

GUAM DEPARTMENT OF EDUCATION

**(A LINE AGENCY OF THE
GOVERNMENT OF GUAM)**

SINGLE AUDIT REPORTS

YEAR ENDED SEPTEMBER 30, 2020

GUAM DEPARTMENT OF EDUCATION

**SINGLE AUDIT REPORTS
Year Ended September 30, 2020**

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**INDEPENDENT AUDITORS' 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**

Mr. Jon Fernandez
Superintendent of Education
Guam Department of Education:

We have audited, in accordance with the 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, each major fund, and the aggregate remaining fund information of Guam Department of Education (GDOE) as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise GDOE's basic financial statements, and have issued our report thereon dated March 31, 2021. Our report includes an explanatory paragraph concerning the impact of COVID-19.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2020-001 and 2020-002 that we consider to be significant deficiencies.

Compliance and Other Matters

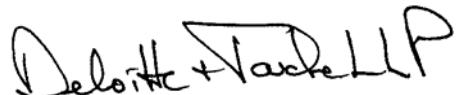
As part of obtaining reasonable assurance about whether GDOE's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

GDOE's Response to Findings

GDOE's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. GDOE'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.

A handwritten signature in black ink that reads "Deloitte + Haskells LLP". The "D" in "Deloitte" and the "H" in "Haskells" are capitalized and stylized. A small "LLP" is written to the right of "Haskells".

March 31, 2021

INDEPENDENT AUDITORS' 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

Mr. Jon Fernandez
Superintendent of Education
Guam Department of Education:

Report on Compliance for Each Major Federal Program

We have audited Guam Department of Education's (GDOE'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 GDOE's major federal programs for the year ended September 30, 2020. GDOE's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of GDOE'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 GDOE'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 opinion on compliance for each major federal program. However, our audit does not provide a legal determination of GDOE's compliance.

Opinion on Each Major Federal Program

In our opinion, GDOE 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 major federal programs for the year ended September 30, 2020.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2020-001. Our opinion on each major federal program is not modified with respect to these matters.

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

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

Report on Internal Control Over Compliance

Management of GDOE 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 GDOE'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 GDOE's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying Schedule of Findings and Questioned Costs as item 2020-001 that we consider to be a significant deficiency.

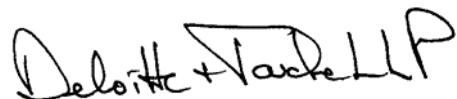
GDOE's response to the internal control over compliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. GDOE's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

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, each major fund, and the aggregate remaining fund information of GDOE as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise GDOE's basic financial statements. We issued our report thereon dated March 31, 2021, which contained unmodified opinions on those financial statements and included an explanatory paragraph concerning 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.

A handwritten signature in black ink that reads "Deloitte & Touche LLP". The signature is fluid and cursive, with "Deloitte" on the first line and "& Touche LLP" on the second line.

March 31, 2021

GUAM DEPARTMENT OF EDUCATION

Schedule of Expenditures of Federal Awards Year Ended September 30, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE:				
Direct:				
CACFP Meal Training	10.534			\$ 58,392
Child Nutrition Cluster:				
School Lunch Program (SBP)	10.553			-
National School Lunch Program (NSLP)	10.555		\$ 128,591	12,723,187
COVID 19 National School Lunch Program (NSLP)	10.555			2,701,565
Child Nutrition Cluster Subtotal				<u>15,424,752</u>
Child and Adult Care Food Program	10.558		9,688	19,395
State Administrative Expenses for Child Nutrition	10.560			<u>492,865</u>
Food Distribution Cluster:				
Emergency Food Assistance Program (Administrative Costs)	10.568			137,993
COVID 19 Emergency Food Assistance Program (Administrative Costs)	10.568			<u>129,588</u>
Food Distribution Cluster Subtotal				<u>267,581</u>
Farm to School Implementation Grant	10.575			18,694
Child Nutrition Discretionary Grants Limited Availability	10.579		12,845	12,845
Fresh Fruits and Vegetable Program	10.582			<u>17,458</u>
Total U.S. Department of Agriculture			\$ 151,124	<u>\$ 16,311,982</u>
U.S. DEPARTMENT OF DEFENSE:				
Direct:				
Army JROTC	12.000			\$ 79,714
Air Force JROTC	12.000			195,086
Marine JROTC	12.000			<u>25,087</u>
Total U.S. Department of Defense				<u>\$ 299,887</u>
U.S. DEPARTMENT OF THE INTERIOR:				
Pass-Through Government of Guam - Department of Administration:		778904292		
Economic, Social, and Political Development of the Territories	15.875			\$ 900,424
Municipal School Leaseback	15.875			<u>5,741,000</u>
Total U.S. Department of the Interior				<u>\$ 6,641,424</u>
U.S. DEPARTMENT OF THE TREASURY:				
Pass-Through Government of Guam - Department of Administration:		778904292		
COVID-19 Coronavirus Relief Fund	21.019			\$ 1,000,000
Total U.S. Department of the Treasury				<u>\$ 1,000,000</u>
U.S. DEPARTMENT OF EDUCATION:				
Direct:				
Special Education Cluster (IDEA):				
Special Education-Grants to States (IDEA, Part B)	84.027			\$ 12,437,929
Special Education Cluster (IDEA) Subtotal				<u>12,437,929</u>
Impact Aid	84.041			1,400
Special Education-Grants for Infants and Families	84.181			1,291,738
Striving Readers / Comp. Literacy Development	84.371			414,673
Statewide Longitudinal Data System	84.372			517
Consolidated Grant to the Outlying Areas	84.403			31,785,672
COVID 19 Education Stabilization Fund	84.425			<u>1,580,939</u>
Total U.S. Department of Education				<u>\$ 47,512,868</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:				
Direct:				
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092			\$ 237,338
Head Start Cluster:				
Head Start	93.600			3,397,858
Head Start Cluster Subtotal				<u>3,397,858</u>
Total U.S. Department of Health and Human Services				<u>\$ 3,635,196</u>
Total Federal Awards Expended			\$ 151,124	<u>\$ 75,401,357</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

GUAM DEPARTMENT OF EDUCATION

Notes to Schedule of Expenditures of Federal Awards Year Ended September 30, 2020

1. Scope of Audit:

Guam Department of Education (GDOE) is a line agency of the Government of Guam, a governmental entity established by the 1950 Organic Act of Guam, as amended, and has the powers of a body corporate, as defined in the act and local statutes. Only the operations of GDOE are included within the scope of the Single Audit.

2. Basis of Presentation:

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of GDOE under programs of the federal government for the year ended September 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of GDOE, it is not intended to and does not present the financial position, changes in net position or cash flows of GDOE.

3. Summary of Significant Accounting Policies:

a. Basis of Accounting:

GDOE is named as the federal award recipient on federal award documents and is responsible for maintaining the accounting records for federal expenditures. All expenditures and capital outlays that represent the federal share are reported as expenditures. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting, consistent with the manner in which GDOE maintains its accounting records. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available. GDOE does not elect to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

b. Subgrants:

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

4. High-Risk Grantee Status:

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

5. CFDA Number 10.555:

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

GUAM DEPARTMENT OF EDUCATION

Reconciliation of Schedule of Expenditures of Federal Awards to
Basic Financial Statements
Year Ended September 30, 2020

	<u>Expenditures</u>
Federal contributions, as reported in the 2020 financial statements:	
Federal Grants Assistance Fund expenditures	\$ 75,101,470
 <u>CFDA Program</u>	
12.000 Army JROTC	79,714
12.000 Air Force JROTC	195,086
12.000 Marine JROTC	<u>25,087</u>
Total Federal Expenditures Subject to Audit	<u>\$ 75,401,357</u>

GUAM DEPARTMENT OF EDUCATION

Schedule of Findings and Questioned Costs Year Ended September 30, 2020

Section I – Summary of Auditors’ 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? | No |
| 3. Significant deficiency(ies) identified? | Yes |

- | | |
|--|----|
| 4. Noncompliance material to financial statements noted? | No |
|--|----|

Federal Awards

Internal control over major federal programs:

- | | |
|--|-----|
| 5. Material weakness(es) identified? | No |
| 6. Significant deficiency(ies) identified? | Yes |

- | | |
|--|------------|
| 7. Type of auditors’ report issued on compliance for major federal programs: | Unmodified |
|--|------------|

- | | |
|---|-----|
| 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>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
	Child Nutrition Cluster:
10.553	School Lunch Program (SBP)
10.555	National School Lunch Program (NSLP)
15.875	Economic, Social, and Political Development of the Territories
	Special Education Cluster (IDEA):
84.027	Special Education-Grants to States
84.403	Consolidated Grant to the Outlying Areas
	Head Start Cluster:
93.600	Head Start
10.	Dollar threshold used to distinguish between Type A and Type B Programs: \$2,262,040
11.	Auditee qualified as low-risk auditee? No

Section II – Financial Statement Findings

<u>Reference Number</u>	<u>Findings</u>
2020-001	Capital Assets
2020-002	Unrecorded Expenditures

GUAM DEPARTMENT OF EDUCATION

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2020

Section III - Federal Award Findings and Questioned Costs

<u>Reference Number</u>	<u>CFDA Number</u>	<u>Findings</u>	<u>Questioned Costs</u>
2020-001	15.875	Equipment and Real Property Management	\$ -
2020-001	93.600	Equipment and Real Property Management	\$ _____
		Total Federal Questioned Costs	\$ _____

GUAM DEPARTMENT OF EDUCATION

Schedule of Findings and Questioned Costs, Continued Year Ended September 30, 2020

Finding No.: 2020-001

Pass-Through Entity: Government of Guam
Federal Agency: U.S. Department of the Interior

CFDA Program: 15.875 Economic, Social, and Political Development of the Territories

Federal Agency: U.S. Department of Health and Human Services
CFDA Program: 93.600 Head Start Cluster

Area: Equipment and Real Property Management

Area: Capital Assets

Questioned Costs: \$0

Criteria:

In compliance with applicable equipment and real property management requirements, a state must use, manage, and dispose of equipment acquired under a federal award in accordance with state laws and procedures. In accordance with the Guam Department of Education Fixed Asset System Standard Operating Procedures, Section 7, a physical inventory will be conducted annually.

Condition:

GDOE did not complete its annual physical inventory of property, which commenced in January 2020. Although GDOE experienced limitations brought about by the Coronavirus pandemic in March 2020, no documentation was provided to demonstrate efforts to resume the inventory during the remainder of calendar year 2020 or to obtain extensions from oversight authorities.

We are unable to assess the overall cumulative monetary value of this deficiency. However, the table below summarizes each GDOE FY 2020 major program that was technically subject to a physical inventory in FY 2020 and that has capital outlays over the past five years.

<u>Program CFDA #s</u>	<u>2020 Purchases</u>	<u>2019 Purchases</u>	<u>2018 Purchases</u>	<u>2017 Purchases</u>	<u>2016 Purchases</u>	<u>Total</u>
15.875	\$ 5,741,000	6,620,525	7,625,900	6,722,600	7,174,685	\$ 33,884,710
93.600	\$ -	46,750	-	-	-	\$ 46,750

Cause:

GDOE did not enforce compliance with applicable equipment and real property management requirements.

GUAM DEPARTMENT OF EDUCATION

Schedule of Findings and Questioned Costs, Continued Year Ended September 30, 2020

Finding No.: 2020-001, Continued

Pass-Through Entity: Government of Guam

Federal Agency: U.S. Department of the Interior

CFDA Program: 15.875 Economic, Social, and Political Development of the Territories

Federal Agency: U.S. Department of Health and Human Services

CFDA Program: 93.600 Head Start Cluster

Area: Equipment and Real Property Management

Area: Capital Assets

Questioned Costs: \$0

Effect:

GDOE is in noncompliance with applicable equipment and real property management requirements for an annual physical inventory of property. There is a potential for the loss, damage, or theft of property to go undetected and uncorrected. No questioned cost is presented as we are unable to quantify the extent of noncompliance

Recommendation:

GDOE should enforce compliance with applicable equipment and real property management requirements and complete its annual physical inventory of property. GDOE should consider the feasibility of completing timely annual inventories versus the possibility of revisiting GDOE's policy to align with the Uniform Guidance and the Government of Guam's policy of completing inventories every two years.

Views of Responsible Officials:

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

GUAM DEPARTMENT OF EDUCATION

Schedule of Findings and Questioned Costs, Continued Year Ended September 30, 2020

Finding No.: 2020-002
Area: Unrecorded Expenditures

Criteria:

Invoices timely received for the fiscal year should be accounted for in subsidiary ledgers. Subsidiary ledgers and other accounting schedules, such as records maintained by the third-party fiduciary agent (TPFA), should be timely reconciled to general ledger balances and reviewed for accurate financial reporting in the Schedule of Expenditures of Federal Awards.

Conditions:

The Schedule of Expenditures of Awards (SEFA) was provided on January 7, 2021. Based on our testing of the disbursement register for the subsequent period from October 2020 through February 2021, we identified unrecorded FY 2020 Federal expenditures. GDOE recorded the proposed audit adjustment and provided a revised SEFA on March 11, 2021.

<u>CFDA Number</u>	<u>Program</u>	<u>Unrecorded FY 2020 Expenditures</u>
84.181	Special Education	\$ 1,348
84.027	Special Education	78,728
84.372	Statewide Longitudinal Data Systems	516
84.403	Consolidated Grant	1,121,290
84.425	Education Stabilization Fund	420,212
		<u>\$ 1,622,094</u>

Cause:

GDOE did not perform timely invoice reviews or account for all unpaid invoices in the subsidiary ledgers for accruals or payables. In addition, substantial effort is required by GDOE to reconcile its accrual-basis general ledger to TPFA's cash-basis records, and GDOE did not perform timely reconciliations during the year-end closing process.

Effect:

There is potential for unrecorded Federal expenditures to be processed outside a program's period of performance or to exceed material levels.

Recommendation:

The lack of certain reconciliations has previously been reported, and we continue to recommend that GDOE strengthen monitoring controls and hire personnel necessary to timely update and reconcile general ledger accounts, the Schedule of Expenditures of Federal Awards, and corresponding subsidiary ledgers.

Views of Responsible Officials:

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



JON J. P. FERNANDEZ
Superintendent of Education

DEPARTMENT OF EDUCATION INTERNAL AUDIT OFFICE

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GUAM DEPARTMENT OF EDUCATION Corrective Action Plan Year Ended September 30, 2020

Finding No.: 2020-001

Pass-Through Entity: Government of Guam
Federal Agency: U.S. Department of the Interior
CFDA Program: 15.875 Economic, Social, and Political Development of the Territories

Federal Agency: U.S. Department of Health and Human Services
CFDA Program: 93.600 Head Start Cluster

Area: Equipment and Real Property Management
Area: Capital Assets

Questioned Costs: \$0

Views of Auditee and Corrective Actions:

The Guam Department of Education (GDOE) agrees with the finding.

The Governor of Guam declared a state of Emergency in Guam due to the novel Corona Virus Disease 2019 (Executive Order 2020-03) and ordered the closure of non-essential Government of Guam offices and schools (Executive Order 2020-04). In compliance with the Governor's orders, the Guam Education Board and the Superintendent implemented the closure of GDOE offices and schools. The GDOE offices and schools eventually reopened, but operated in a limited capacity for health and safety of the students and personnel. As a result, the GDOE could not complete its full inventory cycle for School Year (SY) 2019-2020.

Further, the GDOE acknowledges that there was no formal authority granted by the U.S. Department of Education (ED) for an extension of completing the inventory. However, the GDOE did make efforts to communicate the progress and status of its inventory with ED's Risk Management Services.

Plan of action and completion date: The GDOE is currently undergoing its physical inventory for SY 2020-2021; the results of which will be reported by July 2021. Additionally, the GDOE will examine its policy to ensure proper alignment to the Uniform Guidance regulations, Government of Guam policies, and high-risk specific conditions. GDOE is in the process of procuring a fixed asset management automated system, which is targeted for implementation for the next inventory cycle.

Plan to monitor and responsible officials: The Receiving and Property Management division is responsible for conducting and reporting the GDOE's fixed assets inventory annually per

GUAM DEPARTMENT OF EDUCATION

Corrective Action Plan
Year Ended September 30, 2020

Standard Operating Procedures (SOP) 200-015. Inventory Management Officer Maribeth Benavente, Supply Management Administrator Carmen Charfauros, and Deputy Superintendent of Finance and Administrative Services Dr. Zenaida Asuncion are responsible for carrying out the duties and responsibilities per the SOP.

Finding No.: 2020-002
Area: Unrecorded Expenditures

Views of Auditee and Corrective Actions:

The GDOE agrees with the finding.

The GDOE operates on a reimbursement basis with the Third Party Fiduciary Agent (TPFA). In accordance with the SOP, timely reconciliations between TPFA's Munis and GDOE's Munis systems should occur on a monthly basis. Relative to the finding, invoices were acknowledged received, but were not timely processed and posted in the GDOE's Munis.

For invoices to be accrued, the Financial Affairs relies heavily on the TPFA to provide a listing of invoices. Per the audit samples tested, Financial Affairs was not provided the required information to record the accruals on a timely basis.

Plan of action and completion date: The GDOE will examine the efficiency of review and processing of required documentation for timely recording of accruals in its ledgers. Invoices, for goods and services funded by Federal grants, should be processed within 30 days from the receipt of documents to ensure the timely processing of payments. This practice should take effect immediately.

Plan to monitor and responsible officials: The Superintendent will designate the responsible person(s) to develop a process for Financial Affairs, Program Manager/Project Leads, State Offices, and the TPFA, to work collaboratively to ensure a timely review and recording of accrued invoices.



JON J.P. FERNANDEZ
Superintendent of Education

DEPARTMENT OF EDUCATION INTERNAL AUDIT OFFICE

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FRANKLIN
COOPER-NURSE
Chief Internal Auditor

GUAM DEPARTMENT OF EDUCATION Summary Schedule of Prior Audit Findings and Questioned Costs Year Ended September 30, 2020

Finding Number	CFDA Number	Requirement	Questioned Cost	Status
2017-001	-	Reporting	\$ -	Corrective action on-going.
2017-002	15.875	Procurement and Suspension and Debarment	\$ 32,260	The finding does not warrant further action as (a) two years have passed since the audit report was submitted to the Federal Audit Clearinghouse, (b) the Federal Agency is not currently following up on the audit finding, and (c) a management decision was not issued. GDOE recommends closure of finding.
2017-003	84.181	Matching, Level of Effort, Earmarking	\$ -	The finding does not warrant further action as (a) two years have passed since the audit report was submitted to the Federal Audit Clearinghouse, (b) the Federal Agency is not currently following up on the audit finding, and (c) a management decision was not issued. GDOE recommends closure of finding.
2019-001	12.000	Procurement and Suspension and Debarment	\$ -	Pending Program Determination Letter from the U.S. Department of Defense (DoD). Corrective action on-going.
2019-002	12.000	Special Tests and Provisions	\$ -	Pending Program Determination Letter from DoD. Corrective action on-going.