004461	15,565
201800441	10,800	201902094	15,445	700004529	25,425
201800480	4,815	201902714	6,780	700004529	-
201801951	<u>14,475</u>	201902777	-	700004541	5,550
		201903015	-	700005108	<u>7,950</u>
	<u>\$85,585</u>		<u>\$63,745</u>		<u>\$107,630</u>

2. For one (or 2%), Case Number 202004946 earned more than the applicable poverty guideline and is ineligible to receive program benefits.

<u>Case Number</u>	<u>FY 2021 Benefits</u>	<u>Questioned Cost</u>
202004946	\$ 9,850	See Condition 1

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2021

Finding No.: 2021-025, Continued
 Federal Agency: U.S. Department of Health and Human Services
 AL Program: 93.575 Child Care and Development Block Grant
 Federal Award No.: 2001GUCCDF, G-1901GUCCDD
 Area: Eligibility
 Questioned Costs: \$260,040

Criteria, Continued:

3. For seven (or 12%), the child care provider is not included in the approved listing of licensed child care providers.

<u>Case Number</u>	<u>FY 2021 Benefits</u>	<u>Questioned Cost</u>	<u>Provider Number</u>
201403358	\$ 890	\$ 890	M3944001
201700585	\$19,495	See Condition 1	H0096644
201803409	\$16,490	See Condition 1	A9296001
201903015	\$ -	-	M3944001
202100273	\$ 2,190	2,190	H0096644
202102384	\$ -	-	ACDC
700004461	\$15,565	See Condition 1	A4886001
Total		\$ <u>3,080</u>	

4. For four (or 7%), the child care certificate rate does not agree with child care listing.

<u>Case Number</u>	<u>FY 2021 Benefits</u>	<u>Questioned Cost</u>
201403358	\$ 890	See Condition 2
201700585	\$19,495	See Condition 1
201803409	\$16,490	See Condition 1
700004461	\$15,565	See Condition 1

Cause:

GovGuam did not effectively monitor compliance with applicable eligibility requirements.

Effect:

GovGuam is in noncompliance with applicable eligibility requirements. The reportable questioned cost is \$260,040.

Recommendation:

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

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2021

Finding No.: 2021-025, Continued
Federal Agency: U.S. Department of Health and Human Services
AL Program: 93.575 Child Care and Development Block Grant
Federal Award No.: 2001GUCCDF, G-1901GUCCDD
Area: Eligibility
Questioned Costs: \$260,040

Views of Responsible Officials:

GovGuam's Corrective Action Plan specifies agreement with the finding and provides planned corrective actions.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2021

Finding No.: 2021-026
Federal Agency: U.S. Department of Health and Human Services
AL Program: 93.575 Child Care and Development Block Grant
Federal Award No.: 2001GUCCDF, G-1901GUCCDD
Area: Special Tests and Provisions – Health and Safety Requirements
Questioned Costs: \$22,755

Criteria:

In accordance with applicable special tests and provisions requirements, lead agencies must verify and document that child care providers serving children who receive subsidies meet requirements pertaining to health and safety.

Condition:

For four (or 7%) of sixty child care providers tested, no documentation was provided to demonstrate that the child care provider meets applicable health and safety requirements.

<u>Provider Number</u>	<u>FY 2021 Payments</u>
ACDC	\$ -
H0096644	20,985
M3944001	1,770
SBCS	-
	\$ <u>22,755</u>

Cause:

GovGuam did not effectively monitor child care providers for compliance with applicable special tests and provisions for health and safety requirements.

Effect:

GovGuam is in noncompliance with applicable special tests and provisions for health and safety requirements. The reportable questioned cost is \$22,755 as the projected questioned cost exceeds the threshold.

Recommendation:

GovGuam should strengthen monitoring controls over compliance with applicable special tests and provisions for health and safety requirements.

Views of Responsible Officials:

GovGuam's Corrective Action Plan specifies disagreement with the finding for the reason that the child care providers tested are not licensed with BCCS, but are certified with CCDF, and they renew their CCDF certification annually.

Auditor Response:

No documentation was provided to demonstrate compliance by the child care providers.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2021

Finding No.: 2021-027
 Federal Agency: U.S. Department of Health and Human Services
 AL Program: 93.778 Medical Assistance Program
 Federal Award No.: 75X0512
 Area: Reporting
 Questioned Costs: \$0

Criteria:

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

Conditions:

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

	<u>FY 2021 Expenditures</u>	<u>Federal Share</u>	<u>Local Share</u>
CMS-64	\$ 125,228,821	\$ 111,045,302	\$14,183,519
AS400 financial management system	126,678,538	112,223,440	14,455,098
Variances	<u>\$ (1,449,717)</u>	<u>\$ (1,178,138)</u>	<u>\$ (271,579)</u>

Cause:

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

Effect:

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

Identification as a Repeat Finding: 2020-017

Recommendation:

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

Views of Responsible Officials:

GovGuam's Corrective Action Plan provides planned corrective actions and does not specify disagreement with the finding.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2021

Finding No.: 2021-028
Federal Agency: U.S. Department of Health and Human Services
AL Program: 93.778 Medical Assistance Program
Federal Award No.: 75X0512
Area: Special Tests and Provisions – Provider Eligibility (Screening and Enrollment)
Area: Special Tests and Provisions – Provider Health and Safety Standards
Questioned Costs: \$188,206

Criteria:

In accordance with applicable special tests and provisions requirements, the State Medicaid agency must revalidate the enrollment of all providers regardless of provider type at least every 5 years.

Conditions:

1. For three (or 12%) of twenty-five providers tested, no updated agreement with the State Medicaid Agency was provided.

<u>Provider number</u>	<u>Date of Agreement on File</u>	<u>Claims Tested</u>	<u>Claim Amount</u>
280	2011	2108114300235	\$ 989
403	2008	2102014400008	6,716
642	2008	2103160400129	<u>729</u>
			<u>\$8,434</u>

2. For one (or 4%) of twenty-five providers tested, no medical license was provided for a physician who performed services under claim number 2109021300110 in the amount of \$179,772 at provider number AOE. The physician is not included in the list of licensed physicians maintained at the Guam Department of Public Health and Social Services.

Cause:

GovGuam did not effectively monitor compliance with special tests and provisions requirements relative to the revalidation of enrollment between all providers and the State Medicaid agency at least every 5 years.

Effect:

GovGuam is in noncompliance with applicable special tests and provisions requirements. The reportable questioned cost is \$188,206.

Recommendation:

GovGuam should strengthen monitoring controls over compliance with applicable special tests and provisions requirements relative to the revalidation of enrollment between all providers and the State Medicaid agency.

Views of Responsible Officials:

GovGuam's Corrective Action Plan provides planned corrective actions and does not specify disagreement with the finding.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2021

Finding No.: 2021-029
Federal Agency: U.S. Department of Homeland Security
AL Program: 97.042 Emergency Management Performance Grants
Federal Award No.: EMF-2019-EP-00001
Area: Procurement and Suspension and Debarment
Questioned Costs: \$15,020

Criteria:

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

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

Condition:

Of 6 procurement transactions tested, aggregating \$39K out of \$137K in total applicable non-payroll program expenditures, no competition was sought in FY 2021 for the purchase of website hosting and maintenance services. The vendor selection was made based on the small purchases method used in FY 2020 under P206A01387, dated 12/17/2019. In essence, sole source procurement was applied despite availability of the services from more than one supplier.

<u>Prior Reference</u>	<u>Date</u>	<u>Vendor Number</u>	<u>Amount Tested</u>	<u>FY 2021 Expenditures and Questioned Costs</u>
D210280056	03/22/2021	O0082027	\$11,265	\$ 15,020

Cause:

GovGuam did not enforce compliance with applicable procurement requirements.

Effect:

GovGuam is in noncompliance with applicable procurement requirements. The reportable questioned cost is \$15,020, as the projected questioned cost exceeds the threshold.

Recommendation:

Responsible procurement personnel should enforce compliance with applicable procurement requirements.

Views of Responsible Officials:

GovGuam's Corrective Action Plan provides a detailed response and does not specify disagreement with the finding.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2021

Finding No.: 2021-030
Federal Agency: U.S. Department of Homeland Security
AL Program: 97.050 Presidential Declared Disaster Assistance to Individuals and Households –
Other Needs
Federal Award No.: COVID-19 4495DRGUSPLW
Area: Eligibility
Questioned Costs: \$1,825,740

Criteria:

In accordance with applicable eligibility requirements, recipients of the Other Needs Assistance (ONA) – Supplemental Payments for Lost Wages Assistance (LWA) must demonstrate the following:

1. The individual was a recipient of at least \$100 per week for any of the following benefits, beginning back to August 1, 2020:
 - a. Unemployment compensation, including Unemployment Compensation for Federal Employees (UCFE) and Unemployment Compensation for Ex-Service members (UCX);
 - b. Pandemic Emergency Unemployment Compensation (PEUC);
 - c. Pandemic Unemployment Assistance (PUA);
 - d. Extended Benefits (EB);
 - e. Short-Time Compensation (STC); and
2. The individual must submit a self-certification that the individual is unemployed, partially unemployed, or unable or unavailable to work due to disruptions caused by COVID-19.

Condition:

1. Recorded expenditures of LWA benefits do not agree with the recipient listing.

	<u>FY2021 Expenditures</u>
AS400 financial management system	\$ 34,981,410
Recipient listing	<u>34,048,020</u>
Unidentified benefit costs	\$ <u>933,390</u>

2. Guam Department of Labor's (GDOL's) vendor for the HireGuam website did not implement the \$100 threshold for the 02/02/2021 batch of LWA benefits, which resulted in \$892,350 in LWA paid to ineligible recipients. GDOL was aware of the issue prior to our testing of eligibility and is in the process of correcting the issue with the vendor.

Cause:

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

Effect:

GovGuam is in noncompliance with applicable eligibility requirements. The reportable questioned cost is \$1,825,740.

Recommendation:

GovGuam should enforce monitoring controls over reconciliations and over compliance with eligibility requirements.

Views of Responsible Officials:

GovGuam's Corrective Action Plan provides planned corrective actions and does not specify disagreement with the finding.

GOVERNMENT OF GUAM

Summary of Unresolved and Resolved Questioned Costs Arising from
Prior Year Single Audits
Year Ended September 30, 2021

	Prior Year Listed Unresolved Questioned Costs	Questioned Costs Resolved During the Year	End of Year
Unresolved Questioned Costs FY 18	\$ 549,023	-	\$ 549,023
Unresolved Questioned Costs FY 19	1,113,368	-	1,113,368
Unresolved Questioned Costs FY 20	<u>1,313,516</u>	<u>-</u>	<u>1,313,516</u>
	\$ <u>2,975,907</u>	\$ <u>-</u>	2,975,907
Add Questioned Costs for FY 2021			<u>41,688,920</u>
Total Unresolved Questioned Costs at September 30, 2021			\$ <u>44,664,827</u>

Unresolved Questioned Costs by AL Program:

ALN	Program Name	2021	2020	2019	2018	Total
10.551	SNAP	\$ 41,849	\$ 2,096	\$ 593,806	\$ -	\$ 637,751
15.875	DOI	-	218,183	517,250	549,023	1,284,456
17.225	PUA/FPUC	23,299,123	6,626	-	-	23,305,749
17.277	NDWG	57,122	-	-	-	57,122
21.019	CRF	4,976,897	399,830	-	-	5,376,727
21.023	ERA	58,214	-	-	-	58,214
21.027	SLFRF	9,606,324	-	-	-	9,606,324
66.600	EPA	1,411	-	-	-	1,411
84.425	ESF	1,214,942	-	-	-	1,214,942
93.323	ELC	121,277	47,259	-	-	168,536
93.575	CCDF	282,795	-	-	-	282,795
93.778	Medicaid	188,206	639,522	2,312	-	830,040
97.042	EMPG	15,020	-	-	-	15,020
97.050	LWA	<u>1,825,740</u>	<u>639,522</u>	<u>2,312</u>	<u>-</u>	<u>1,825,740</u>
Totals		\$ <u>41,688,920</u>	\$ <u>1,313,516</u>	\$ <u>1,113,368</u>	\$ <u>549,023</u>	\$ <u>44,664,827</u>



EDWARD M. BIRN
Director (Direktot)
BERNADINE C. GINES
Deputy Director (Sigunda Direktot)

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LOURDES A. LEON GUERRERO
Governor (Maga'håga)
JOSHUA F. TENORIO
Lt. Governor (Sigunda Maga'låhi)

July 12, 2022

Deloitte & Touche LLP
361 South Marine Corps Drive
Tamuning, GU 96913

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, 2021.

Finding No.: 2021-001 **Financial Management Information System (FMIS)**

Responding Agency: Department of Administration (DOA)

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

Procurement of a new system is in progress. It is considered that the cost of the additional time and effort required to segregate the financial data is less than the cost of updating a system, which is due to be replaced.

An RFP for FMIS replacement was issued and sixteen (16) potential vendors registered. In March 2022, six (6) submitted proposals. One (1) proposal was evaluated with the highest score. DOA is working with the Office of the Attorney General to progress this proposal to contract.

Finding No.: 2021-002 **General Ledger and Schedule of Expenditures of
Federal Awards Reconciliations**

Responding Agency: Department of Administration (DOA)

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

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

Finding No.: 2021-003 **Equipment and Real Property Management Capital Assets**

Responding Agency: Department of Administration (DOA)

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

We are in the process of procuring a new FMIS with integrated Fixed Asset Module. In addition, we will require all line agencies to designate a property manager to periodically track tagged assets on a revolving basis.

Finding No.: 2021-004 **GASB 24 Transactions**

Responding Agency: Department of Administration (DOA)

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

We agree with the finding and will post monthly transactions to the general ledger.

Finding No.: 2021-005 **P-EBT Reporting**

Responding Agency: Department of Administration (DOA)

Responsible Personnel: Edward M. Birn, Director (DOA)
Arthur San Agustin, Director (DPH&SS)

DPH&SS agrees with the recommendation. The Bureau of Economic Security, Division of Public Welfare has requested and been granted access to FNS-292 in the Food Program Reporting System (FPRS) to ensure the required P-EBT data can be submitted via the FNS-292B Report.

DPH&SS will be seeking guidance from FNS about completing the report. Plan is to submit the report by July 30, 2022.

Finding No.: 2021-006 **Allowable Costs/Cost Principles**

Responding Agency: Department of Administration (DOA)

Responsible Personnel: Edward M. Birn, Director (DOA)
Arthur San Agustin, Director (DPH&SS)

DPHSS agrees with the recommendation. The Bureau of Economic Security, Division of Public Welfare will work together and with the system vendors (Data Management Resources and FIS) to ensure reports include accurate reporting of expungements.

Finding No.: 2021-007 **Procurement and Supervision and Debarment**

Responding Agency: Department of Administration (DOA)

Responsible Personnel: Edward M. Birn, Director (DOA)
Arthur San Agustin, Director (DPH&SS)

It is not considered that the recommended method of soliciting a greater number of responses to procurement requests will result in more bids. Public Law 36-103 enacted after the fiscal year under audit recognizes this and although not in operation for the fiscal year under review, its effect would make technical compliance, effective compliance. It is not considered unreasonable to continue the emergency procurement of the lease space required by DPHSS following the incident, which forced the agency to vacate the Mangilao building. A considerable investment in premises improvements and relocation costs may be subject to write-off if open competition for the lease space resulted in a further relocation. The emergency continued to be in effect.

Finding No.: 2021-008 **Special Test and Provision – EBT Reconciliation**

Responding Agency: Department of Administration (DOA)

Responsible Personnel: Edward M. Birn, Director (DOA)
Arthur San Agustin, Director (DPH&SS)

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

Finding No.: 2021-009 **Procurement and Supervision and Debarment**

Responding Agency: Department of Administration (DOA)

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

Reference is made to the response to Finding No. 2021-007.

Finding No.: 2021-014 **Activities Allowed or Unallowed**

Responding Agency: Department of Administration (DOA)

Responsible Personnel: Edward M. Birn, Director (DOA)
Arthur San Agustin, Director (DPH&SS)

- a) Credit card statements supporting such fee expenditures are available. GovGuam considers that the use of CARES Act and ARPA funds are permitted by the Interim Final and Final Rules and other authorizing documentation issued by US Treasury. The procedure was initiated as a measure to promote online payments to protect GovGuam employees from infection risk by face-to-face contact with the general public. The resulting improvements in tax collection is evident from the financial statements for the year ended September 30, 2021, more than justifying the continuance of the process.

- b) Before the introduction of vaccinations, isolation was the principal method of controlling the spread of the COVID virus. Solicitations were made for the procurement of these facilities in Fiscal Year 2021. It was not possible to predict the expected room occupation rate or secure agreement from responding bidders to an arrangement whereby a variable room occupation base could be agreed. Responding bidders were unable, at that time to permit occupancy of rooms not subject contract due to rules promulgated by DPHSS regarding controlled access to the facility. Occupancy rates were reviewed at such times that contracts were amended, renewal or rebid.

Finding No.: 2021-015 **Reporting**

Responding Agency: Department of Administration (DOA)

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

Quarterly reports are submitted to U.S. Treasury through the CRF portal, based on reported cost at the time of reporting.

Finding No.: 2021-016 **Subrecipient Monitoring**

Responding Agency: Department of Administration (DOA)

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

As for Fiscal Year 2020, payments to beneficiaries under the GEDA program were made directly by DOA. No payments were made to GEDA. DOA determined in accordance with 2CFR 200.331 that GEDA was not a Subrecipient: Auditors may request access to GEDA and DOA records for verification of eligibility.

CFR §200.331 reads: “(c) Use of judgement in making determination. In determining whether an agreement between a pass-through entity and another non-Federal entity casts the latter as a Subrecipient or a contractor, the substance of the relations is more important than the form of the agreement. All of the characteristics listed above may not be present in all cases, and the pass-through entity must use judgement in classifying each agreement as a subaward or a procurement contract”.

Finding No.: 2021-017

Eligibility

Responding Agency: Department of Administration (DOA)
Responsible Personnel: Edward M. Birn, Director (DOA)
David Dell 'Isola, Director (DOL)

Files have been provided to auditors for verification.

Finding No.: 2021-018

Reporting

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

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

Finding No.: 2021-019

Period of Performance

Responding Agency: Department of Administration (DOA)
Responsible Personnel: Edward M. Birn, Director (DOA)
Samantha J. Brennan, Homeland Security Advisor

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

Finding No.: 2021-020 **Procurement and Suspension and Debarment**

Responding Agency: Department of Administration (DOA)

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

Reference is made to the response to Finding No. 2021-007.

Finding No.: 2021-021 **Subrecipient Monitoring**

Responding Agency: Department of Administration (DOA)

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

Reference is made to the response to Finding No. 2021-016.

Finding No.: 2021-022 **Procurement and Suspension and Debarment**

Responding Agency: Department of Administration (DOA)

Responsible Personnel: Edward M. Birn, Director (DOA)
Walter Leon Guerrero, Director (GEPA)

Reference is made to the response to Finding No. 2021-007.

Finding No.: 2021-023 **Subrecipient Monitoring**

Responding Agency: Department of Administration (DOA)

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

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

Finding No.: 2021-027

Reporting

Responding Agency: Department of Administration (DOA)

Responsible Personnel: Edward M. Birn, Director (DOA)
Arthur San Agustin, Director (DPH&SS)

BHCFA to report \$1.3M on the upcoming CMS64 3Q FY2022 as a prior year expense. Supervisory case reviews are now being implemented to ensure applications are being processed timely and accurately.

BHCFA to work with DOA to finalize an SOP in reviewing and acknowledging expenditures that will be reported quarterly on the CMS64 Expenditure report. BHCFA to provide a worksheet to DOA to assist in reconciling with the AS400 accounting system. DOA will review and return the worksheet prior to BHCFA certifying the CMS64 Quarterly Report.

BHCGA and DOA are reviewing draft SOPs.

Finding No.: 2021-028

Special Tests and Provisions – Provider Eligibility (Screening and Enrollment) and Provider Health and Safety Standards

Responding Agency: Department of Administration (DOA)

Responsible Personnel: Edward M. Birn, Director (DOA)
Arthur San Agustin, Director (DPH&SS)

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.

Finding No.: 2021-029

Procurement and Suspension and Debarment

Responding Agency: Department of Administration (DOA)

Responsible Personnel: Edward M. Birn, Director (DOA)
Charles V. Esteves, Administrator (GHS/OCD)

Reference is made to the response to Finding No. 2021-007.

Finding No.: 2021-030

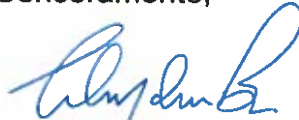
Eligibility

Responding Agency: Department of Administration (DOA)

Responsible Personnel: Edward M. Birn, Director (DOA)
David Dell 'Isola, Director (DOL)

Department of Labor 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.

Senseramente,



EDWARD M. BIRN
Director

SCHEDULE OF PRIOR YEARS' SINGLE FINDINGS FISCAL YEAR 2018

Finding No.: 2018-001

Responding Agency: Department of Administration (DOA)
Responsible Personnel: Edward M. Birn, Director (DOA)
Arthur San Agustin, Director (DPH&SS)

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

Procurement of a new system is in progress. Please refer to Finding No. 2021-001.

ONGOING: Recommend Closure (Noted as repeat finding and Corrective Action Plan in place)

Finding No.: 2018-002

Responding Agency: Department of Administration (DOA)
Responsible Personnel: Edward M. Birn, Director (DOA)
Arthur San Agustin, Director (DPH&SS)

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

Please refer to Finding No. 2021-008.

Recommend Closure.

Finding No.: 2018-003

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

Procurement officer will review and issue further policy statements regarding expired contracts and renewal conditions. In addition, personnel will be assigned to conduct a

review of all existing contracts and their expiration dates and provide respective agency heads with this report and require a report detailing their plan of action to address contracts nearing expiration. In addition, each agency will also conduct a review of procurement records to ensure completeness and provide DOA with findings and measures taken to correct deficiencies. Procurement personnel will continue to enforce compliance with applicable procurement requirements.

Recommend Closure.

Finding No.: 2018-004

Responding Agency: Department of Administration (DOA)

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

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

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

Capitalization policy will be updated to record all government vehicles.

Complete physical inventory of fixed assets was scheduled to be completed in FY 2020, the impending and sudden occurrence of the Public Health emergency caused by the COVID-19 coronavirus, resulted in a transfer of available resources to addressing the public health emergency. Non-essential GovGuam departments were closed and those employees who were working either in offices with restricted access to protect the health of workers or remotely were directed to focus on the emergency and facilitating the essential efforts of curtailing the virus. Fixed assets inventory will be addressed in FY2023.

ONGOING: Recommend Closure (Noted as repeat finding and Corrective Action Plan in place).

**SCHEDULE OF PRIOR YEARS' SINGLE FINDINGS
FISCAL YEAR 2019**

Finding No.: 2019-001

Responding Agency: Department of Administration (DOA)
Responsible Personnel: Edward M. Birn, Director (DOA)
Arthur San Agustin, Director (DPH&SS)

Please refer to Finding No. 2021-025.

Finding No.: 2019-002

Responding Agency: Department of Administration (DOA)
Responsible Personnel: Edward M. Birn, Director (DOA)
Arthur San Agustin, Director (DPH&SS)

Please refer to Finding Nos. 2021-025.

Finding No.: 2019-003

Responding Agency: Department of Administration (DOA)
Responsible Personnel: Edward M. Birn, Director (DOA)
Arthur San Agustin, Director (DPH&SS)

Please refer to Finding No. 2021-008.

Finding No.: 2019-004

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

DOA has established a division of Supply Chain & Contract Support.

Please refer to Finding No. 2021-007.

Finding No.: 2019-005

Responding Agency: Department of Administration (DOA)
Responsible Personnel: Edward M. Birn, Director (DOA)
Arthur San Agustin, Director (DPH&SS)

Please refer to Finding No. 2021-025.

Finding No.: 2019-006

Responding Agency: Department of Administration (DOA)
Responsible Personnel: Edward M. Birn, Director (DOA)
Arthur San Agustin, Director (DPH&SS)

Please refer to Finding No. 2021-025.

Finding No.: 2019-007

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

Please refer to Finding No. 2021-002.

Finding No.: 2019-008

Responding Agency: Department of Administration (DOA)
Responsible Personnel: Edward M. Birn, Director (DOA)
Arthur San Agustin, Director (DPH&SS)

Please refer to Finding No. 2021-003.

SCHEDULE OF PRIOR YEARS' SINGLE FINDINGS FISCAL YEAR 2020

Finding No.: 2020-001

Responding Agency: Department of Administration (DOA)

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

Please refer to Finding No. 2021-001.

Finding No.: 2020-002

Responding Agency: Department of Administration (DOA)

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

Please refer to Finding No. 2021-002.

Finding No.: 2020-003

Responding Agency: Department of Administration (DOA)

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

Please refer to Finding No. 2021-003.

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

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

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

Finding No.: 2020-004

Responding Agency: Department of Administration (DOA)

Responsible Personnel: Edward M. Birn, Director (DOA)
Arthur San Agustin, Director (DPH&SS)

Please refer to Finding No. 2021-030.

Finding No.: 2020-005

Responding Agency: Department of Administration (DOA)
Responsible Personnel: Edward M. Birn, Director (DOA)
Arthur San Agustin, Director (DPH&SS)

Please refer to Finding No. 2021-008.

Finding No.: 2020-006

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

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

DOA has established a division of Supply Chain & Contract Support.

Please refer to Finding No. 2021-007.

Finding No.: 2020-007

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

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

Finding No.: 2020-008

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

Procurement personnel will continue to enforce compliance with applicable procurement.

Please refer to Finding No. 2021-007.

Finding No.: 2020-009

Responding Agency: Department of Administration (DOA)

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

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

Finding No.: 2020-010

Responding Agency: Department of Administration (DOA)

Responsible Personnel: Edward M. Birn, Director (DOA)
David Dell 'Isola, Director (DOL)

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

Finding No.: 2020-011

Responding Agency: Department of Administration (DOA)

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

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.

Please refer to Finding No. 2021-014 (a).

Procurement of quarantine and isolation facilities was necessarily done without the benefit of significant data on expected travelers and infections.

Please refer to Finding No. 2021-014 (b).

Finding No.: 2020-012

Responding Agency: Department of Administration (DOA)

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

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

Finding No.: 2020-013

Responding Agency: Department of Administration (DOA)

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

Deloitte letter December 30, 2021. *“Based on the limited audit procedures performed, [] no audit finding would have been reported for GovGuam’s compliance with allowable costs/costs principles for CFDA program 21.019 Coronavirus Relief Fund for the year ended September 30, 2020.”*

Finding No.: 2020-014

Responding Agency: Department of Administration (DOA)

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

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

Finding No.: 2020-015

Responding Agency: Department of Administration (DOA)

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

Please refer to Finding 2021-007.

Finding No.: 2020-016

Responding Agency: Department of Administration (DOA)

Responsible Personnel: Edward M. Birn, Director (DOA)
Arthur San Agustin, Director (DPH&SS)

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

Please refer to Finding 2021-027.

Finding No.: 2020-017

Responding Agency: Department of Administration (DOA)

Responsible Personnel: Edward M. Birn, Director (DOA)
Arthur San Agustin, Director (DPH&SS)

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

Please refer to Finding 2021-027.

Finding No.: 2020-018

Responding Agency: Department of Administration (DOA)

Responsible Personnel: Edward M. Birn, Director (DOA)
Arthur San Agustin, Director (DPH&SS)

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