

GOVERNMENT OF GUAM

SINGLE AUDIT REPORTS

YEAR ENDED SEPTEMBER 30, 1999

GOVERNMENT OF GUAM
SINGLE AUDIT REPORTS
YEAR ENDED SEPTEMBER 30, 1999

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Summary of Schedule of Expenditures of Federal Awards, by Grantor
Year Ended September 30, 1999

<u>Agency/Program</u>	Accrued (Deferred) Balance at September 30, 1998	Cash Receipts	Expenditures	Accrued (Deferred) Balance at September 30, 1999
U.S. Department of Agriculture	\$ 663,819	\$ 40,211,512	\$ 39,796,379	\$ 248,686
U.S. Department of Commerce	663,652	961,053	653,421	356,020
U.S. Department of Defense	1,114,086	1,120,279	1,679,054	1,672,861
U.S. Department of Housing and Urban Development	59,346	66,831	6,998	(487)
U.S. Department of the Interior	3,430,829	8,627,285	9,007,377	3,810,921
U.S. Department of Justice	1,810,412	5,954,586	4,410,153	265,979
U.S. Department of Labor	565,047	5,797,009	6,118,214	886,252
U.S. Department of Transportation	2,050,844	16,941,244	15,913,991	1,023,591
National Foundation on the Arts and the Humanities	71,359	863,981	941,051	148,429
U.S. Environmental Protection Agency	1,711,596	4,674,454	4,058,063	1,095,205
U.S. Department of Energy	1,366	99,335	115,146	17,177
Federal Emergency Management Agency	(1,471,574)	29,170,863	28,708,057	(1,934,380)
U.S. Department of Education	3,587,346	2,877,313	2,023,192	2,733,225
U.S. Department of Health and Human Services	1,420,802	54,786,115	55,868,401	2,503,088
Corporation for National and Community Service	31,431	259,454	217,451	(10,572)
Social Security Administration	22,559	95,254	99,423	26,728
GRAND TOTAL	\$ 15,732,920	\$ 172,506,568	\$ 169,616,371	\$ 12,842,723

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

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Schedule of Expenditures of Federal Awards
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<u>CFDA#</u>	<u>Agency/Program</u>	Accrued (Deferred) Balance at September 30, 1998	Cash Receipts	Expenditures	Accrued (Deferred) Balance at September 30, 1999
U.S. DEPARTMENT OF AGRICULTURE					
10.072	Wetlands Reserve Program	\$ 891	\$ -	\$ -	\$ 891
10.156	Federal-State Marketing Improvement Program	5,639	-	-	5,639
10.551	Food Stamps	-	31,224,096	31,224,096	-
10.553	School Breakfast Program	-	-	-	-
10.555	National School Lunch Program	-	-	-	-
10.557	Special Supplemental Food Program for Women, Infants and Children	93,317	5,751,782	5,894,710	236,245
10.560	State Administrative Expenses for Child Nutrition	(358,003)	-	-	(358,003)
10.561	State Administrative Matching Grant for Food Stamp Program	114,717	1,837,950	1,865,905	142,672
10.572	WIC Farmers' Market Nutrition Program (FMNP)	-	-	12,821	12,821
10.664	Cooperative Forestry Assistance	808,245	1,397,684	798,847	209,408
10.960	Technical Agricultural Assistance	(987)	-	-	(987)
U.S. DEPARTMENT OF AGRICULTURE TOTAL		\$ 663,819	\$ 40,211,512	\$ 39,796,379	\$ 248,686

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<u>CFDA#</u>	<u>Agency/Program</u>	Accrued (Deferred) Balance at September 30, 1998	Cash Receipts	Expenditures	Accrued (Deferred) Balance at September 30, 1999
U.S. DEPARTMENT OF COMMERCE					
11.004	Census Intergovernmental Services	\$ (2,814)	\$ -	\$ 1,488	\$ (1,326)
11.300	Economic Development-Grants for Public Works & Development Facilities	279,867	293,734	-	(13,867)
11.307	Special Economic Development and Adjustment Assistance Program - Sudden and Severe Economic Dislocation and Long-Term Economic Deterioration	40,406	-	16,935	57,341
11.407	Interjurisdictional Fisheries Act of 1986	17,710	21,288	11,879	8,301
11.419	Coastal Zone Management Administration Awards	228,792	516,628	532,766	244,930
11.427	Fisheries Development & Utilization Research and Development Grants and Cooperative Agreements Program	(4,692)	-	-	(4,692)
11.437	Pacific Fisheries Data Program	104,383	129,403	90,353	65,333
U.S. DEPARTMENT OF COMMERCE TOTAL		<u>\$ 663,652</u>	<u>\$ 961,053</u>	<u>\$ 653,421</u>	<u>\$ 356,020</u>

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Schedule of Expenditures of Federal Awards
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<u>CFDA#</u>	<u>Agency/Program</u>	Accrued (Deferred) Balance at September 30, 1998	Cash Receipts	Expenditures	Accrued (Deferred) Balance at September 30, 1999
U.S. DEPARTMENT OF DEFENSE					
12.110	Planning Assistance to States	\$ (158,839)	\$ (104)	-	\$ (158,735)
12.113	State Memorandum of Agreement Program for the Reimbursement of Technical Services (DSMOA)	(25,345)	113,078	353,716	215,293
12.400	Military Construction, National Guard	920,906	71,103	-	849,803
12.401	National Guard Military Operations and Maintenance (O&M) Projects	377,364	936,098	1,325,234	766,500
12.600	Community Economic Adjustment	-	104	104	-
U.S. DEPARTMENT OF DEFENSE TOTAL		\$ 1,114,086	\$ 1,120,279	\$ 1,679,054	\$ 1,672,861

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<u>CFDA#</u>	<u>Agency/Program</u>	Accrued (Deferred) Balance at September 30, 1998	Cash Receipts	Expenditures	Accrued (Deferred) Balance at September 30, 1999
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
14.225	Community Development Block Grants/Special Purpose	\$ -	\$ 4,500	\$ 4,500	\$ -
14.854	Public and Indian Housing Drug Elimination Program	<u>59,346</u>	<u>62,331</u>	<u>2,498</u>	<u>(487)</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT TOTAL					
		<u>\$ 59,346</u>	<u>\$ 66,831</u>	<u>\$ 6,998</u>	<u>\$ (487)</u>

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Schedule of Expenditures of Federal Awards
Year Ended September 30, 1999

<u>CFDA#</u>	<u>Agency/Program</u>	Accrued (Deferred) Balance at September 30, 1998	Cash Receipts	Expenditures	Accrued (Deferred) Balance at September 30, 1999
U.S. DEPARTMENT OF THE INTERIOR					
15.601	Guam Fish Sport Development	\$ 73,405	\$ -	\$ -	\$ 73,405
15.605	Sport Fish Restoration	244,843	1,305,251	1,249,974	189,566
15.611	Wildlife Restoration	18,533	310,141	285,685	(5,923)
15.612	Endangered Species Conservation	51,415	441,244	415,851	26,022
15.616	Clean Vessel Act	604	604	98	98
15.875	Economic, Social and Political Development of the Territories and the Freely Associated States	3,007,643	6,356,639	6,743,129	3,394,133
15.904	Historic Preservation Fund Grants-In-Aid	12,142	213,406	232,770	31,506
15.916	Outdoor Recreation - Acquisition, Development & Planning (Land and Water Conservation Fund Grants)	22,244	-	79,870	102,114
U.S. DEPARTMENT OF THE INTERIOR TOTAL		<u>\$ 3,430,829</u>	<u>\$ 8,627,285</u>	<u>\$ 9,007,377</u>	<u>\$ 3,810,921</u>

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Schedule of Expenditures of Federal Awards
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<u>CFDA#</u>	<u>Agency/Program</u>	Accrued (Deferred) Balance at September 30, 1998	Cash Receipts	Expenditures	Accrued (Deferred) Balance at September 30, 1999
U.S. DEPARTMENT OF JUSTICE					
16.000	Construction of Hagatna Territorial Detention Facility	\$ 439,213	\$ 514,053	\$ 74,840	\$ -
16.523	Juvenile Accountability Incentive Block Grants	-	39,517	126,749	87,232
16.540	Juvenile Justice & Delinquency Prevention - Allocation to States (State Formula Grants)	28,131	144,562	127,471	11,040
16.541	Juvenile Justice & Delinquency Prevention - Special Emphasis (Program Grants, Discretionary Grants and Contracts)	7,868	100,530	97,809	5,147
16.548	Title V - Delinquency Prevention Program	11,085	60,675	55,100	5,510
16.549	Part E - State Challenge Activities	-	4,564	10,736	6,172
16.554	National Criminal History Improvement Program (NCHIP)	136,106	-	59,367	195,473
16.575	Crime Victim Assistance	111,611	379,299	300,502	32,814
16.579	Byrne Formula Grant Program	301,385	1,547,793	1,432,047	185,639
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	(374,400)	606,250	267,775	(712,875)
16.582	Crime Victim Assistance - Discretionary Grants	339	339	-	-
16.586	Violent Offender Incarceration and Truth in Sentencing Incentive Grants	72,369	140,610	97,959	29,718
16.588	Violence Against Women Formula Grants	141,922	397,905	608,182	352,199
16.589	Rural Domestic Violence and Child Victimization	-	-	13,565	13,565
16.592	Local Law Enforcement Block Grants Program	(38,213)	-	4,426	(33,787)
16.593	Residential Substance Abuse Treatment for State Prisoners	1	66,012	68,849	2,838
16.710	Public Safety Partnership and Community Policing Grants	972,995	1,952,477	1,064,776	85,294
U.S. DEPARTMENT OF JUSTICE TOTAL		\$ 1,810,412	\$ 5,954,586	\$ 4,410,153	\$ 265,979

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	U.S. DEPARTMENT OF LABOR				
17.002	Labor Force Statistics	\$ 42,191	\$ 104,876	\$ 56,587	\$ (6,098)
17.005	Compensation and Working Conditions Data	18,419	40,483	31,775	9,711
17.203	Labor Certification for Alien Workers	(2,600)	98,235	95,407	(5,428)
17.207	Employment Service	(39,791)	805,812	1,023,215	177,612
17.235	Senior Community Service Employment Program	242,265	935,616	928,062	234,711
17.246	Employment and Training Assistance - Dislocated Workers	(232,878)	1,025,192	1,257,992	(78)
17.250	Job Training Partnership Act	448,268	2,379,428	2,286,008	354,848
17.253	Welfare-to-Work Grants to States and Localities	-	104,441	122,445	18,004
17.500	Occupational Safety & Health	18,680	-	-	18,680
17.503	Occupational Safety & Health - State Program	9,767	59,636	109,548	59,679
17.504	Consultation Agreements	60,726	243,290	207,175	24,611
	U.S. DEPARTMENT OF LABOR TOTAL	<u>\$ 565,047</u>	<u>\$ 5,797,009</u>	<u>\$ 6,118,214</u>	<u>\$ 886,252</u>

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U.S. DEPARTMENT OF TRANSPORTATION					
20.005	Boating Safety Financial Assistance	\$ 344,606	\$ 417,013	\$ 237,921	\$ 165,514
20.205	Highway Planning & Construction	1,530,663	16,083,099	15,290,819	738,383
20.218	Motor Carrier Safety Assistance Program	80,512	294,331	240,232	26,413
20.600	State & Community Highway Safety	91,914	142,801	125,019	74,132
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants (HMTA Training and Planning Grants)	3,149	4,000	20,000	19,149
U.S. DEPARTMENT OF TRANSPORTATION TOTAL		<u>\$ 2,050,844</u>	<u>\$ 16,941,244</u>	<u>\$ 15,913,991</u>	<u>\$ 1,023,591</u>

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<u>CFDA#</u>	<u>Agency/Program</u>	Accrued (Deferred) Balance at September 30, 1998	Cash Receipts	Expenditures	Accrued (Deferred) Balance at September 30, 1999
	NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES				
45.007	Promotion of the Arts-State Program	\$ -	\$ 32,767	\$ 32,767	\$ -
45.025	Promotion of the Arts-Partnership Agreements	65,316	644,741	719,486	140,061
45.301	Institute of Museum and Library Services	6,043	129,855	131,470	7,658
45.310	State Library Program	-	56,618	57,328	710
	NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES TOTAL	\$ 71,359	\$ 863,981	\$ 941,051	\$ 148,429

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	U.S. ENVIRONMENTAL PROTECTION AGENCY				
66.458	Capitalization Grants for State Revolving Funds	\$ 708,983	\$ 1,302,082	\$ 1,394,169	\$ 801,070
66.600	Environmental Protection Consolidated Grants - Program Support	1,000,952	3,372,372	2,663,894	292,474
66.810	CEPP Technical Assistance Grants Program	1,661	-	-	1,661
	U.S. ENVIRONMENTAL PROTECTION AGENCY TOTAL	\$ 1,711,596	\$ 4,674,454	\$ 4,058,063	\$ 1,095,205

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<u>CFDA#</u>	<u>Agency/Program</u>	Accrued (Deferred) Balance at September 30, 1998	Cash Receipts	Expenditures	Accrued (Deferred) Balance at September 30, 1999
	U.S. DEPARTMENT OF ENERGY				
81.041	State Energy Program	\$ 1,366	\$ 99,335	\$ 115,146	\$ 17,177
81.052	Energy Conservation for Institutional Buildings	-	-	-	-
	U.S. DEPARTMENT OF ENERGY TOTAL	\$ 1,366	\$ 99,335	\$ 115,146	\$ 17,177

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FEDERAL EMERGENCY MANAGEMENT AGENCY					
83.011	Hazardous Materials Training Program for Implementation of the Superfund Amendment and Reauthorization Act (SARA) of 1986 (SARA Title III Training Program)	\$ 19,239	\$ 21,334	\$ 13,116	\$ 11,021
83.503	Civil Defense-State & Local Emergency Management Assistance	37,710	-	-	37,710
83.505	State Disaster Preparedness Grants	8,737	9,635	45,970	45,072
83.519	Hazard Mitigation Assistance	(69,601)	-	-	(69,601)
83.520	Hurricane Program	2,295	1,910	23,353	23,738
83.528	Emergency Management Institute - Field Training Program	119	-	-	119
83.534	Emergency Management - State and Local Assistance	22,202	263,555	281,940	40,587
83.535	Mitigation Assistance	20,436	187,089	174,820	8,167
83.539	Crisis Counseling	10,433	10,433	-	-
83.541	Disaster Unemployment Assistance	173,179	172,731	34,779	35,227
83.542	Fire Suppression Assistance	35,667	54,461	20,720	1,926
83.543	Individual and Family Grants	141,354	332,676	191,322	-
83.544	Public Assistance Grants	(1,873,344)	27,785,152	27,194,963	(2,463,533)
83.548	Hazard Mitigation Grant	-	331,887	727,074	395,187
FEDERAL EMERGENCY MANAGEMENT AGENCY TOTAL		\$ (1,471,574)	\$ 29,170,863	\$ 28,708,057	\$ (1,934,380)

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<u>CFDA#</u>	<u>Agency/Program</u>	Accrued (Deferred) Balance at September 30, 1998	Cash Receipts	Expenditures	Accrued (Deferred) Balance at September 30, 1999
U.S. DEPARTMENT OF EDUCATION					
84.003	Bilingual Education	\$ 304	\$ -	\$ -	\$ 304
84.009	Education of Handicapped Children in State Operated or Supported Schools	111,592	-	-	111,592
84.027	Special Education - Grants to States	(571,511)	-	-	(571,511)
84.029	Special Education - Personnel Development and Parent Training	(65)	-	-	(65)
84.034	Public Library Services (LSCA - Title I)	34,426	35,795	3,657	2,288
84.035	Interlibrary Cooperation and Resource Sharing (LSCA - Title III)	4,320	9,792	7,304	1,832
84.053	Vocational Education - State Councils	2,104	-	-	2,104
84.073	National Diffusion Network (NDN)	204	-	-	204
84.124	Territorial Teacher Training Assistance Program	4,354	(1)	-	4,355
84.126	Rehabilitation Services-Vocational Rehabilitation Grants to States	2,678,066	2,479,863	1,591,446	1,789,649
84.154	Public Library Construction and Technology Enhancement	-	1,030	2,060	1,030
	BALANCE FORWARD	\$ 2,263,794	\$ 2,526,479	\$ 1,604,467	\$ 1,341,782

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<u>CFDA#</u>	<u>Agency/Program</u>	Accrued (Deferred) Balance at September 30, 1998	Cash Receipts	Expenditures	Accrued (Deferred) Balance at September 30, 1999
	U.S. DEPARTMENT OF EDUCATION BALANCE FORWARD	\$ 2,263,794	\$ 2,526,479	\$ 1,604,467	\$ 1,341,782
84.998	Consolidated Grant	881,914	-	-	881,914
84.161	Rehabilitation Services - Client Assistance Program (CAP)	19,958	62,324	49,717	7,351
84.169	Independent Living - State Grants	11,854	13,698	19,106	17,262
84.173	Special Education - Preschool Grants	15,571	-	-	15,571
84.177	Rehabilitation Services - Independent Living Services for Older Individuals Who are Blind	79,750	-	42,355	122,105
84.181	Special Education - Grants for Infants and Families with Disabilities (Early Intervention Grants)	32,272	-	-	32,272
84.186	Safe and Drug-Free Schools and Communities - State Grants	195,819	197,931	307,547	305,435
84.187	Supported Employment Services for Individuals with Severe Disabilities (State Supported Employment Services Program)	86,414	76,881	-	9,533
	U.S. DEPARTMENT OF EDUCATION TOTAL	<u>\$ 3,587,346</u>	<u>\$ 2,877,313</u>	<u>\$ 2,023,192</u>	<u>\$ 2,733,225</u>

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U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					
93.000	Cost Pool Allocation Accounts	\$ -	\$ 1,141,879	\$ 1,339,013	\$ 197,134
93.023	Child Support Enforcement	49	207,681	207,632	-
93.041	Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation (Elder Abuse Prevention)	5,498	11,329	6,665	834
93.042	Special Programs for the Aging - Title VII, Chapter 2 - Long Term Care Ombudsman Services for Older Individuals (State Grants for Long-Term Care Ombudsman Services)	6,123	6,123	-	-
93.043	Special Programs for the Aging-Title III, Part F - Disease Prevention and Health Promotion Services (State Grants for Disease Prevention and Health Promotion)	64,044	124,704	75,000	14,340
93.044	Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	-	-	-	-
93.045	Special Programs for the Aging - Title III, Part C - Nutrition Services	87,949	6,600,282	6,689,724	177,391
93.046	Special Programs for the Aging - Title III, Part D - In-Home-Services for Frail Older Individuals	-	1,256,310	1,256,310	-
93.110	Maternal and Child Health Federal Consolidated Programs (Special Projects of Regional and National Significance (SPRANS))	24,580	70,327	66,178	20,431
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	44,084	352,395	342,198	33,887
93.127	Emergency Medical Services for Children (EMS for Children)	-	3,228	4,103	875
93.150	Projects for Assistance in Transition from Homelessness (PATH)	950	6,234	5,284	-
93.188	Special Project Grants to Schools of Public Health	1,444	-	-	1,444
93.217	Family Planning - Services	4,660	155,011	188,445	38,094
93.268	Immunization Grants	15,118	355,613	323,594	(16,901)
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance	-	69,339	63,846	(5,493)
93.556	Family Preservation and Support Services	10,372	226,300	253,805	37,877
93.558	Temporary Assistance for Needy Families	156,432	23,915,478	24,054,877	295,831
	BALANCE FORWARD	\$ 421,303	\$ 34,502,233	\$ 34,876,674	\$ 795,744

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<u>CFDA#</u>	<u>Agency/Program</u>	Accrued (Deferred) Balance at September 30, 1998	Cash Receipts	Expenditures	Accrued (Deferred) Balance at September 30, 1999
	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
	BALANCE FORWARD	\$ 421,303	\$ 34,502,233	\$ 34,876,674	\$ 795,744
93.561	Job Opportunities and Basic Skills Training (JOBS)	(8,749)	(8,749)	-	-
93.563	Child Support Enforcement	690,131	4,637,700	3,480,615	(466,954)
93.575	Child Care and Development Block Grant	180,917	3,386,264	3,935,704	730,357
93.600	Head Start	47	-	-	47
93.630	Developmental Disabilities Basic Support and Advocacy Grants	44,448	236,404	207,696	15,740
93.667	Social Services Block Grant	49,164	1,570,575	1,543,351	21,940
93.778	Medical Assistance Program (Medicaid; Title XIX)	(209,400)	9,001,859	9,762,987	551,728
93.912	Rural Outreach - Rural Network Development Program	-	-	-	-
93.917	HIV Care Formula Grants	-	6,193	7,006	813
93.940	HIV Prevention Activities-Health Department Based (HIV Prevention Program)	7,857	212,469	239,159	34,547
93.945	Assistance Program for Chronic Disease Prevention and Control	6,734	6,734	-	-
93.958	Block Grants for Community Mental Health Services (CMHS Block Grant)	8,275	112,217	124,746	20,804
93.959	Block Grants for Prevention and Treatment of Substance Abuse (Prevention and Treatment (SAPT) Block Grant)	168,086	33,795	513,290	647,581
93.977	Preventive Health Services - Sexually Transmitted Diseases Control Grants	1,350	129,172	155,147	27,325
93.982	Mental Health Disaster Assistance and Emergency Mental Health (Mental Health Disaster Assistance)	50,509	115,227	64,718	-
93.988	Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	-	20,735	20,735	-
93.991	Preventive Health and Health Services Block Grant	13,166	302,601	346,199	56,764
93.994	Maternal and Child Health Services Block Grant to the States	(3,036)	520,686	590,374	66,652
	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
	TOTAL	\$ 1,420,802	\$ 54,786,115	\$ 55,868,401	\$ 2,503,088

GOVERNMENT OF GUAM

Schedule of Expenditures of Federal Awards
Year Ended September 30, 1999

<u>CFDA#</u>	<u>Agency/Program</u>	Accrued (Deferred) Balance at September 30, 1998	Cash Receipts	Expenditures	Accrued (Deferred) Balance at September 30, 1999
	CORPORATION FOR NATIONAL AND COMMUNITY SERVICE				
94.006	AmeriCorps	\$ 31,431	\$ 259,454	\$ 213,380	\$ (14,643)
94.009	Training and Technical Assistance	-	-	4,071	4,071
	CORPORATION FOR NATIONAL AND COMMUNITY SERVICE TOTAL	\$ 31,431	\$ 259,454	\$ 217,451	\$ (10,572)

GOVERNMENT OF GUAM

Schedule of Expenditures of Federal Awards
Year Ended September 30, 1999

<u>CFDA#</u>	<u>Agency/Program</u>	Accrued (Deferred) Balance at September 30, 1998	Cash Receipts	Expenditures	Accrued (Deferred) Balance at September 30, 1999
	SOCIAL SECURITY ADMINISTRATION				
96.001	Social Security - Disability Insurance	\$ 22,559	\$ 95,254	\$ 99,423	\$ 26,728
	SOCIAL SECURITY ADMINISTRATION TOTAL	\$ 22,559	\$ 95,254	\$ 99,423	\$ 26,728
	GRAND TOTAL	\$ 15,732,920	\$ 172,506,568	\$ 169,616,371	\$ 12,842,723

GOVERNMENT OF GUAM

Notes to Schedule of Expenditures of Federal Awards Year Ended September 30, 1999

1. Scope of Audit:

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

Programs Subject to Single Audit:

Schedules of Expenditures of Federal Awards are presented for each Federal program related to the following agencies:

- Corporation for National and Community Service
- U.S. Department of Agriculture
- U.S. Department of Commerce
- U.S. Department of Defense
- U.S. Department of Education
- U.S. Department of Energy
- U.S. Department of Health and Human Services
- U.S. Department of Housing and Urban Development
- U.S. Department of the Interior
- U.S. Department of Justice
- U.S. Department of Labor
- U.S. Department of Transportation
- U.S. Environmental Protection Agency
- Federal Emergency Management Agency
- National Foundation on the Arts and the Humanities
- Social Security Administration

2. Summary of Significant Accounting Policies:

a. Basis of Accounting:

For the purposes of this report, cash receipts relate to all cash derived from the federal agencies for programs within the Catalog of Federal Domestic Assistance. Cash receipts do not include matching funds from the Government of Guam or receipts related to program income. The Government of Guam has not allocated interest income that may have been earned in part from cash received from federal programs. Indirect costs claimed by the Government of Guam from federal agencies are deducted from cash receipts and reimbursements.

All expenses and capital outlays that represent the federal share are reported as expenditures. Expenditures are recognized on the modified accrual basis of accounting, consistent with the manner in which the Government of Guam maintains its accounting records. This includes earned reimbursements under different formula grants and entitlement programs that are accounted for as revenues in the General Fund of the Government of Guam and the dollar value of food stamp coupons issued during the period.

GOVERNMENT OF GUAM

Notes to Schedule of Expenditures of Federal Awards Year Ended September 30, 1999

2. Summary of Significant Accounting Policies, Continued:

b. Subgrants:

Certain program funds are passed through the Government of Guam to subrecipient organizations. The Schedule of Expenditures of Federal Awards does not contain separate schedules disclosing how the subrecipient outside of the Government of Guam's control utilized the funds. Federal awards provided to subrecipients are treated as expenditures when paid to the subrecipient.

c. Cost Allocation:

The Government of Guam has a plan for allocation of common costs related to public health and social services federal awards programs. The amounts allocated to 1999 grant programs are based on 1999 actual expenditures and caseloads. The indirect cost rate is derived by dividing the total indirect costs by the total direct wages expended in fiscal year 1997. The indirect cost negotiation agreement is established at varying rates for various departments and agencies of the Government of Guam.

3. Reporting Entity:

The Government of Guam, for the purposes of the Schedule of Expenditures of Federal Awards, includes all the funds of the primary government as defined by GASB 14 and certain component units of the Government of Guam (see also note 5). It does not include the following component units of the Government of Guam:

- Guam International Airport Authority
- Guam Telephone Authority
- Guam Memorial Hospital Authority
- Guam Housing and Urban Renewal Authority
- Guam Housing Corporation
- Guam Rental Corporation
- Guam Mass Transit Authority
- University of Guam
- Guam Community College
- Port Authority of Guam
- Guam Visitors' Bureau
- Guam Economic Development Authority
- Guam Power Authority
- Guam Educational Telecommunications Corporation

These component units may receive federal awards. If awards are received, these entities separately satisfy the audit requirements of OMB Circular A-133.

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

GOVERNMENT OF GUAM

Notes to Schedule of Expenditures of Federal Awards Year Ended September 30, 1999

4. Noncash Awards:

Certain federal awards programs do not involve cash awards to the Government of Guam. These programs generally could include donated commodities, insurance, food stamps, and loans. For the year ended September 30, 1999, the Government of Guam had the following noncash award:

U.S. Department of Agriculture Food Stamps CFDA #10.551	
Coupons issued and redeemed	\$ <u>31,224,096</u>
Total Food Stamps reported on the Schedule of Federal Financial Assistance	\$ <u>31,224,096</u>

The value of Food Stamps held in custody by the Government of Guam's agent totaled \$13,394,257 at September 30, 1999.

Based on the actual food stamps issued and redeemed, the abovementioned noncash federal awards program was determined to be a major program for the fiscal year ended September 30, 1999.

5. Component Units:

One component unit has opted to satisfy the audit requirements of OMB Circular A-133 by inclusion in the Government of Guam's Schedule of Expenditures of Federal Awards. This component unit receives funds either directly from the Federal awarding agency and/or passed through the Government of Guam, as follows:

		Expenditures For the Year Ended September 30, 1999
Guam Waterworks Authority:		
Direct from U. S. Environmental Protection Agency CFDA # 66.458	Capitalization Grants for State Revolving Funds	\$ <u>1,394,169</u>
Pass Through from Department of Administration Government of Guam:		
CFDA # 15.875	Economic, Social and Political Development of the Territories and the Freely Associated States	\$ <u>2,098,692</u>
CFDA # 83.544	Public Assistance Grants	\$ <u>789,249</u>

6. Prior Year Balances:

The prior year accrued balance for CFDA number 83.544 (Public Assistance Grants) has been adjusted to reflect the exclusion of the Guam Power Authority (GPA), a component unit, from the Government of Guam Schedule of Expenditures of Federal Awards for the year ended September 30, 1999. At September 30, 1998, such accrued balance included \$12,651,269 of GPA receivables from the Federal Emergency Management Agency.

GOVERNMENT OF GUAM

Schedule of Major Federal Award Programs Year Ended September 30, 1999

The following lists specific grants selected for detailed compliance testing in accordance with applicable OMB Circular A-133 requirements.

<u>Grantor</u>	<u>CFDA #</u>	<u>Program Name</u>	<u>Fiscal Year 1999 Expenditures</u>
U.S. Department of Agriculture	10.551	Food Stamp Program	\$ 31,224,096
	10.561	State Administrative Funding for the Food Stamp Program	1,865,905
U.S. Department of the Interior	15.875	Economic, Social and Political Development of the Territories And the Freely Associated States	6,743,129
U.S. Department of Justice	16.575	Crime Victim Assistance	300,502
U.S. Department of Labor	17.246	Employment and Training Assistance - Dislocated Workers	1,257,992
	17.250	Job Training Partnership Act	2,286,008
U.S. Department of Transportation	20.205	Highway Planning and Construction	15,290,819
Federal Emergency Management Agency	83.544	Public Assistance Grants	27,194,963
U.S. Department of Health and Human Services	93.116	Project Grants and Cooperative Agreements for Tuberculosis	342,198
	93.268	Immunization Grants	323,594
	93.558	Temporary Assistance for Needy Families	24,054,877
	93.575	Child Care and Development Fund	3,935,704
	93.991	Preventative Health and Health Services Block Grant	<u>346,199</u>
Total Federal Programs selected for audit			\$ <u>115,165,986</u>
Total Federal Awards program expenditures			\$ <u>169,616,371</u>
Percentage of Federal Awards Programs tested			<u>68%</u>

GOVERNMENT OF GUAM

Reconciliation of Schedule of Expenditures of Federal Awards to General Purpose Financial Statements Year Ended September 30, 1999

		Fiscal Year 1999 <u>Expenditures</u>
Federal contributions, as reported in the 1999 financial statements:		
	Federal grants assistance fund, expenditures and transfers out	\$ 135,493,357
<u>CFDA #</u>		
10.551	Food Stamps	31,224,096
	Guam Waterworks Authority:	
66.458	Capitalization Grants for State Revolving Funds	\$ 1,394,169
15.875	Economic, Social and Political Development of the Territories and the Freely Associated States	<u>1,308,737**</u>
	Guam Waterworks Authority - Total	2,702,906*
	Superior Court of Guam:	
16.579	Byrne Formula Grant Program	195,977*
	Other unidentified expenditures	<u>35</u>
	Total Federal Expenditures Subject to Audit	\$ <u>169,616,371</u>

* These expenditures relate solely to the portion of program expenditures incurred by the component unit or line agency.

**Total program expenditures of Guam Waterworks Authority (GWA) differs from reconciling amounts herein due to balances already recorded by the Department of Administration (DOA), as follows:

<u>CFDA#</u>	Total Program Expenditures Per GWA	Portion of Expenditures Also Recorded by by DOA	Portion of Expenditures Incurred Solely by by GWA
15.875	\$2,098,692	\$(789,955)	\$1,308,737
83.544	\$ 789,249	\$(789,249)	\$ -

GOVERNMENT OF GUAM

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED SEPTEMBER 30, 1999

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs Year Ended September 30, 1999

Part I - Summary of Auditors' Results

1. The Independent Auditors' Report on the financial statements expressed a qualified opinion.
2. Reportable conditions in internal control over financial reporting were identified, some of which are considered to be material weaknesses.
3. Instances of noncompliance considered material to the financial statements were disclosed by the audit.
4. Reportable conditions in internal control over compliance with requirements applicable to major federal award programs were identified, some of which are considered to be material weaknesses.
5. The independent auditors' report on compliance with requirements applicable to major federal award programs expressed a qualified opinion.
6. The audit disclosed findings required to be reported by OMB Circular A-133.
7. The Government of Guam's major programs were:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
Food Stamp Cluster:	
Food Stamp Program	10.551
State Administrative Funding for the Food Stamp Program	10.561
Economic, Social and Political Development of the Territories and the Freely Associated States	15.875
Crime Victim Assistance	16.575
JTPA Cluster:	
Employment and Training Assistance – Dislocated Workers	17.246
Job Training Partnership Act	17.250
Highway Planning and Construction	20.205
Public Assistance Grants	83.544
Project Grants and Cooperative Agreements for Tuberculosis	93.116
Immunization Grants	93.268
Temporary Assistance for Needy Families	93.558
Child Care and Development Funds	93.575
Preventive Health and Health Services Block Grant	93.991

8. A threshold of \$3,000,000 was used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133.
9. The Government of Guam did not qualify as a low-risk auditee as that term is defined in OMB Circular A-133.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued Year Ended September 30, 1999

Part II – Financial Statement Findings Section

<u>Reference Number</u>	<u>Findings</u>	<u>Questioned Costs</u>
99-24	Fixed Assets, Equipment and Real Property Management	\$ -
99-26	Taxes Receivable	\$ -
99-27	Taxes Receivable	\$ -
99-28	Taxes Receivable	\$ -
99-29	Taxes Receivable	\$ -
99-30	Fund 355 - Water System Revenue Bonds Series 1989 Fund	\$ -
99-31	General Fund – Other Receivable	\$ -
99-32	General Fund – Other Receivable	\$ -
99-33	General Fund – Other Receivable	\$ -
99-34	General Fund – Other Receivable	\$ -
99-35	Fund 310 – Workers’ Compensation Fund	\$ -
99-36	Fund 310 – Workers’ Compensation Fund	\$ -
99-37	Fund 306 – Government Claims Fund	\$ -
99-38	Fund 319 – Community Development Fund	\$ -
99-39	Agency Funds	\$ -
99-40	Enterprise Fund Solid Waste Management Fund – Accounts Receivable, Revenue	\$ -
99-41	General Fund – Cash	\$ -
99-42	Superior Court of Guam	\$ -
99-43	CIP Outstanding Encumbrance	\$ -
99-44	Purchases and Disbursements, Allowable Costs/Cost Principles	\$ -
99-45	General Fund – Accounts Payable and Other Payables	\$ -
99-46	General Fund – Accounts Payable and Other Liabilities	\$ -
99-47	GovGuam – Child Support Liability	\$ -
99-48	Fund 101 – Federal Grants Assistance Fund	\$ -
99-49	Fund 101 – Federal Grants Assistance Fund, Cash Management	\$ -
99-50	Fund 101 – Federal Grants Assistance Fund	\$ -
99-51	Fund 101 – Federal Grants Assistance Fund	\$ -
99-52	Internal Service Fund	\$ -
99-53	Internal Service Fund – Inventory	\$ -
99-54	Cash	\$ -
99-55	Special Revenue Funds	\$ -
99-56	Special Revenue Funds	\$ -

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued Year Ended September 30, 1999

Part III - Federal Award Findings and Questioned Cost Section

<u>Reference Number</u>	<u>CFDA Number</u>	<u>Findings</u>	<u>Questioned Costs</u>
99-01	10.551/561	Reporting	\$ 281,000
99-02	15.875	Procurement and Suspension and Debarment	3,147,789
99-03	15.875	Reporting	-
99-04	16.575	Reporting	-
99-05	17.246/250	Procurement and Suspension and Debarment	166,036
99-06	17.246/250	Allowable Costs/Cost Principles	-
99-07	83.544	Procurement and Suspension and Debarment	4,870,577
99-08	83.544	Activities Allowed or Unallowed	534,429
99-09	83.544	Special Tests and Provisions – Project Accounting	-
99-10	83.544	Special Tests and Provisions – 44 CFR 13.26	6,563,327
99-11	93.116	Reporting	-
99-12	93.268	Reporting	-
99-13	93.558	Eligibility	-
99-14	93.558	Eligibility	-
99-15	93.558, 93.575	Reporting	-
99-16	93.575	Eligibility	-
99-17	93.575	Reporting	-
99-18	93.575	Period of Availability of Federal Funds	125,516
99-19	93.575	Eligibility	-
99-20	93.575	Matching, Level of Effort, or Earmarking	61,812
99-21	93.575	Special Tests and Provisions – Grant Award	-
99-22	93.575	Subrecipient Monitoring	-
99-23	93.991	Reporting	-
99-24	All	Equipment and Real Property Management	-
99-25	All	Subrecipient Monitoring	-
99-44	83.544	Allowable Costs/Cost Principles	-
99-49	All	Cash Management	-

GOVERNMENT OF GUAM

U.S. Department of Agriculture Schedule of Findings and Questioned Costs Year Ended September 30, 1999

<u>Item No.</u>	<u>CFDA No.</u>	<u>Criteria:</u>	<u>Questioned Costs</u>
99-01	10.551 10.561	In accordance with OMB Circular A-133 reporting requirements, the following apply:	\$ 281,000

- 1) Quarterly reports (i.e., SF 269) are due on January 30, April 30, July 30 and October 30.
- 2) The FNS 250, Food Coupon Accountability Report, should reflect accurate data.

Condition:

- 1) FNS-269, Financial Status Reports were submitted late as follows:

Quarter	Date due	Date submitted	Days late
1	30-Jan-99	04-Feb-99	5
2	30-Apr-99	13-May-99	13
3	30-Jul-99	20-Aug-99	21
4	30-Oct-99	22-Nov-99	23
Final	30-Dec-99	None	

- 2) Total shipments received from FNS (Food & Nutrition Service), per the FNS 250, and total food coupons issued, per a letter from FNS for fiscal year 1999, differ as follows:

Denomination	Book Receipts per FNS 250	Book Issuances per FNS	Over (Under) Book Variance	\$ Variance
\$ 2	182,000	184,000	(2,000)	\$ 4,000
\$ 7	54,000	60,000	(6,000)	42,000
\$ 10	46,000	52,000	(6,000)	60,000
\$ 40	21,600	24,000	(2,400)	96,000
\$ 50	6,400	7,200	(800)	40,000
\$ 65	485,400	486,000	(600)	39,000
				<u>\$ 281,000</u>

Cause:

There appears to be a lack of internal controls over ensuring that reports are submitted in a timely manner and that the FNS 250 reflects accurate data.

Effect:

The grantee is in noncompliance with OMB Circular A-133 reporting requirements.

- 1) There is no known effect on the financial statements as a result of this condition; however, there is a potential for future grant awards to be delayed or withheld.
- 2) A questioned cost of \$281,000 exists.

GOVERNMENT OF GUAM

U.S. Department of Agriculture Schedule of Findings and Questioned Costs Year Ended September 30, 1999

<u>Item No.</u>	<u>CFDA No.</u>	<u>Prior Year Status:</u>	<u>Questioned Costs</u>
99-01	10.551 10.561	<p>The above condition number 1 is reiterative of conditions identified in our prior years' audits of the Government of Guam.</p> <p><u>Recommendation:</u></p> <p>The grantee should establish and implement internal controls to ensure that quarterly reports are submitted in a timely manner and that reports are accurate in accordance with OMB Circular A-133 reporting requirements.</p> <ol style="list-style-type: none">1) The program administrator should develop a timetable of reports and their respective due dates; at the beginning of each month, the administrator should circulate reminders to all report preparers of upcoming report deadlines.2) At the end of each month, the responsible personnel should reconcile reported shipments received per the FNS 250 with reported shipments sent per the FNS 261, Advise of Shipment. Any discrepancies should be immediately investigated and resolved. <p>Furthermore, the grantee should provide the auditors with a reconciliation between the FNS 250 and the FNS 261 reports to account for the \$281,000 variance and to effect resolution of condition number 1 of this finding.</p>	

GOVERNMENT OF GUAM

U.S. Department of the Interior Schedule of Findings and Questioned Costs Year Ended September 30, 1999

<u>Item No.</u>	<u>CFDA No.</u>	<u>Criteria:</u>	<u>Questioned Costs</u>
99-02	15.875	In accordance with OMB Circular A-133 procurement requirements and the Common Rule, the grantee will maintain records sufficient to detail the significant history of a procurement. These records will include a rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.	\$ 3,147,789

Condition:

Out of 18 transactions, aggregating \$4,072,115 of \$5,434,392 in total Program expenditures, we noted the following:

- 1) For 2 (or 11%), there is no significant history of the procurement on file for the following transactions:

<u>Dept/Div</u>	<u>Check Date</u>	<u>Transaction #</u>	<u>Vendor #</u>	<u>Reference #</u>	<u>Amount</u>
02/02	07/12/99	980040	M0097169	C990602980	\$ 96,453
10/10	09/14/99	985551	M9583101	C990603510	<u>89,000</u>
					<u>\$185,453</u>

- 2) For 6 (or 33%), the transaction involves a prior year procurement. However, in the prior year and current year, there is no significant history of the procurement on file for the following transactions:

<u>Dept/Div</u>	<u>Check Date</u>	<u>Transaction #</u>	<u>Vendor #</u>	<u>Reference #</u>	<u>Amount</u>
02/02	04/19/99	971990	J0083132	C980600920	\$ 148,590
02/02	07/28/99	981591	J0083132	C980600920	37,484
02/02	09/17/99	986043	J0083132	C980600921	425,000
02/02	09/23/99	986366	J0083132	C980600921	425,000
02/02	09/30/99	987545	J0083132	C980600921	151,622
10/10	02/12/99	965898	C6464001	C980603410	84,213
10/10	03/10/99	968147	C6464001	C980603410	76,500
10/10	04/12/99	971497	C6464001	C980603410	151,371
10/10	05/10/99	974285	C6464001	C980603410	65,997
10/10	09/01/99	984588	C6464001	C980603410	73,455
10/10	09/30/99	987470	C6464001	C980603410	71,267
10/10	01/15/99	963356	B6834001	C980603570	74,115
10/10	02/08/99	965473	B6834001	C980603570	80,010
10/10	02/26/99	967412	B6834001	C980603570	210,618
10/10	04/12/99	971493	B6834001	C980603570	111,609
10/10	05/21/99	975535	B6834001	C980603570	50,625
10/10	05/24/99	975862	B6834001	C980603570	106,668
10/10	06/16/99	977980	B6834001	C980603570	298,393
10/10	07/30/99	981670	B6834001	C980603570	103,642
10/10	08/24/99	J990661853	H0303201	P986P01111	87,165
10/10	08/18/99	J990661796	Unknown	P986P01112	
				P986P01113	<u>128,992</u>
					<u>\$2,962,336</u>

GOVERNMENT OF GUAM

U.S. Department of the Interior Schedule of Findings and Questioned Costs Year Ended September 30, 1999

<u>Item No.</u>	<u>CFDA No.</u>	<u>Cause:</u>	<u>Questioned Costs</u>
99-02	15.875	<p>There appears to be a lack of internal control policies and procedures over ensuring compliance with OMB Circular A-133 procurement requirements and the Common Rule.</p> <p><u>Effect:</u></p> <p>The Program is in noncompliance with OMB Circular A-133 procurement requirements and the Common Rule. A questioned cost of \$3,147,789 exists.</p> <p><u>Prior Year Status:</u></p> <p>The above condition is reiterative of conditions identified in our prior years' audits of the Government of Guam.</p> <p><u>Recommendation:</u></p> <p>The procurement supervisor should establish and implement internal control procedures to ensure that all procurements are documented in sufficient detail in compliance with OMB Circular A-133 procurement requirements and the Common Rule. The procurement officer should not approve purchase orders to procure goods/services from a particular vendor unless such procurement documents as solicitation ads, bid abstracts, or other written memoranda are documented on file to detail the significant history of the procurement.</p> <p>Also, the grantee should provide the requested procurement documents to the auditors to effect resolution of this finding.</p>	

GOVERNMENT OF GUAM

U.S. Department of the Interior Schedule of Findings and Questioned Costs Year Ended September 30, 1999

<u>Item No.</u>	<u>CFDA No.</u>	<u>Criteria:</u>	<u>Questioned Costs</u>
99-03	15.875	<p>In accordance with OMB Circular A-133 reporting requirements, the Common Rule, and Terms and Conditions of the Grant Award, quarterly reports (i.e., SF 269 and SF 272) shall be prepared and submitted within 30 days of the end of the quarter.</p> <p><u>Condition:</u></p> <p>Copies of financial reports were not provided to the auditors.</p> <p><u>Cause:</u></p> <p>There appears to be a lack of recordkeeping controls.</p> <p><u>Effect:</u></p> <p>There is no known effect on the financial statements as a result of this condition. However, the grantee is in noncompliance with OMB Circular A-133 reporting requirements, the Common Rule, and Terms and Conditions of Grant Award.</p> <p><u>Prior Year Status:</u></p> <p>The above condition is reiterative of conditions identified in our prior years' audits of the Government of Guam.</p> <p><u>Recommendation:</u></p> <p>The grantee should establish recordkeeping controls to ensure that copies of financial reports are maintained on file.</p> <p>Also, the grantee should provide the requested reports to the auditors to effect resolution of this finding.</p>	\$ -

GOVERNMENT OF GUAM

U.S. Department of Justice Schedule of Findings and Questioned Costs Year Ended September 30, 1999

<u>Item No.</u>	<u>CFDA No.</u>	<u>Criteria:</u>	<u>Questioned Costs</u>
99-04	16.575	In accordance with OMB Circular A-133 reporting requirements, quarterly reports (i.e., SF-269A) are due 30 days after the end of each quarter.	\$ -

Condition:

The SF-269A quarterly financial report was submitted late as follows:

<u>Quarter</u>	<u>Date Due</u>	<u>Date Submitted</u>	<u>Days Late</u>
4 th	10/30/99	11/05/99	6

Cause:

There appears to be weak internal controls over ensuring that reports are submitted in a timely manner.

Effect:

There is no known effect on the financial statements as a result of this condition. However, there is a potential for future grants to be delayed or withheld.

Recommendation:

The grantee should strengthen internal control procedures to ensure that quarterly reports are prepared in timely manner and submission dates are properly documented. The program administrator should develop a timetable of reports and their respective due dates; at the beginning of each month, the administrator should circulate reminders of upcoming report deadlines to all report preparers.

GOVERNMENT OF GUAM

U. S. Department of Labor Schedule of Findings and Questioned Costs Year Ended September 30, 1999

<u>Item No.</u>	<u>CFDA No.</u>	<u>Criteria:</u>	<u>Questioned Costs</u>
99-05	17.246 17.250	In accordance with OMB Circular A-133 procurement requirements and 20 CFR 627, the grantee will maintain records sufficient to detail the significant history of a procurement. These records will include a rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.	\$ 166,036

Condition:

Out of 9 transactions tested, aggregating \$251,576 of \$856,279 in total non-payroll Program expenditures, we noted the following:

1. For 3 (or 33%), a memo from the Chief Procurement Officer cites unauthorized procurement for each of the following:

<u>Check Date</u>	<u>Transaction #</u>	<u>Vendor #</u>	<u>Reference #</u>	<u>Amount</u>
02/17/99	966141	E0611901	D991500079	\$ 15,218
01/05/99	962016	B4986201	D991500020	3,632
11/06/98	944361	E0611901	P86A06849	<u>83,406</u>
				\$ <u>102,256</u>

2. For 1 (or 11%), services commenced on December 1, 1998, before the purchase order was issued on December 11, 1998, for the following:

<u>Check Date</u>	<u>Transaction #</u>	<u>Vendor #</u>	<u>Reference #</u>	<u>Amount</u>
02/09/99	965503	D0096188	P96A00945	\$ <u>61,200</u>

3. For 1 (or 11%), a vendor was procured under the small purchase procurement method. However, only one quotation is documented on file for the following:

<u>Check Date</u>	<u>Transaction #</u>	<u>Vendor #</u>	<u>Reference #</u>	<u>Amount</u>
b. 12/30/98	961900	R8286701	P86A06362	\$ <u>2,580</u>

Cause:

There appears to be a lack of internal control policies and procedures over ensuring compliance with OMB Circular A-133 procurement requirements and 20 CFR 627.

Effect:

The program is in noncompliance with OMB Circular A-133 procurement requirements and 20 CFR 627. A questioned cost of \$166,036 exists.

GOVERNMENT OF GUAM

U.S. Department of Labor Schedule of Findings and Questioned Costs Year Ended September 30, 1999

<u>Item No.</u>	<u>CFDA No.</u>	<u>Recommendation:</u>	<u>Questioned Costs</u>
99-05	17.246 17.250	The grantee should establish and implement internal controls to ensure compliance with OMB Circular A-133 procurement requirements and 20 CFR 627.	

Auditors' Response:

The grantee disagrees with Condition #1 and has provided the auditors with a letter from the Acting Chief Procurement Officer, ratifying the payment request to vendor #E061190. Although such payment request was subsequently ratified by the Acting Chief Procurement Officer, the procurement method remains in noncompliance with OMB Circular A-133 procurement requirements. Therefore, the condition remains a finding and questioned cost.

GOVERNMENT OF GUAM

U.S. Department of Labor Schedule of Findings and Questioned Costs Year Ended September 30, 1999

<u>Item No.</u>	<u>CFDA No.</u>	<u>Criteria:</u>	<u>Questioned Costs</u>
99-06	17.246 17.250	In accordance with OMB Circular A-133 allowable costs/cost principles requirements and OMB Circular A-87, governmental units should assume responsibility for administering Federal funds in a manner consistent with underlying agreements, program objectives, and the terms and conditions of the Federal award.	\$ -

Condition:

For 2 (or 22%) out of 9 transactions, aggregating \$251,576 of \$856,279 in total non-payroll Program expenditures, federal funds were used to lease an industrial tub grinder and a dump truck for the clean up of debris from Typhoon Paka, as follows:

	<u>Check Date</u>	<u>Transaction #</u>	<u>Vendor #</u>	<u>Reference #</u>	<u>Amount</u>
1.	12/30/98	961900	S9551301	P86A06362	\$ 2,580
2.	02/09/99	965503	P7621701	P96A00945	61,200
					\$ <u>63,780</u>

Cause:

There appears to be a lack of internal controls over ensuring that only allowable costs are charged to the Program.

Effect:

The grantee is in noncompliance with OMB Circular A-133 allowable costs/cost principles and OMB Circular A-87. No amount is questioned for this finding because the transaction amounts described above are already questioned in a previous finding.

Recommendation:

The grantee should establish and implement internal controls to ensure that only allowable costs are charged to the Program in accordance with OMB A-133 and OMB Circular A-87.

Auditors' Note:

The grantee disagrees with the finding and has provided the auditors with a Grant Award Letter, dated December 24, 1997, and an Approval Letter, dated May 1, 1998. The grantee believes that such documents allow the lease of equipment. However, based on our review of the documents provided, we noted the following statement: "The leasing of heavy equipment to be used in clean-up activities should be left to the Federal Emergency Management Agency which has extensive experience in obtaining and/or leasing equipment in the aftermath of Federally declared disasters." Therefore, the condition remains a finding and questioned cost.

GOVERNMENT OF GUAM

Federal Emergency Management Agency Schedule of Findings and Questioned Costs Year Ended September 30, 1999

<u>Item No.</u>	<u>CFDA No.</u>	<u>Criteria:</u>	<u>Questioned Costs</u>
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99-07	83.544	In accordance with OMB Circular A-133 procurement requirements and 44 CFR 13, grantees and subrecipients will maintain records sufficient to detail the significant history of a procurement. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.	\$ 4,870,577
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Condition:

Out of 33 vendors tested, aggregating \$17,191,236 of \$27,194,963 in total Program expenditures, we noted the following:

1. For 7 (or 21%), the significant history of the procurement is not maintained for each of the following transactions:

	Check Date	Transaction #	Vendor #	Reference #	Amount
a.	02/12/99	965815	A0096908	P996P00212	\$ 22,800
	03/29/99	970297	A0096908	P996P00212	22,220
b.	02/05/99	964979	D0096188	D992200045	4,845,102
				C980602131	
	08/16/99	982910	D0096188	D990293427	2,998,645
	10/30/98	J990660005	D0096188	C980602131	4,912,467
c.	08/06/99	981987	J0083275	P996P00793	26,000
d.	07/30/99	981712	J6884001	D991060161	125,640
e.	04/09/99	971345	K3304001	C990601250	36,190
	07/14/99	980190	K3304001	C990601250	21,601
f.	09/30/99	J990662321	P4666001		50,000
g.	02/18/99	966387	P7465101	D991040007	41,400
					<u>\$13,102,065</u>

2. For 1 (or 3%), there is no documentation on file to indicate whether a quotation was solicited from more than one vendor for the following transaction:

	Check Date	Transaction #	Vendor #	Reference #	Amount
	09/30/99	J990662311	P9986801	P986E00526	\$ <u>75,390</u>

3. For 1 (or 3%), we reviewed quotations from three vendors, noting vendor #P7465101 offered the lowest price of \$42/unit, and the words "THE WINNER" were written on the face of such vendor's proposal. However, there is no documentation on file to indicate the reason why such vendor was not ultimately selected. The vendor that offered the highest price of \$400/unit provided services for the following transaction:

	Check Date	Transaction #	Vendor #	Reference #	Amount
	09/30/99	J990662320	P4666001	None	\$ <u>78,044</u>

GOVERNMENT OF GUAM

Federal Emergency Management Agency Schedule of Findings and Questioned Costs Year Ended September 30, 1999

<u>Item No.</u>	<u>CFDA No.</u>	<u>Cause:</u>	<u>Questioned Costs</u>
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99-07	83.544	There appears to be a lack of internal controls over ensuring compliance with OMB Circular A-133 procurement requirements and 44 CFR 13.	
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Effect:

The grantee is in noncompliance with procurement requirements. A questioned cost of \$4,870,577 exists, as follows:

Total unsupported costs	\$ 13,255,499
Less costs already addressed by the grantor agency:	
Check #964979	(4,845,102)
Check #982910	<u>(2,998,645)</u>

	5,411,752
X Federal share	<u>90%</u>

Total questioned cost	\$ <u>4,870,577</u>
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As indicated above, certain costs have already been addressed by the Grantor agency in its separate audit of Program costs. Therefore, such costs are not questioned at this finding.

Prior Year Status:

The above condition is reiterative of conditions identified in our prior years' audits of the Government of Guam.

Recommendation:

The grantee should establish and implement internal control policies and procedures to ensure compliance with OMB Circular A-133 procurement requirements and 44 CFR 13.

Also, the grantee should provide the requested procurement documents to the auditors to effect resolution of this finding.

GOVERNMENT OF GUAM

Federal Emergency Management Agency Schedule of Findings and Questioned Costs Year Ended September 30, 1999

<u>Item No.</u>	<u>CFDA No.</u>	<u>Criteria:</u>	<u>Questioned Costs</u>
99-08	83.544	In accordance with OMB Circular A-133 activities allowed or unallowed requirements, the allowed activities for the Public Assistance program are for the approved project as described on the DSR (Damage Survey Report) and supporting documentation. Furthermore, in accordance with 44 CFR 13, all such financial records should be maintained on file for at least three years to substantiate expenditures.	534,429

Condition:

Out of 59 transactions, aggregating \$17,241,317 of \$27,194,963 in total Program expenditures, we noted the following:

1. For 10 (or 17%), no damage survey reports are on file for the following:

Check					
Date	Transaction #	Vendor #	Reference #	DSR #	Amount
05/27/99	976232	K0098274	P996A03321	Unknown	\$ 12,475
06/29/99	978880	K0266031	P996A03415	Unknown	12,475
09/03/99	984920	R1806001	T996T00667	Unknown	1,436
10/22/98	BMRBORDC			Unknown	452,301
09/30/99	J990662436			Unknown	6,105
06/03/99	LABOR0522			Unknown	29,933
07/07/99	LABOR0703			Unknown	26,407
08/18/99	LABOR0814			Unknown	7,864
08/28/99	LABOR0828			Unknown	26,007
08/28/99	LABOR0828			Unknown	11,344
					<u>\$ 586,347</u>
	X Federal share				90%
	Total questioned cost				<u>\$ 527,712</u>

2. For 2 (or 3%), the transaction exceeded the eligible amount per the DSR, as follows:

a.

Check					
Date	Transaction #	Vendor #	Reference #	DSR #	Amount
				02288	\$23,392
Less initial transaction:					
02/12/99	965815	A0096908	P996P00212		<u>22,800</u>
	Balance available				\$ 592
Less questionable transaction:					
03/29/99	970297	A0096908	P996P00212		<u>22,220</u>
	Total excess expenditure over DSR amount				\$21,628
	Less amount already questioned in a previous finding				<u>21,628</u>
					<u>\$ 0</u>

GOVERNMENT OF GUAM

Federal Emergency Management Agency Schedule of Findings and Questioned Costs Year Ended September 30, 1999

<u>Item No.</u>	<u>CFDA No.</u>	<u>Condition, Continued:</u>	<u>Questioned Costs</u>
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99-08	83.544	b.	
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Check

<u>Date</u>	<u>Transaction #</u>	<u>Vendor #</u>	<u>Reference #</u>	<u>DSR #</u>	<u>Amount</u>
				58044, 47173	\$56,172

Less transactions:

07/09/98	932051	M2446701	D981060131		10,400
06/26/98	930882	I0096068	D981060126		6,500
06/26/98	930752	C2756701	D981060139		38,885
07/09/98	932053	O2246701	D981060137		6,110
07/09/98	932068	C0784001	D981060129		<u>1,740</u>

Total excess expenditure over DSR amount	\$ 7,463
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X Federal Share	<u>90%</u>
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Total questioned cost	<u>\$ 6,717</u>
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Cause:

There appears to be a lack of internal control policies and procedures over ensuring compliance with OMB Circular A-133 activities allowed or unallowed requirements and 44 CFR 13 records retention requirements.

Effect:

A questioned cost of \$534,429 exists.

Prior Year Status:

The above condition is reiterative of conditions identified in our prior years' audits of the Government of Guam.

Recommendation:

The grantee should establish and implement internal controls to ensure that only activities approved on damage survey reports are charged to the Program and that such DSR's are properly maintained on file in accordance with OMB Circular A-133 activities allowed or unallowed requirements and 44 CFR 13 records retention requirements.

GOVERNMENT OF GUAM

Federal Emergency Management Agency Schedule of Findings and Questioned Costs Year Ended September 30, 1999

<u>Item No.</u>	<u>CFDA No.</u>	<u>Criteria:</u>	<u>Questioned Costs</u>
99-09	83.544	In accordance with OMB Circular A-133 special tests and provisions – project accounting requirements, for large projects, the State is required to make an accounting to FEMA of eligible costs. Similarly, the subgrantee must make an accounting to the State. In submitting the accounting, the entity is required to certify that reported costs were incurred in performance of eligible work, that the approved work was completed, that the project is in compliance with the provisions of the FEMA-State Agreement, and that payments for that project were made in accordance with the A-102 Common Rules payment provisions.	\$ -

Condition:

For 17 (or 36%) out of 47 projects tested, the subgrantee did not make the required certifications for the following:

	<u>Account #</u>	<u>DSR #</u>
1.	5101G981310TP560230	02288
2.	5101G981320TP540450	02291
3.	5101H989967TP514290	07503
4.	5101H989967TP57V290	07504
5.	5101H989812TP511290	07746
6.	5101G982210TP511230	47055, 76859
7.	5101G981066TP508230	58044, 47173
8.	5101G982300TP544450	58075, 72899
9.	5101G981043TP54M230	58871, 47331
10.	5101H989919TP5E5290	67378
11.	5101H989919TP5EA290	67380
12.	5101H989919TP5ED290	67382
13.	5101H989978TP516290	76815
14.	5101H989978TP518290	77066
15.	5101H989919TP59T290	77482
16.	5101G982210TP502230	77830
17.	5101H989966TP540290	77834

Cause:

There appears to be a lack of internal controls over ensuring subgrantees submit the required certifications.

Effect:

There is no known effect on the financial statements as a result of this condition. However, the grantee is in noncompliance with OMB Circular A-133 special tests and provisions – project accounting requirements and the Common Rule.

GOVERNMENT OF GUAM

Federal Emergency Management Agency Schedule of Findings and Questioned Costs Year Ended September 30, 1999

<u>Item No.</u>	<u>CFDA No.</u>	<u>Recommendation:</u>	<u>Questioned Costs</u>
99-09	83.544	The grantee should obtain the required certifications from the subgrantees in accordance with OMB Circular A-133 special tests and provisions – project accounting requirements.	

GOVERNMENT OF GUAM

Federal Emergency Management Agency Schedule of Findings and Questioned Costs Year Ended September 30, 1999

<u>Item No.</u>	<u>CFDA No.</u>	<u>Criteria:</u>	<u>Questioned Costs</u>
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99-10	83.544	In accordance with 44 CFR 13.26, State or local governments that provide Federal awards to a subgrantee, which expends \$300,000 or more in Federal awards in a fiscal year, shall determine whether State or local subgrantees have met the audit requirements of the Single Audit Act Amendments of 1996 and revised OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," or OMB Circular A-110, "Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations," as applicable.	\$ 6,563,327
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Condition:

The grantee did not obtain Single Audit reports from the following subgrantees, to which it provided more than \$300,000 in Federal fund reimbursements in fiscal year 1999 for fiscal year 1998 expenditures, as follows:

<u>Vendor Number</u>	<u>Department/Division</u>	<u>Amount</u>
21900000	9919	\$ 3,186,675
A2031601	9812	1,973,815
P0747301	9979	886,601
G0742101	9966	<u>516,236</u>
		\$ <u>6,563,327</u>

Cause:

There appears to be a lack of internal controls over ensuring compliance with 44 CFR 13.26 audit requirements.

Effect:

The grantee is in noncompliance with 44 CFR 13.26 audit requirements. A questioned cost of \$6,563,327 exists.

Recommendation:

The grantee should establish internal controls to ensure that each subgrantee, which expends \$300,000 or more in Federal awards in a fiscal year, is subjected to a Single Audit in accordance with 44 CFR 13.26.

GOVERNMENT OF GUAM

U.S. Department of Health and Human Services Schedule of Findings and Questioned Costs Year Ended September 30, 1999

<u>Item No.</u>	<u>CFDA No.</u>	<u>Criteria:</u>	<u>Questioned Costs</u>
99-11	93.116	<p>In accordance with OMB Circular A-133 reporting requirements and terms and conditions of the Notice of Cooperative Agreement, an annual Financial Status Report (FSR), SF 269 is required no later than 90 days after the end of each budget period.</p> <p><u>Condition:</u></p> <p>For the budget period ended December 31, 1998 and December 31, 1999, the grantee did not file a financial status report.</p> <p><u>Cause:</u></p> <p>There appears to be a lack of internal controls over ensuring that the report is filed in a timely manner.</p> <p><u>Effect:</u></p> <p>The grantee is in noncompliance with OMB Circular A-133 reporting requirements and terms and conditions of the Notice of Cooperative Agreement, and there is a potential for future grants to be delayed or withheld.</p> <p><u>Recommendation:</u></p> <p>The grantee should establish and implement internal controls to ensure that a financial status report is properly completed and filed in accordance with OMB Circular A-133 reporting requirements and terms and conditions of the Notice of Cooperative Agreement.</p> <p><u>Auditors' Response:</u></p> <p>The grantee indicates that a copy of the December 31, 1998, preliminary and final reports are transmitted with the grantee's response and corrective action plan. However, no such reports were received by the auditors as of report issuance. Therefore, this condition remains an audit finding.</p>	\$ -

GOVERNMENT OF GUAM

U.S. Department of Health and Human Services Schedule of Findings and Questioned Costs Year Ended September 30, 1999

<u>Item No.</u>	<u>CFDA No.</u>	<u>Criteria:</u>	<u>Questioned Costs</u>
99-12	93.268	<p>In accordance with OMB Circular A-133 reporting requirements and the terms and conditions of the grant award, an annual financial status report (FSR) is due no later than 90 days after the end of the 12-month budget period ending December 31.</p> <p><u>Condition:</u></p> <p>The annual FSRs for the budget periods ended December 31, 1998 and 1999 (which cover the months in fiscal year 1999) have not been provided to the auditors.</p> <p><u>Cause:</u></p> <p>There appears to be a lack of internal controls over ensuring that the annual FSRs are submitted in a timely manner.</p> <p><u>Effect:</u></p> <p>There is no known effect on the financial statements as a result of this condition. However, the grantee appears to be in noncompliance with the reporting requirements of OMB Circular A-133 and the grant award.</p> <p><u>Recommendation:</u></p> <p>The grantee should establish internal controls over reporting to ensure compliance with the reporting requirements of OMB Circular A-133 and the grant award.</p> <p>Also, the grantee should provide copies of the requested reports to the auditors to effect resolution of this finding.</p>	\$ -

GOVERNMENT OF GUAM

U.S. Department of Health and Human Services Schedule of Findings and Questioned Costs Year Ended September 30, 1999

<u>Item No.</u>	<u>CFDA No.</u>	<u>Criteria:</u>	<u>Questioned Costs</u>
99-13	93.558	<p>The eligibility worker (EW) should review and sign the Review of Eligibility to Continue Assistance form as indication that the applicant is eligible to receive benefits.</p> <p><u>Condition:</u></p> <p>For 13 (or 29%) out of 45 case files tested, (i.e., #30-51650 , 30-49755, 30-48731, 30-43539, 30-39100, 30-18070, 30-27891, 30-34466, 30-45567, 30-47296, 30-60768, 30-60608, 30-51194), the EW did not sign the Review of Eligibility to Continue Assistance form.</p> <p><u>Cause:</u></p> <p>There appears to be a lack of internal controls over ensuring that the EW reviews and signs the Review of Eligibility to Continue Assistance form.</p> <p><u>Effect:</u></p> <p>There is no known effect on the financial statements as a result of this condition. However, there is a potential for the Program to be providing benefits to ineligible applicants.</p> <p><u>Prior Year Status:</u></p> <p>The above condition is reiterative of conditions identified in our prior years' audits of the Government of Guam.</p> <p><u>Recommendation:</u></p> <p>The grantee should establish and implement internal control policies and procedures to ensure that the EW reviews and signs the Review of Eligibility to Continue Assistance form. The responsible person should not further process any case files that contain a Review of Eligibility to Continue Assistance form that is not signed.</p>	\$ -

GOVERNMENT OF GUAM

U.S. Department of Health and Human Services Schedule of Findings and Questioned Costs Year Ended September 30, 1999

<u>Item No.</u>	<u>CFDA No.</u>	<u>Criteria:</u>	<u>Questioned Costs</u>
99-14	93.558	<p>In accordance with 45 CFR 205, all programmatic documents, such as eligibility case files (including birth certificates and social security cards) should be maintained on file for at least three years.</p> <p><u>Condition:</u></p> <p>For 10 cases, (or 23%) out of 45 case files tested (i.e., # 30-60210, 30-48731, 30-18350, 30-34466, 30-36132, 30-45604, 30-47330, 30-17714, 30-51194, and 30-51090), the birth certificate and social security card were not maintained in the file.</p> <p><u>Cause:</u></p> <p>There appears to be weak recordkeeping controls.</p> <p><u>Effect:</u></p> <p>There is no known effect on the financial statements as a result of this condition. However, the grantee is in noncompliance with 45 CFR 205.</p> <p><u>Prior Year Status:</u></p> <p>The above condition is reiterative of conditions identified in our prior years' audits of the Government of Guam.</p> <p><u>Recommendation:</u></p> <p>The grantee should strengthen recordkeeping controls to ensure compliance with 45 CFR 205 records retention requirements.</p>	\$ -

GOVERNMENT OF GUAM

U.S. Department of Health and Human Services Schedule of Findings and Questioned Costs Year Ended September 30, 1999

<u>Item No.</u>	<u>CFDA No.</u>	<u>Criteria:</u>	<u>Questioned Costs</u>
99-15	93.558 93.575	In accordance with OMB Circular A-133 reporting requirements, Quarterly Financial Cash Transaction Reports PMS 272 and Financial Reports ACF 196 are due 45 and 30 days, respectively, after the reporting quarter.	\$ -

Condition:

1. The ACF 196 reports were submitted 13 to 26 days after the due dates, as follows:

Quarter	Due Date	Date Submitted	Days Late
1	01/30/99	02/24/99	25
2	04/30/99	05/13/99	13
3	07/30/99	08/25/99	26
4	10/30/99	11/22/99	23

2. The PMS 272 reports were submitted 1 to 24 days after the due dates, as follows:

Quarter	Due Date	Date Submitted	Days Late
1	02/14/99	03/10/99	24
2	05/15/99	06/07/99	23
3	08/14/99	08/15/99	1
4	11/14/99	12/08/99	24

Cause:

The Government of Guam's Department of Administration (DOA) is the responsible reporting local entity. DOA appears to have a lack of internal control procedures over ensuring that all Federal reports are prepared and submitted to the cognizant federal agency in a timely manner.

Effect:

There is no known effect on the financial statements as a result of this condition. However, there is a potential for Federal funds to be delayed or withheld.

Prior Year Status:

The above condition is reiterative of conditions identified in our prior years' audits of the Government of Guam.

GOVERNMENT OF GUAM

U.S. Department of Health and Human Services Schedule of Findings and Questioned Costs Year Ended September 30, 1999

<u>Item No.</u>	<u>CFDA No.</u>	<u>Recommendation:</u>	<u>Questioned Costs</u>
99-15	93.558 93.575	The grantee should consider establishing a timetable for the submission of reports to the Federal Government and distributing such schedule to all responsible individuals. The status of reports should be reviewed by the respective supervisors, and periodic reminders as to report due dates should be issued.	

GOVERNMENT OF GUAM

U.S. Department of Health and Human Services Schedule of Findings and Questioned Costs Year Ended September 30, 1999

<u>Item No.</u>	<u>CFDA No.</u>	<u>Criteria:</u>	<u>Questioned Costs</u>
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99-16	93.575	In accordance with OMB Circular A-133 eligibility requirements and the Common Rule, programmatic records, such as the case file (including the mayor's certification, complete monthly child care certificate, birth certificate, picture identification of head of household, and social security cards) should be maintained on file for at least three years to substantiate eligibility determinations.	\$ -
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Condition:

Out of 46 individual case files, we noted the following:

1. For 7 cases (or 15%) (i.e., # 70-00053, 70-00155, 70-00446, 70-00711, 83-38414, 70-00843, and 586609710) there is no mayor's certification, birth certificate, photo identification, and/or social security card for the head of household and/or dependents in the file.
2. For 5 cases (or 11%) (i.e., # 30-42928, 30-50450, 30-49497, 70-00380, and 586760429), there is no monthly child care certification in the file for the entire or partial certification period.
3. For 6 (or 13%) (i.e., # 30-50526, 70-00521, 70-00647, 30-31472, 586684140, and 30-50852), the breakdown of child care hours is incomplete or lacking on the child care certificate.

Cause:

There appears to be weak internal controls over recordkeeping.

Effect:

There is no known effect on the financial statements as a result of this condition. However, the grantee is in noncompliance with OMB Circular A-133 eligibility requirements.

Prior Year Status:

The above condition is reiterative of conditions identified in our prior years' audits of the Government of Guam.

Recommendation:

The grantee should strengthen internal control policies and procedures to ensure that all files are properly stored and accounted for in accordance with OMB Circular A-133 special tests and provision requirements and the Common Rule.

Also, the grantee should locate and provide to the auditors the requested documents to effect resolution of this finding.

GOVERNMENT OF GUAM

U.S. Department of Health and Human Services Schedule of Findings and Questioned Costs Year Ended September 30, 1999

<u>Item No.</u>	<u>CFDA No.</u>	<u>Criteria:</u>	<u>Questioned Costs</u>
99-17	93.575	In accordance with OMB Circular A-133 reporting requirements, quarterly reports (i.e., ACF-696) are due on January 30, April 30, July 30 and October 30.	\$ -

Condition:

For 3 (or 75%) out of 4 quarterly ACF-696 reports, the report was submitted late, as follows:

<u>Quarter</u>	<u>Date Due</u>	<u>Date Submitted</u>	<u>Days Late</u>
1	01/30/98	02/18/1999	19
3	07/30/98	08/03/1999	4
4	10/30/98	11/26/1999	27

Cause:

There appears to be weak internal control procedures over ensuring that reports are submitted in a timely manner.

Effect:

There is no known effect on the financial statements as a result of this condition. However, there is a potential for future grants to be delayed or withheld.

Prior Year Status:

The above condition is reiterative of conditions identified in our prior years' audits of the Government of Guam.

Recommendation:

The grantee should strengthen internal control procedures to ensure that ACF-696 reports are submitted in a timely manner.

GOVERNMENT OF GUAM

U.S. Department of Health and Human Services Schedule of Findings and Questioned Costs Year Ended September 30, 1999

<u>Item No.</u>	<u>CFDA No.</u>	<u>Criteria:</u>	<u>Questioned Costs</u>
99-18	93.575	In accordance with OMB Circular A-133 period of availability of Federal funds requirements, grant funds must be obligated by the end of the succeeding fiscal year after award, and expended by the end of the third fiscal year after award.	\$ 125,516

Condition:

1. There are unexpended/unobligated fund balances from grants for fiscal years 1996, 1997, and 1998, whose periods of availability ended prior to the fiscal year ended September 30, 1999. The aggregate total of unexpended/unobligated balances is \$ 401,651 as follows:

<u>Grant year</u>	<u>Obligation End of Grant</u>	<u>Unexpended/ Unobligated Balance At 9/30/99</u>
1996	1997	\$ 36,840
1997	1998	268,723
1998	1999	<u>96,088</u>
	Total	\$ <u>401,651</u>

2. There are current year expenditures of \$125,516 from a fiscal year 1996 grant, whose liquidation period ended September 30, 1998.

Cause:

1. There appears to be a lack of internal controls over ensuring that unexpended balances are deappropriated/deencumbered after the funds' periods of availability have expired.
2. There appears to be a lack of internal controls over ensuring that no expenditures are incurred for funds after the funds' periods of availability have expired.

Effect:

The grantee is in noncompliance with OMB Circular A-133 period of availability of Federal funds requirements. There is a potential for future grant award amounts to be decreased. Furthermore, a questioned cost of \$125,516 exists.

Prior Year Status:

The above condition is reiterative of conditions identified in our prior years' audits of the Government of Guam.

Recommendation:

The grantee should establish and implement internal controls to ensure that an employee is designated the responsibility of reviewing grant transactions at the end of the fund's period of availability, of accounting for unobligated balances, and of deappropriating/deencumbering such expired balances.

GOVERNMENT OF GUAM

U.S. Department of Health and Human Services Schedule of Findings and Questioned Costs Year Ended September 30, 1999

<u>Item No.</u>	<u>CFDA No.</u>	<u>Criteria:</u>	<u>Questioned Costs</u>
99-19	93.575	In accordance with OMB Circular A-133 eligibility requirements and the Guam Department of Public Health and Social Services (DPHSS) Child Care and Development Fund Plan Section 4.1, disposition of an application must not exceed ten (10) calendar days following date of application.	\$ -

Condition:

Out of 46 individual case files tested, we noted the following:

1. For 20 cases (or 44%) (i.e. 586-03-5270, 586-68-8290, 586-86-1510, 586-68-6648, 586-82-7521, 586-74-7970, 586-13-5368, 545-79-3211, 586-74-3172, 586-76-4034, 586-94-7772, 586-76-5697, 586-96-5716, 586-70-0205, 586-74-2409, 586-90-6937, 547-49-9767, 576-13-6356, 586-66-3125, 586-66-1137), the disposition of the application for child care did not have a signature noting approval or disapproval.
2. For 8 cases (or 17%) (i.e. 586-72-1662, 586-11-9963, 586-62-0448, 586-68-4140, 586-60-9710, 586-84-3044, 586-13-2829, 586-68-9020), the disposition of the child care application exceeded 10 days.

Cause:

There appears to be weak internal controls over ensuring that applications are processed completely within 10 days and properly endorsed.

Effect:

There is no known effect on the financial statements as a result of this condition. However, the grantee is in noncompliance with OMB Circular A-133 eligibility requirements and the DPHSS Child Care and Development Fund Plan.

Recommendation:

The grantee should strengthen internal controls to ensure all applicant dispositions are properly endorsed and transpired within 10 days in accordance with OMB Circular A-133 eligibility requirements and the DPHSS Child Care and Development Fund Plan.

GOVERNMENT OF GUAM

U.S. Department of Health and Human Services Schedule of Findings and Questioned Costs Year Ended September 30, 1999

<u>Item No.</u>	<u>CFDA No.</u>	<u>Criteria:</u>	<u>Questioned Costs</u>
99-20	93.575	In accordance with OMB Circular A-133 matching, level of effort and earmarking requirements and the terms and conditions of the grant award, the grantee must spend at least 4% of the total Child Care Development Fund (CCDF) expended on quality and availability services, and \$41,366 for infant and toddler quality and availability services. Additionally, amounts expended on earmarked items should be separately reported.	\$ 61,812

Condition:

The grantee did not meet earmarking requirements, as follows:

Quality & availability (Q&A) earmarking:

CCDF awards expended, per AS400	\$ 3,935,704
x Minimum earmarking rate	4%
Minimum expenditures required	157,428
Actual Q&A cost, per ACF 696	136,982
Deficiency	\$ 20,446

Infant and toddler earmarking:

Earmarking amount, per grant award	\$ 41,366
Less: Actual expenditures, per ACF 696	0
Deficiency	\$ 41,366

Additionally, subgrant amounts expended on earmarked items are not separately reported in the ACF-696, Financial Report.

Cause:

There appears to be weak internal control procedures over ensuring that the earmarking requirements of OMB Circular A-133 and the grant award terms and conditions are fulfilled.

Effect:

A questioned cost of \$61,812 exists.

Recommendation:

The grantee should establish and implement internal control policies and procedures to ensure compliance with OMB Circular A-133 matching, level of effort, and earmarking requirements and grant award terms and conditions.

GOVERNMENT OF GUAM

U.S. Department of Health and Human Services Schedule of Findings and Questioned Costs Year Ended September 30, 1999

<u>Item No.</u>	<u>CFDA No.</u>	<u>Criteria:</u>	<u>Questioned Costs</u>
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99-21	93.575	In accordance with OMB Circular A-133 special tests and provisions requirements and terms and conditions of the grant award, the Pro-Children Act of 1994 should be specifically included in subawards containing provisions for children's services. Failure to comply with the provisions may result in the imposition of a civil monetary penalty of up to \$1,000 per day.	\$ -
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Condition:

The Pro-Children Act of 1994 was not specifically mentioned in the memorandum of understanding for subgrant to the Department of Education, Headstart Program.

Cause:

There appears to be weak internal control procedures over ensuring that terms and conditions of the grant award are fulfilled.

Effect:

The grantee is in noncompliance with term and condition # 5 of the grant award. Additionally, a potential civil monetary penalty ranging from \$0 to \$394,000 may be imposed, as follows:

Contract date	09/01/98
Contract end date	09/30/99
Days elapsed	394
Multiply by maximum daily penalty	X <u>1,000</u>
Potential civil monetary penalty	<u>\$ 394,000</u>

Recommendation:

The grantee should establish and implement internal control policies and procedures to ensure compliance with OMB Circular A-133 reporting requirements and grant award terms and conditions of the grant award.

GOVERNMENT OF GUAM

U.S. Department of Health and Human Services Schedule of Findings and Questioned Costs Year Ended September 30, 1999

<u>Item No.</u>	<u>CFDA No.</u>	<u>Criteria:</u>	<u>Questioned Costs</u>
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99-22	93.575	In accordance with OMB Circular A-133 subrecipient monitoring requirements, the pass-through entity agency must monitor the subrecipient for compliance with the subrecipient agreement.	\$ -
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Condition:

Out of a total of three subrecipients, we noted the following:

1. For two subrecipients, the grantee relied only on independent audit reports to monitor activities.
2. For one subrecipient, financial reports are nonexistent, and the grantee did not perform any monitoring activities, such as onsite visits, desk reviews, or limited scope audits.

Cause:

There appears to be a lack of internal controls over subrecipient monitoring.

Effect:

There is no known effect on the financial statements as a result of this condition. However, the grantee is in noncompliance with OMB Circular A-133 subrecipient monitoring requirements.

Prior Year Status:

The above condition is reiterative of conditions identified in our prior years' audits of the Government of Guam.

Recommendation:

The grantee should establish and implement internal controls to ensure that subrecipients are monitored in accordance with OMB Circular A-133 subrecipient monitoring requirements.

GOVERNMENT OF GUAM

U.S. Department of Health and Human Services Schedule of Findings and Questioned Costs Year Ended September 30, 1999

<u>Item No.</u>	<u>CFDA No.</u>	<u>Criteria:</u>	<u>Questioned Costs</u>
99-23	93.991	<p>In accordance with OMB Circular A-133 reporting requirements, the status of funds should be reported to the grantor agency on form SF 269 (Financial Status Report).</p> <p><u>Condition:</u></p> <p>No SF 269 reports were provided to the auditors.</p> <p><u>Cause:</u></p> <p>It appears that no SF 269 reports were prepared for fiscal year 1999 due to the implementation of a new financial management system that imposed additional work requirements on personnel and to a 24% reduction in personnel.</p> <p><u>Effect:</u></p> <p>There is no known effect on the financial statements as a result of this condition. However, there is a potential for future grant funds to be delayed or withheld.</p> <p><u>Recommendation:</u></p> <p>The grantee should report the status of funds on form SF 269 and provide such reports to the auditors to effect resolution of this finding.</p>	\$ -

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued Year Ended September 30, 1999

<u>Item No.</u>	<u>CFDA No.</u>	<u>Criteria:</u>	<u>Questioned Costs</u>
99-24	All	<p>In accordance with Section 32(d) of the Common Rule, Equipment Management Requirements, governmental agencies that acquire equipment through Federal funds are required to perform a physical inventory and reconcile such to the property records at least once every two years. In addition, adequate maintenance procedures must be established to keep the property in good condition.</p> <p><u>Condition:</u></p> <p>The Government of Guam has not conducted a physical inventory of its equipment. Furthermore, the Government of Guam has not established uniform maintenance procedures designed to keep equipment in good condition.</p> <p><u>Cause:</u></p> <p>The Government is currently in the process of implementing its fixed asset management system. Efforts are being made to tag all equipment with bar code property identification labels. Until the Government completes its tagging of all equipment, it will not be able to conduct a physical inventory. With respect to uniform maintenance procedures, it is unknown as to why the Government has as of yet not established such procedures.</p> <p><u>Effect:</u></p> <p>The Government is in noncompliance with Federal regulations.</p> <p><u>Prior Year Status:</u></p> <p>The above condition is reiterative of conditions identified in prior years' audits of the Government of Guam.</p> <p><u>Recommendation:</u></p> <p>The Government of Guam should complete its tagging of all equipment and conduct a physical inventory immediately thereafter. In addition, uniform maintenance procedures should be made a part of the Government's fixed asset management system.</p>	\$ -

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued Year Ended September 30, 1999

<u>Item No.</u>	<u>CFDA No.</u>	<u>Criteria:</u>	<u>Questioned Costs</u>
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99-25	All	In accordance with the Single Audit Act, OMB Circular A-133, and the Common Rule, when in a single year, a recipient of Federal awards passes \$300,000 or more of such assistance in a single subgrant year through to one or more recipients, the primary recipient is responsible for determining whether the subrecipient expends that assistance in accordance with applicable laws and regulations.	\$ -
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Condition:

The Government of Guam does not have procedures to establish the existence of subrecipients and did not ensure that all required independent audits of its subrecipients were performed and did not perform appropriate monitoring procedures to ensure financial and federal compliance with laws and regulations. Our audit of the Government of Guam was not expanded to include testing of subrecipients' records for compliance with the applicable provisions of OMB Circular A-133 compliance requirements.

Cause:

The Government of Guam has not established internal control policies and procedures to identify and monitor its subrecipients and ensure subrecipient compliance with applicable federal laws and regulations.

Effect:

The effect is noncompliance with the Single Audit Act, OMB Circular A-133, and the Common Rule.

Prior Year Status:

The above condition is reiterative of conditions identified in prior years' audits of the Government of Guam.

Recommendation:

The Government of Guam should establish internal control policies and procedures to ensure that subrecipients are specifically identified. The Government should design procedures that are sufficient to determine a subrecipient's compliance with applicable federal laws and regulations. Financial operations of subrecipients related to the federal awards should be subjected to timely and periodic audits, including OMB Circular A-133. If such procedures are not designed, the Government should develop alternative procedures for identifying and monitoring its subrecipients.

Total Questioned Costs	\$ <u>15,750,486</u>
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GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued Year Ended September 30, 1999

Finding No. 99-26 – Taxes Receivable

Criteria: Balances recorded in general ledger control accounts at the Division of Accounts (DOA) should agree with balances reported in corresponding detailed subsidiary schedules maintained at line agencies.

Condition: Differing balances of income taxes and gross receipts tax receivables for various fiscal years are recorded between the general ledger at DOA and corresponding detailed schedules at the Guam Department of Revenue and Taxation. The differences aggregated some \$1.5 million for taxes receivable and some \$2 million for gross receipts tax receivables.

Cause: A reconciliation between the general ledger and corresponding detailed subsidiary schedules was not performed.

Effect: The affected accounts may be misstated.

Prior Year Status: The above condition is reiterative of conditions identified in the prior year audit of the Government of Guam.

Recommendation: The responsible personnel should perform a periodic reconciliation of the respective records.

Finding No. 99-27 – Taxes Receivable

Criteria: The Public Law 22-140 reference to Title 11 Chapter 50 of the Guam Code Annotated requires the Guam Department of Revenue and Taxation (DRT) to establish a formula for reserving income tax receipts to pay income tax refunds. Additionally, DRT should readily provide documentation supporting the calculation of doubtful tax accounts.

Condition:

1. While DRT appears to have established the required formula, DRT is unable to provide sufficient data to support the accuracy of the established formula.
2. The accuracy of percentages used by DRT in calculating uncollectible taxes could not be verified.

Cause: DRT is prevented by the Guam Territorial Income Tax Code Section 6103 Title II from allowing the review of tax information by parties other than those authorized within DRT.

Effect: The reserve to pay income tax refunds and the allowance for doubtful tax receivable accounts may be materially misstated.

Prior Year Status: The above condition is reiterative of conditions identified in the prior year audit of the Government of Guam.

Recommendation: DRT should establish a documented methodology supporting the computation of the reserve for income tax refund payments and the allowance for uncollectible taxes.

Finding No. 99-28 – Taxes Receivable

Criteria: Detailed subsidiary schedules should be accurate.

Condition: The detailed gross receipts tax receivable schedule prepared by the Guam Department of Revenue and Taxation (DRT) contains abatement entries that were double posted, resulting in credit balances in the receivable accounts.

Cause: There appears to be weak internal controls over ensuring that the detailed gross receipts tax receivable schedule is properly reviewed for accuracy.

Effect: The general ledger (G/L) balances could be misstated.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued Year Ended September 30, 1999

Finding No. 99-28 – Taxes Receivable, Continued

Prior Year Status: The above condition is reiterative of conditions identified in the prior year audit of the Government of Guam.

Recommendation: DRT should review the detailed gross receipts tax receivable schedule for accuracy before forwarding the schedule to the Division of Accounts for recording in the general ledger.

Finding No. 99-29 – Taxes Receivable

Criteria: Public Law 22-140 requires the Director of Administration to deposit in the income tax refund reserve fund all money reserved for income tax refunds from income tax receipts based on an established formula.

Condition: The reserve amount, based on the established formula, was not deposited into Fund 303 as mandated by law.

Cause: It appears that insufficient resources have been collected to allow for the required deposit.

Effect: The affected funds and accounts could be misstated, and noncompliance with the public law could result.

Prior Year Status: The above condition is reiterative of conditions identified in the prior year audit of the Government of Guam.

Recommendation: The Director of Administration should make the required deposit into the income tax refund reserve fund in accordance with Public Law 22-140. If such deposit is not feasible, the Guam Legislature should be petitioned to amend the law.

Finding No. 99-30 – Fund 355 – Water System Rev. Bonds Series 1989 Fund

Criteria: The bond covenant for the water system revenue bond fund stipulates that the Series 1989 Bonds and the interest thereon are not general obligations of the Government of Guam, but are special limited obligations of the Government of Guam, payable from, and secured solely by, a pledge of the revenues and the water system revenues, as defined in the bond certificate.

Condition: Contrary to the bond covenant, the Government of Guam accounts for the water revenue bond as a general obligation, rather than as a limited obligation, of the water system.

Cause: The Guam Waterworks Authority (GWA), the agency responsible for water system revenues, is not able to pay for this debt from water revenues, and has been historically heavily subsidized by the general government.

Effect: There is no material effect on the financial statements as a result of this condition; however, the Government of Guam could be in violation of applicable bond covenants.

Prior Year Status: The above condition is reiterative of conditions identified in the prior year audit of the Government of Guam.

Recommendation: The Government of Guam should comply with the terms and conditions of the bond indenture. An opinion from the Guam Office of the Attorney General should be sought to clarify whether the water system bonds are a general obligation of the Government of Guam, or a limited obligation of the water system.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued Year Ended September 30, 1999

Finding No. 99-31 – General Fund – Other Receivable

Criteria: In accordance with accounts receivable collection policies, each writer of bad checks to the Government of Guam should first be given 30 days, after a written notice, to clear the person's account. Thereafter, the following procedures apply:

1. If the person is a Government of Guam employee, the amount is garnished from wages.
2. Tax refunds are held by the Government of Guam until that person clears the balance.
3. For travel advances, employee paychecks are held until the account has been cleared.

Condition:

1. Travel advance receivables older than 120 days constitute 99%, or \$508,954, of the total balance of \$511,717.
2. Prior year receivables constitute 88% of the outstanding balance.

Cause: The Government of Guam does not appear to be enforcing the above collection policies.

Effect: Receivable balances could be overstated, and cash flows of the Government of Guam are negatively impacted.

Prior Year Status: The above condition is reiterative of conditions identified in the prior year audit of the Government of Guam.

Recommendation: The Government of Guam should strictly enforce its collection policies to ensure the prompt receipt of overdue amounts.

Finding No. 99-32 – General Fund – Other Receivable

Criteria: Account balances should be analyzed and reconciled on a regular basis.

Condition:

- 1) The Accounts Receivable – Other Receivable subsidiary ledger contains several accounts with negative balances, totaling \$56,240.
- 2) Accounts receivable due from Guam Telephone Authority (GTA) have not been reconciled in a timely manner.
- 3) Accounts Receivable – Bad Checks has not been reconciled in a timely manner.

Cause:

- 1) There appears to be weak internal controls over ensuring that payments received from various departments are properly recorded.
- 2) There appears to be weak internal controls over ensuring that the receivable balance from GTA is reconciled in a timely manner.
- 3) The Guam Department of Revenue and Taxation is responsible for reconciling Accounts Receivable – Bad Checks due to the confidentiality of taxpayer records.

Effect: Accounts receivable balances could be misstated.

Prior Year Status: The above condition is reiterative of conditions identified in the prior year audit of the Government of Guam.

Recommendation:

- 1) The Division of Accounts should assign an individual to monitor and reconcile negative balances in the receivable accounts. Procedures should be established and implemented to prevent cash receipts from being applied to nonexistent receivable accounts.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued Year Ended September 30, 1999

Finding No. 99-32 – General Fund – Other Receivable, Continued

- 2) The Division of Accounts and the appropriate agency should assign individuals to reconcile accounts on a regular basis.
- 3) The Division of Accounts and the Department of Revenue and Taxation should monitor and reconcile Account Receivable – bad checks on a regular basis.

Finding No. 99-33 – General Fund – Other Receivable

Criteria: Procedures to record an allowance for doubtful accounts should be established and implemented.

Condition: In the accounts receivable aging schedule, receivables from the prior year constitute 74.6%, or \$4,158,216, of the total balance of \$5,574,016 as of September 30, 1999. Furthermore, it appears that amounts contained in the allowance for doubtful accounts remains the same each year.

Cause: No procedures have been established to properly record an allowance for doubtful accounts.

Effect: Accounts receivable could be misstated.

Prior Year Status: The above condition is reiterative of conditions identified in the prior year audit of the Government of Guam.

Recommendation: The Division of Accounts should establish and implement policies and procedures to properly reflect the net realizable value of receivables.

Finding No. 99-34 – General Fund – Other Receivable

Criteria: Corresponding accounts at the Division of Accounts (DOA) and the Guam Department of Revenue and Taxation (DRT) should be reconciled.

Condition: No reconciliations were performed for the Accounts Receivable – Bad Checks, Revenue & Taxation (Income Tax) account; and the Accounts Receivable – Bad Checks, Revenue & Taxation (Gross Receipt Taxes) account as of September 30, 1999, as follows:

	<u>Per DOA</u>	<u>Per DRT</u>	<u>Difference</u>
A/R Bad Checks (Income Tax)	\$ 80,657	\$2,272,456	\$2,191,799
A/R Bad Checks (GRT)	\$363,359	\$ 217,375	\$ 145,984

Cause: There appears to be a lack of internal controls over ensuring that reconciliations are performed.

Effect: Accounts Receivable-Bad Checks could be misstated.

Prior Year Status: The above condition is reiterative of conditions identified in the prior year audit of the Government of Guam.

Recommendation: Reconciliations between DOA and DRT should be performed on a regular basis.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued Year Ended September 30, 1999

Finding No. 99-35 – Fund 310 – Workers’ Compensation Fund

Criteria: Transactions should be properly supported by such documents as check copies, vendor invoices, purchase orders, deposit slips, and bank statements.

Condition: Such supporting documents as check copies, vendor invoices, purchase orders, deposit slips, and bank statements were not provided to substantiate the following transactions:

<u>Transaction #</u>	<u>Amount</u>	<u>Documents Not Provided</u>	<u>Account Affected</u>
963366	\$65,475	Check copy, vendor invoice, authorized purchase order	Expenditures
A991009287	\$108,146	Bank validated deposit slip or bank statement	Revenues

Cause: The supporting documentation could not be located.

Effect: Expenditures and revenues could be misstated by \$65,475 and \$108,146, respectively.

Recommendation: The Division of Accounts should maintain such documentation as check copies, vendor invoices, purchase orders, deposit slips, and bank statements to substantiate financial transactions.

Finding No. 99-36 – Fund 310 – Workers’ Compensation Fund

Criteria: The Worker’s Compensation Commission (WCC) should maintain subsidiary ledgers to support liabilities.

Condition: Subsidiary ledgers are not maintained to track or support WCC liabilities.

Cause: The WCC is responsible for approving fund disbursements and approves invoices on a first-in, first-out basis. No subsidiary ledgers are maintained.

Effect: Liabilities could be misstated.

Prior Year Status: The above condition is reiterative of conditions identified in the prior year audit of the Government of Guam.

Recommendation: The Division of Accounts and WCC should work together to prepare and maintain detailed records of benefits paid for autonomous agencies and of claims awarded to accurately track and record accrued expenses.

Finding No. 99-37 – Fund 306 – Government Claims Fund

Criteria: Unobligated appropriations should be de-appropriated at the end of the fiscal year when the underlying public law designates an appropriation only for current year operations.

Condition: During fiscal year 1998, Public Law 24-59 appropriated \$500,000 and transferred \$155,000 to Fund 306 under the Department of Administration for the payment of eligible and approved Government claims arising only during fiscal year 1998. However, expenditures of \$71,337 incurred in fiscal year 1999 were liquidated with fiscal year 1998 appropriations.

Cause: There appears to be weak internal controls over ensuring compliance with Public Law 24-59.

Effect: Noncompliance with the above public law appears to exist.

Recommendation: The Division of Accounts should comply with Public Law 24-59; otherwise, an opinion from the Guam Office of the Attorney General should be obtained with respect to the treatment of unobligated appropriations.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued Year Ended September 30, 1999

Finding No. 99-38 – Fund 319 – Community Development Fund

Criteria: Continuing appropriations recorded in the general ledger should be substantiated by underlying public laws.

Condition: There is no public law to substantiate a total of \$291,289 in continuing appropriations recorded in Fund 319, Community Development Fund.

Cause: If a public law is silent as to whether a continuing appropriation has been created, the Division of Accounts has assumed a policy of recording a continuing appropriation.

Effect: Continuing appropriations could be overstated with a corresponding understatement of unreserved fund balances.

Prior Year Status: The above condition is reiterative of conditions identified in the prior year audit of the Government of Guam.

Recommendation: The Division of Accounts should obtain an opinion from the Guam Office of the Attorney General with respect to whether a continuing appropriation has been properly created for Fund 319.

Finding No. 99-39 – Agency Funds

Criteria: The total of all securities maintained at the Treasurer of Guam for safekeeping should agree with detailed schedules maintained at the Guam Department of Revenue and Taxation (DRT).

Condition: Differing balances of securities exist, as follows:

Per Treasurer of Guam	\$13,804,511
Per DRT	<u>12,986,749</u>
Variance	\$ <u>817,762</u>

Cause: There appears to be a lack of internal controls over ensuring that the physical inventory of securities at the Treasurer of Guam is reconciled with detailed schedules maintained at DRT.

Effect: Security deposits could be misstated by the amount above.

Recommendation: The responsible personnel should perform periodic reconciliations of the physical inventory of securities at the Treasurer of Guam with detailed schedules maintained at DRT.

Finding Number 99-40 – Enterprise Fund Solid Waste Management Fund – Accounts Receivable, Revenue

Criteria: Revenue and accounts receivable should be properly accounted for, recorded and supported by detailed documentation (i.e., accounts receivable, billings, cash receipts, etc.).

Condition: For the solid waste management fund, documentation to support \$783,473 (or 96%) out of a total of \$813,519 in receivables was not provided.

Cause: Although certain receivable transactions could be verified, documents for the period from August 1, 1999, to June 30, 2000, were lost due to a June 30, 2000, system lock-up.

Effect: Revenue and receivables could be misstated.

Recommendation: The Division of Accounts should maintain detailed supporting documentation, as well as systems backups, for revenue and accounts receivable balances.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued Year Ended September 30, 1999

Finding No. 99-41 – General Fund - Cash

Criteria: Bank reconciliations for all bank accounts should be performed in a timely manner.

Condition: There are no bank reconciliations for several bank accounts as of year-end.

Cause: Bank reconciliations for the bank accounts have not yet been prepared.

Effect: Cash could be misstated.

Recommendation: The Division of Accounts should prepare bank reconciliations for all bank accounts in a timely manner.

Finding No. 99-42 – Superior Court of Guam

Criteria: Fixed asset balances recorded in the financial statements should be substantiated by a fixed asset list.

Condition: The Superior Court of Guam does not maintain a detail listing of fixed assets.

Cause: There appears to be a lack of internal controls over ensuring that a fixed asset list is maintained to substantiate fixed asset balances.

Effect: Fixed asset balances in the financial statements cannot be substantiated.

Prior Year Status: The above condition is reiterative of conditions identified in the prior year audit of the Government of Guam.

Recommendation: The Superior Court of Guam should perform a physical inventory of fixed assets and should compile a list to account for all fixed assets owned by the Superior Court of Guam.

Finding No. 99-43 - CIP Outstanding Encumbrance

Criteria: Per Public Law 23-45, Section 5, a three-year limitation is established on outstanding appropriations for capital improvement projects.

Condition: An outstanding encumbrance balance in the amount of \$100,687 exceeded the three-year limitation.

Cause: There appears to be weak internal controls over ensuring compliance with Public Law 23-45.

Effect: Outstanding encumbrances may be overstated with a corresponding understatement of General Fund balances.

Recommendation: The Division of Accounts should comply with Public Law 23-45. The outstanding encumbrances exceeding the three-year limitation should revert to fund balance.

Finding No. 99-44 - Purchase, Disbursements and Procurement Testing

Criteria: Disbursements should be properly supported by detailed documentation (i.e., check copies and vendor invoices).

Condition: Four transactions listed below did not have a check copy or vendor invoice in the file to substantiate the expenditure.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued Year Ended September 30, 1999

Finding No. 99-44 - Purchase, Disbursements and Procurement Testing, Continued

<u>Vendor #</u>	<u>Funding</u>	<u>CFDA#</u>	<u>Check #</u>	<u>Check Date</u>	<u>Amount</u>
1. D0096188	5101G982210TP502230	83.544	964979	02/05/1999	\$732,323
2. C0096647	5206D961010GG501230	N/A	967255	02/26/1999	\$464,322
3. J0083217	5206D961010GG501230	N/A	968560	03/12/1999	\$578,526
4. J0083217	5206D961010GG501230	N/A	976255	05/28/1999	\$683,700

Cause: The supporting detailed documentation could not be located.

Effect: Amounts recorded as expenditures could be misstated. No amount is questioned for CFDA #83.544 because the transaction amount described above is already questioned in a previous finding.

Recommendation: The Division of Accounts should maintain detailed supporting documentation for expenditure transactions and file them in order (i.e., sequentially, and chronologically) to ensure that transactions are properly supported, and that such support can be readily located.

Finding No. 99-45 - General Fund – Accounts Payables and Other Payables

Criteria: The Accounts Payable – Contract Retention account should be periodically reviewed and monitored for validity and accuracy.

Condition: Authoritative documents, such as contracts, could not be provided to support contract retention balances totaling \$537,295, which have been outstanding prior to September 30, 1993.

Cause: It appears that Accounts Payable – Contract Retention is not monitored on a regular basis.

Effect: Contract retention may be misstated by the above amount.

Prior Year Status: The above condition is reiterative of conditions identified in the prior year audit of the Government of Guam.

Recommendation: The Division of Accounts should periodically monitor the status of contracts and review the balance of the contract retention account. Also, the Division of Accounts should consider whether older amounts should be written off and debit balances adjusted.

Finding No. 99-46 - General Fund – Accounts Payable and Other Liabilities

Criteria: A detailed subsidiary ledger should be maintained to support general ledger control balances.

Condition: No detailed subsidiary ledger exists to support the “Unidentified Bank Tax Collection” balance. The balance in this account of \$390,727 has been outstanding since fiscal year 1991.

Cause: There appears to be weak internal controls over ensuring that general ledger control accounts are supported by detailed subsidiary ledgers.

Effect: The affected account could be misstated.

Prior Year Status: The above condition is reiterative of conditions identified in the prior year audit of the Government of Guam.

Recommendation: The Division of Accounts should review this account to determine whether the amount represents a valid liability.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued Year Ended September 30, 1999

Finding No. 99-47 - GovGuam – Child Support Liability

Criteria: Timely and effective reconciliation procedures should be performed for child support payments and collections. A subsidiary ledger should be maintained to properly monitor the transactions.

Condition: The Child Support Division has not provided a subsidiary ledger to substantiate the balance of \$3,071,592 recorded in the Division of Accounts general ledger.

Cause: There appears to be a lack of internal controls over ensuring that reconciliation procedures are performed.

Effect: The child support liability balance recorded in the general ledger could be misstated.

Prior Year Status: The above condition is reiterative of conditions identified in the prior year audit of the Government of Guam.

Recommendation: The Child Support Division should maintain a subsidiary ledger and provide such to the Division of Accounts to substantiate the child support liability amount. Additionally, a reconciliation of the child support liability amounts recorded at the Child Support Division and the Division of Accounts should be performed.

Finding No. 99-48 – Fund 101 – Federal Grants Assistance Fund

Criteria: The reserve for uncollectible accounts receivable should be reviewed and monitored in a timely manner.

Condition: Federal program related receivable accounts were not examined for collectibility during fiscal year 1999. Therefore, no determination was made as to the appropriate reserve for uncollectibles.

Cause: There appears to be a lack of internal controls over ensuring that the reserve for uncollectible accounts is properly examined.

Effect: Fund 101 accounts receivable and General Fund interfund receivables could be misstated.

Prior Year Status: The above condition is reiterative of conditions identified in the prior year audit of the Government of Guam.

Recommendation: The Division of Accounts should establish a formal method of determining a reserve for uncollectible accounts.

Finding No. 99-49 – Fund 101 – Federal Grants Assistance Fund – Cash Management

Criteria: The time elapsed between the transfer of funds from the grantor and the disbursement of funds by the grantee must be minimized.

Condition: Advance deposits of \$9,163,470 for grants from fiscal year 1990 through 1999 were not disbursed in a timely manner, as follows:

	Fund 101	Advance Deposit Balance (\$)
1	FGIA ADV – GOVERNOR’S OFFICE	74,571
2	FGIA ADV – BUREAU OF BUDGET AND MANAGEMENT RESEARCH	21,586
3	FGIA ADV – CIVIL SERVICE COMMISSION	11,716
4	FGIA ADV – DEPARTMENT OF ADMINISTRATION	174,789
5	FGIA ADV – REVENUE & TAXATION	85,921
6	FGIA ADV – BUREAU OF PLANNING	792,902

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued Year Ended September 30, 1999

Finding No. 99-49 – Fund 101 – Federal Grants Assistance Fund – Cash Management, Continued

Fund 101	Advance Deposit Balance (\$)
7 FGIA ADV – PUBLIC WORKS	2,236,135
8 FGIA ADV – ATTORNEY GENERAL	17,911
9 FGIA ADV – PUBLIC SAFETY	450,463
10 FGIA ADV – CORRECTION	150,307
11 FGIA ADV – COMMERCE	114,416
12 FGIA ADV – AGRICULTURE	167,373
13 FGIA ADV – PUBLIC HEALTH AND SOCIAL SERVICES	121,957
14 FGIA ADV – LIBRARY	108,996
15 FGIA ADV – DEPARTMENT OF EDUCATION	1,503,694
16 FGIA ADV – YOUTH AFFAIRS BUREAU	130,891
17 FGIA ADV – GUAM ENVIRONMENTAL PROTECTION AGENCY	19,356
18 FGIA ADV – MENTAL HEALTH	88,313
19 FGIA ADV – DEPARTMENT OF LABOR	131,409
20 FGIA ADV – PARKS & RECREATION	437,837
21 FGIA ADV – VOCATIONAL REHABILITATION	42,421
22 FGIA ADV – CIVIL DEFENSE	124,687
23 FGIA ADV – MAYORS' COUNCIL	1,426,466
24 FGIA ADV – LAND MANAGEMENT	38,336
25 FGIA ADV – CUSTOM & QUARANTINE	13,266
26 FGIA ADV – GUAM MUSEUM	11,754
27 FGIA ADV – GUAM NATIONAL GUARD	112,206
28 FGIA ADV – GUAM COUNCIL ON THE ARTS & HUMANITIES	2,778
29 FGIA ADV – GUAM FIRE DEPARTMENT	199,400
30 FGIA ADV – NON-PROFIT ORGANIZATIONS	16,035
31 FGIA ADV – AUTONOMOUS AGENCIES	<u>335,578</u>
Total	\$ <u>9,163,470</u>

Cause: There appears to be a lack of internal controls over ensuring that the time elapsed between the transfer of funds from the grantor and the disbursement of funds by the grantee is minimized.

Effect: The financial statements could be affected by the condition if repayment, including interest, to the grantor is required.

Prior Year Status: The above condition is reiterative of conditions identified in the prior year audit of the Government of Guam.

Recommendation: The grantee should establish and implement internal control policies and procedures to ensure that the time elapsed between the transfer of funds from grantor and the disbursement of fund is minimized.

Auditors' Response: The grantee indicates that the advances described above are predominantly from FEMA for small projects and seems to indicate that a period of up to four years may elapse between the transfer and disbursement of such advances. The auditors disagree with the grantee's interpretation. Although a small project could take up to four years to complete, the grantee should request advances in amounts necessary to meet only immediate progress billings. Therefore, this condition remains an audit finding.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued Year Ended September 30, 1999

Finding No. 99-50 – Fund 101 – Federal Grants Assistance Fund

Criteria: Accounts receivable should be periodically reviewed and monitored to verify the validity of the account balance.

Condition:

1. It appears that a total of \$561,826 in recorded accounts receivable from federal agencies might not be collectible.
2. During AS/400 conversion, amounts totaling \$90,000 could not be accessed due to the system's limitation of information beyond 10 years.

Cause: There appears to be a lack of internal controls over ensuring that accounts receivable are valid and properly recorded.

Effect: Accounts receivable could be overstated.

Recommendation:

1. The Division of Accounts should establish and implement internal control policies and procedures for examining receivable accounts for validity and accuracy.
2. The Division of Accounts should maintain detailed supporting documentation for accounts receivable transactions to ensure proper accounting and should file such support in order (i.e., sequentially, chronologically) to ensure easy retrieval.

Finding No. 99-51 – Fund 101 – Federal Grants Assistance Fund

Criteria: The Establishment of Account (EOA) form should be cleared, signed, and completed by the requestor and Bureau of Budget and Management Research (BBMR). Also, the EOA form should be properly filed.

Condition: The following did not contain a signature(s) that the EOA has been cleared, signed and completed:

1. One (or 8.3%) out of twelve items tested did not contain signatures from the requestor and BBMR on the EOA form:

<u>Account Number</u>	<u>CAT/Award No.</u>	<u>Contract Amount</u>
5101E982310SE105	98-BI-GU-SAPT	\$ 619,460

2. One (or 8.3%) out of twelve items tested did not contain signatures from BBMR on the EOA form:

<u>Account Number</u>	<u>CAT/Award No.</u>	<u>Contract Amount</u>
5101G982811TP500	DSR 58061	\$ 30,654

3. One (or 8.3%) out of twelve items tested did not have an EOA:

<u>Account Number</u>	<u>BAM036 Ending Amount</u>
5101H990202DC101	\$1,001,622

Cause: There appears to be weak internal controls over ensuring the EOA form is properly prepared, cleared, signed, and completed.

Effect: There is no known effect on the financial statements as a result of this condition.

Recommendation: The Division of Accounts should establish and implement internal control policies and procedures to ensure that EOA forms are properly prepared, completed, reviewed, and signed by the requestor and BBMR.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued Year Ended September 30, 1999

Finding No. 52 – Internal Service Fund

Criteria: The State Agency Surplus donable property transfer, service and handling records that document the charges to various Departments/Agencies should be maintained on file.

Condition: During fiscal year 1999, the following journal vouchers were not provided.

	Account Number	Code No.	Journal Vouchers	Amount	Transaction Date
1	131415105	600		\$9,103,387	10/01/98
2	131415105	604	J990650172	\$ 9,000	10/01/98
3	131415105	604	J990650161	\$ 7,447	10/01/98
4	131415105	604	J990650170	\$ 4,970	10/01/98
5	131415105	604	J990650172	\$ 9,000	10/01/98
6	131415100	600		\$ 85,192	10/01/98
7	131415100	604	J990650172	\$ 9,000	10/01/98

Cause: There appears to be weak recordkeeping controls.

Effect: There is a potential for transfer amounts to be misrecorded.

Prior Year Status: The above condition is reiterative of conditions identified in the prior year audit of the Government of Guam.

Recommendation: The Division of Accounts should strengthen recordkeeping controls and provide the requested documents to the auditors.

Finding No. 99-53 - Internal Service Fund - Inventory

Criteria: Inventory should be properly supported by detailed documentation (i.e., check copies and vendor invoices).

Condition: Each of the following transactions did not contain check copies or vendor invoices to substantiate the expenditure.

Item #	GSA Alloc #	State #	Line #	Description w/ identifying #	Stock Record Card		
					Quantity	Cost/Unit	Total Cost
64	97N0098	022	1	Card Reader PV2	19	\$ 1,000	\$19,000
86	98NO239	76	10	5180-00-799-8060 Tool Kit	1	\$11,060	\$11,060
174	98N0042	009	1	5895-01-093-2125 Antenna Tower	1	\$60,180	\$60,180
185	99N0247	047	6	2330-01-108-7367 Water Tank S/N	1	\$12,955	\$12,955
202	99N0025	001	1	2320-01-090-0569 Mack Truck	1	\$82,000	\$82,000

Cause: There appears to be weak recordkeeping controls.

Effect: Inventory could be misstated.

Recommendation: The General Services Agency should maintain detailed supporting documentation for expenditure transactions to ensure that transactions are substantiated and should file such support in order (i.e., sequentially, chronologically) for easy retrieval.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued Year Ended September 30, 1999

Finding No. 99-54 - Cash

Criteria: Checks that are staledated (outstanding for six months or longer) should be adjusted to liabilities or miscellaneous income, depending on the nature of the transaction and length of time outstanding.

Condition: The child support account contains approximately \$872,000 in staledated checks.

Cause: Checks that become staledated are not cancelled or adjusted unless a memo from the Child Support Division is received by the Division of Accounts (DOA).

Effect: The cash account for child support could be misstated.

Recommendation: The Division of Accounts should review the staledated checks for the child support account, inform the Child Support Division of the condition, and have the Child Support Division recommend whether such checks should be adjusted or remain outstanding. Additionally, the causes of the long-outstanding checks should be ascertained and investigated.

Finding No. 99-55 – Special Revenue Funds

Criteria: According to an opinion from the Office of the Attorney General, the public laws creating the following funds imply the existence of a continuing appropriation. Therefore, no unreserved fund balances should exist for the following:

- Land for the Landless
- Parks Fund
- Taguac Memorial Cemetery Fund
- Government House Revolving Fund
- Wildlife Conservation Fund
- Land Survey Revolving Fund
- DOC Inmates Revolving Fund

Condition: The above funds all reflect unreserved fund balances.

Cause: The cause of this condition is unknown.

Effect: Continuing appropriations could be understated.

Recommendation: Unreserved fund balances should be reclassified as continuing appropriations in accordance with the Attorney General's interpretation. If further clarification is required, specific legislation should be requested from the Legislature.

Finding No. 99-56 – Special Revenue Funds

Criteria: Continuing appropriations recorded in the general ledger should be substantiated by underlying public laws. Federal funds received are designated for a specific program by the Federal government and, thus, may not necessarily be subject to appropriation by the Guam Legislature.

Condition: No underlying public laws substantiate the continuing appropriations recorded for the following funds:

Fund 103	Stripper Well Fuel Overcharge	\$ 401,415
Fund 104	Exxon Fuel Overcharge	317,404
Fund 106	D.O.D. Contract Fund	1,056,260
Fund 105	Southern Community Health Center Revolving	308,728
Fund 225	Recreation Revolving	56,711
Fund 229	General Services Agency	57,202

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued Year Ended September 30, 1999

Finding No. 99-56 – Special Revenue Funds, Continued

Fund 232	Manpower Development	\$ 254,425
Fund 305	CAHA, OET & CEF	33,110
Fund 211	Plant Nursery Revolving	7,367
Fund 213	Contractor's License Board	3
Fund 268	Typhoon Paka Emergency	168
Fund 217	Safe Streets Act	184,991
Fund 236	Accessible Parking	5,514
Fund 240	Aquaculture Development and Training	29,684
Fund 245	Guam Environmental Trust	28,926
Fund 272	Controlled Substance Diversion	2,725
Fund 277	Firefighter Equipment Replacement	63,995
Fund 266	Board of Accountancy	182,938
Fund 267	Dededo Buffer Strip Revolving	932
Fund 269	Public Service Recovery	143,177
Fund 207	Veteran's Bonus	75,000

Cause: If a public law is silent as to whether a continuing appropriation has been created, the Division of Accounts has assumed a policy of recording a continuing appropriation.

Effect: Continuing appropriations for affected funds may be overstated, with a corresponding understatement of unreserved fund balances.

Recommendation: The Division of Accounts should obtain an opinion from the Office of the Attorney General with respect to whether the above-noted continuing appropriations have been properly created.

GOVERNMENT OF GUAM

Summary of Unresolved Questioned Costs from the Office of the Inspector General, U.S. Department of the Interior Year Ended September 30, 1999

Report Title/Assignment No.	Issue Date	Recommendation/Questioned Costs			
		<u>Beginning</u>	<u>Resolved</u>	<u>End</u>	<u>Amount</u>
Federal Grants Management N-IN-GUA-020-89	06-28-90	7	1	6	\$ -
Charges to Federal Grant DPHSS Program, N-IN-GUA-020-89A	10-26-89	7	6	1	-
Asses. & Collection of Property Taxes, DRT, GovGuam N-TG-GUA-021-89	01-04-90	9	6	3	-
U.S. Department of Defense Contract Funds, Department of Education, GovGuam N-IN-GUA-004-97-(E)-R	01-10-00	0	0	4	<u>9,721,901</u>
Total Questioned Costs per Office of the Inspector General					\$ <u>9,721,901</u>

GOVERNMENT OF GUAM

Summary of Unresolved Questioned Costs Arising from Prior Year Single Audits Year Ended September 30, 1999

	Prior Year Listed Unresolved <u>Questioned Costs</u>	Questioned Costs Resolved <u>During the Year</u>	End of <u>Year</u>
Unresolved Questioned Costs FY 97	\$ 158,752	\$ 99,978	\$ 58,774
Unresolved Questioned Costs FY 98	<u>7,290,244</u>	<u>-</u>	<u>7,290,244</u>
	\$ <u>7,448,996</u>	\$ <u>99,978</u>	7,349,018
Add Questioned Costs for FY 99			<u>25,472,387</u>
Total Unresolved Questioned Costs at September 30, 1999			\$ <u>32,821,405</u>

GOVERNMENT OF GUAM

Summary of Unresolved Questioned Costs Arising from Prior Year Single Audits, Continued
Summary Schedule of Resolved Prior Audit Findings as Represented by the Government of Guam
Year Ended September 30, 1999

<u>Finding #</u>	<u>CFDA #</u>	<u>Questioned Cost Resolved in 1999</u>	<u>Responding Office</u>
97-20	93.778	\$ <u>99,978</u>	U.S. DHHS, 06/17/99

GOVERNMENT OF GUAM



Carl T.C. Gutierrez
GOVERNOR

Madeleine Z. Bordallo
LIEUTENANT GOVERNOR

DEPARTMENT OF PUBLIC HEALTH & SOCIAL SERVICES
(DIPATTAMENTON SALUT PUPBLEKO YAN SETBISION SUSIAT)

Post Office Box 2816 Hagåtña, Guam 96932
123 Chalan Kareta, Route 10
Mangilao, Guam 96923



Dennis G. Rodriguez
DIRECTOR

Joe San Agustin
DEPUTY DIRECTOR

OCT 20 2000

**Ms Mizpah Wiegand
Deloitte & Touche
361 South Marine Drive
Tamuning, Guam 96911**

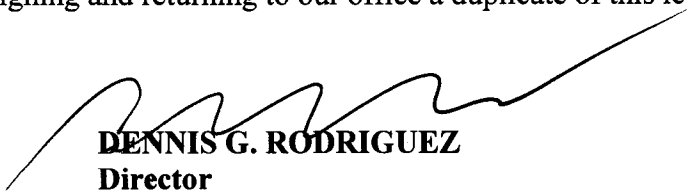
**Subject: Preliminary FY 1999 Audit Findings for the Food Stamps Cluster
(CFDA #10.551 and 10.561)**

Dear Mr. Wiegand:

Transmitted herewith are the responses to the Preliminary Fiscal Year 1999 Findings and Questioned Costs and the Immaterial Findings. A response to the other findings by accounting of the Department of Administration should be forthcoming separately by DOA.

If you have any questions, please contact Lydia Diaz Tenorio, Acting Chief Human Services Administrator at 735-7274 or Minerva Ponce, Acting BES Administrator at 735-7375.

Please acknowledge receipt of these documents by signing and returning to our office a duplicate of this letter.


DENNIS G. RODRIGUEZ
Director

Enclosures

**cc: Dave Gott
Stephen Pichel**

Schedule of Findings and Questioned Costs
Year Ended September 30, 1999
Food Stamp Program

Item No. 99-01, CFDA No. 10.561

Condition

Total shipments received from FNS (Food & Nutrition Service), per the FNS-250, and the total food coupons issued, per a letter from FNS for fiscal year 1999, differ as follows:

<u>Denomination</u>	<u>Book Receipts per FNS-250</u>	<u>Book Issuances per FNS</u>	<u>Over (Under) Book Variance</u>	<u>\$ Variance</u>
\$ 2	182,000	184,000	(2,000)	\$ 4,000
\$ 7	54,000	60,000	(6,000)	\$ 42,000
\$ 10	46,000	52,000	(6,000)	\$ 60,000
\$ 40	21,600	24,000	(2,400)	\$ 96,000
\$ 50	6,400	7,200	(800)	\$ 40,000
\$ 65	485,400	486,000	(600)	<u>\$ 39,000</u>
				\$281,000

Response:

Agree. There is a variance of \$281,000.00 in total coupon shipments between the statement that FNS Financial Management Data Services Unit sent to Deloitte & Touche and the FNS-250 Report for fiscal year 1999. The total coupon shipments received from FNS per FCS-261, Advice of Shipment, was verified by the Bank of Guam, and is accurately reflected on the FNS-250 Report. Designated Issuance Section staff conducts a physical coupon inventory at the end of each month to verify the bank's coupon inventory against the end inventory reflected on the FNS-250 Report. We believe that the FNS-250 Report is accurate.

Attached is a copy of the statement Deloitte & Touche received from FNS Financial Management Data Services Unit, Ms. Constance Ching on May 23, 2000. We will try to resolve the variances with the Financial Management Data Services, FNS. Their statement did not include a monthly breakdown or an explanation of how they got their numbers.

Schedule of Findings and Questioned Costs
Year Ended September 30, 1999
Food Stamp Program

Item no. 99-01, CFDA No. 10.551

Condition:

FNS-269, Financial Status Reports, were submitted late as follows:

<u>Quarter</u>	<u>Date Due</u>	<u>Date Submitted</u>	<u>Days Late</u>
1	Jan. 30, 1999	Feb. 4, 1999	5
2	Apr. 30, 1999	May 13, 1999	13
3	July 30, 1999	Aug. 20, 1999	21
4	Oct. 30, 1999	Nov. 22, 1999	23
Final	Dec.30, 1999	None	

Response:

Agree. The BES program administrator shall continue to remind report preparers at the Accounting Office, Dept. of Administration, of upcoming report deadlines to ensure that reports are submitted timely.



BUREAU OF BUDGET & MANAGEMENT RESEARCH

OFFICE OF THE GOVERNOR

Post Office Box 2950, Hagåtña Guam 96932

CARL T.C. GUTIERREZ
GOVERNOR

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MADELEINE Z. BORDALLO
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PAUL D. LEON GUERRERO
DEPUTY DIRECTOR

NOV 27 2000

Ms. Mizpah Wiegand
Deloitte & Touche LLP
361 South Marine Drive
Tamuning, Guam 96911

Subject: CFDA # 15.875, Item No. 99-02

Dear Ms. Wiegand,

Transmitted herewith is the Bureau of Budget and Management Research's response to the Preliminary Fiscal Year 1999 Schedule of Findings and Questioned Costs for CFDA No. 15.875, Item No. 99-02.

ITEM NO. 99-02 (THIS ITEM TRANSLATES TO AUDIT FINDING NUMBER 99-03)

Recommendation:

The grantee should establish recordkeeping controls to ensure that copies of financial reports are maintained on file.

Response:

We disagree with the finding. We provided a copy of the financial reports for Department of Interior capital improvement projects to the auditor at the time of her visit. However, we were informed that reports requested and provided to your office were for FY2000 and not FY1999 as you currently desire. Please be apprised that Fiscal Year 1999 financial reports are on file and are available for your review.

If you should have any questions, please contact Mr. Carlos Bordallo at 475-9412.

Sincerely,

JOSEPH E. RIVERA
Acting

ORIGINAL

Carl T.C. Gutierrez
Maga'låhi
Governor



John F. Tarantino
Hiniråt Abugao
Attorney General

Robert H. Kono
Atkådi Sigundon
Chief Deputy

Madeleine Z. Bordallo
Tiñente Gubetnadora
Lt. Governor

Ufisinan Hiniråt Abugao
Guåhan

Office of the Attorney General
Guam

November 6, 2000

Deloitte & Touche LLP
361 South Marine Drive
Tamuning, Guam 96911

Re: Response to Schedule of Findings and Questioned Costs


Dear Sir/Madam:

Hafa Adai! Enclosed is our response to your findings and questioned costs regarding the Victims of Crime Act grant no. 98VAGX0066.

Should you desire additional information, please direct them to Mr. David Gumataotao, at 475-3324.

Dangkolo Na Agradesimiento - Thank You Very Much!

Senseramente...Sincerely


JOHN F. TARANTINO
Attorney General

Enclosures



Commonwealth Now!

Suite 2-200E, Judicial Center Bldg., 120 West O'Brien Drive, Hagåtña, Guam U.S.A. 96910
Phone: (671) 475-3324 Fax: (671) 472-2493 E-mail: law@ns.gov.gu

Auditee Response and Corrective Action Plan to Schedule of Findings and Questioned Costs on VOCA Grant No. 98VAGX0066 for Year Ended September 30, 1999

Item No. 99-1 (THIS ITEM NUMBER TRANSLATES TO AUDIT FINDING NUMBER 99-04)

Auditee Response

The Department of Administration (DOA) is the official agency designated to prepare the SF-269A financial report. Existing practice consist of DOA completing the report and then forwarding it to our department for review, approval, and submission to federal officials (generally via express mail). Upon submission to federal officials, a copy is then forwarded to DOA. Department of Law (DOL) staff do contact DOA staff to remind/inform/provide them of new reporting information and VOCA grant award documents as well as following up on the status of reports due to federal officials. This is generally done on a monthly basis before reports are due.

For the period in question (4th Qtr.), the DOL received the financial report from DOA on 11/2/99 which was then forwarded to federal officials, along with the VOCA 97VAGX0066 FSR, on 11/5/99. Copy of the report attached. Late reporting at DOA (as is with other Government of Guam departments), have been attributed to as personnel changes (resignation/shortages/rotation), equipment downtime, etc., however, the DOL has limited control over DOA's ability to complete federal financial reports.

Corrective Action Plan

VOCA Grant Administrator will develop and provide DOA staff a timetable of reports and their respective due dates and, at the beginning of each month, the grants administrator will circulate reminders of upcoming report deadlines to all report prepares.

Item No. 99-2 (BASED ON THE FOLLOWING RESPONSE AND DOCUMENTS REVIEWED, THIS FINDING HAS BEEN RESOLVED IN THE ACCOMPANYING AUDIT REPORT)

Auditee Response

The intent of VOCA funds is to compensate and assist victims of crime, provide funds for training and technical assistance, and assist victims of federal crimes. This intent, as defined in the VOCA Program Guidelines are efforts that 1) respond to the emotional and physical needs of crime victims; 2) assist primary and secondary victims of crime to stabilize their lives after a victimization; 3) assist victims to understand and participate in the criminal justice system; and 4) provide victims of crime with a measure of safety and security such as boarding up broken windows and replacing or repairing locks.

Although program guidelines cite that VOCA funds will be used to provide "direct" services, it also cites other allowable costs and services that are not generally considered direct crime victims services, but are often a necessary and essential activity to ensure that quality direct services are provided. (See attached).



AGENCY FOR HUMAN RESOURCES DEVELOPMENT (AHRD)
[AHENSIAN INADILANTO YAN GUINHAHA PARA TAOTAO]
GOVERNMENT OF GUAM
125 TUN JESUS CRISOSTOMO STREET, SUITE 306 SUNNY PLAZA, TAMUNING, GUAM 96911
TELEPHONE: (671) 647-7161 FAX: (671) 647-7162



CARL T.C. GUTIERREZ, GOVERNOR OF GUAM
MADELEINE Z. BORDALLO, LIEUTENANT GOVERNOR OF GUAM

October 17, 2000

MEMORANDUM

TO: Ms. Mizpah Wiegand, Senior Auditor
Deloitte & Touche

FROM: Ms. Zina Cepeda-Yutig, Acting Director
Agency for Human Resources
Development

SUBJECT: Response to Preliminary FY1999 Audit
Findings for JTPA Cluster (CFDA #17.246
And 17.250)

Buenas yan hafa adai! Transmitted for your review is the Agency for Human Resources Development's response, as well as supporting documents, to the Fiscal Year 1999 audit findings for the Job Training Partnership Act (JTPA).

Should you have any questions, please call Ms. Ofelia P. Muniz, Federal Programs Examiner I, at 647-7152 or the undersigned at 647-7158. Thank you for your attention to this matter.


ZINA MARIE CEPEDA-YUTIG

Attachments

Item No. 99-04 (THIS ITEM NUMBER TRANSLATES TO AUDIT FINDING NUMBER 99-05. BASED ON DOCUMENTS REVIEWED, CERTAIN ITEMS HAVE BEEN RESOLVED IN THE ACCOMPANYING AUDIT REPORT)

Issue: 1) For 4 (or 44%), there is no significant history of the procurement on file for the following:

Vendor #	Reference #	Amount
P4676701	C990602990	\$ 6,900.00
R8286701	P86A063262	2,580.00
D0096188	P96A00945	61,200.00
A1109901	P96A00656	<u>1,268.00</u>
		<u>\$71,948.00</u>

2) For 3 (or 33%), a memo from the Chief Procurement Officer cites unauthorized procurement for each of the following:

Transaction #	Reference #	Amount
966141	D991500079	\$ 15,218.00
962016	D991500020	3,632.00
844361	P86A06849	<u>83,406.00</u>
		<u>\$102,256.00</u>

3) For 1 (or 11%), services commenced on December 1, 1998, before the purchase order was issued on December 11, 1998, for the following:

Vendor #	Reference #	Amount
D0096188	P96A00945	Sec.# 1.c. above

Response: The Agency does not agree with the auditor's finding. Attached are documents showing history of the procurement.

Additionally, submitted are documentations showing the above questioned costs are allowable: Lease Agreement, Quotations, Purchase Orders and Ratification of Unauthorized Procurement Transactions Memorandum.

Item No. 99-07 (THIS ITEM NUMBER TRANSLATES TO AUDIT FINDING NUMBER 99-06)

Issue: For 2 (or 22%) out of nine transactions, federal funds were used to purchase an industrial tub grinder and a lease of a dumptruck, as follows:

1)	S9551301	P86A06362	\$ 2,580.00
2)	P7621701	P96A00945	<u>61,200.00</u>
			<u>\$ 63,780.00</u>

Response: The Agency does not agree with the findings and questioned cost of \$63,780.00 for federal funds used to purchase an industrial tub grinder and a lease of a dumptruck.

The Agency did not purchase the equipment as stated by the auditor. Instead, the equipment was leased by the Agency to assist in the clean up of debris from Typhoon Paka. This particular equipment was the only machinery on island capable of producing results necessary to complete clean up project.

Submitted are documentations (Grant Award Letter dated December 24, 1997 and Approval Letter Dated May 1, 1998) showing the lease of equipment is allowable to effect resolution of these findings.



Recovery Coordination Office
Ufisinan Inareklon Numa'lo
Office of the Governor

Ada's Commercial & Professional Center
138 East Marine Dr. Suite 102C Annex
Hagåtña, Guam 96910
(671) 475-9654
FAX (671) 472-7179



OCT 31 2000

Mizpah Wiegand
Deloitte & Touche
361 S. Marine Drive
Tamuning, Guam 96911

Subject: Preliminary Audit Findings for FY 1999

Dear Ms. Wiegand:

This is in response to your preliminary FY 1999 audit findings for FEMA public assistance grants, Item No. 99-04, CFDA No. 83.544. **(THIS ITEM NUMBER TRANSLATES TO AUDIT FINDING NUMBER 99-09)**

Cause:

There appears to be a lack of internal controls over ensuring subgrantees submit the required certifications.

Auditee Response and Corrective Action Plan:

Small Projects are funded in advance using an initial estimate of costs. Large Projects are funded using a final accounting of actual costs. Applicants have four years from the date of declaration of a disaster to complete and certify project completion (December, 2001). Once a project is completed, the applicant submits a P4 (Project Completion and Certification Report) with supporting documents. The Recovery Coordination Office (RCO) reviews the documents and conducts inspection to ensure that all work and costs claimed are eligible in accordance with the grant conditions; once this is determined, the project is closed accordingly.

Applicant is required to submit a quarterly report stating the status of all small and large projects; the RCO reviews the report and communicates with the applicant accordingly.

Although it is not a requirement of FEMA, the grantee (RCO) requires all line agencies garner prior approval on all FEMA funded purchases, contracts et cetera. The Department of Administration will not release any funds to line agencies without the prior approval of the RCO regardless of the project classification.

Finally, there is a clear and distinct difference between a completed project and a closed project. "Completed" projects are projects whereas the required Scope of Work (SOW) has been completed (work is done). "Closed" projects are projects whereas the final P4 has been submitted, supporting documents submitted and reviewed, an inspection has been conducted, and FEMA has written a damage survey report (DSR) solely to closeout the project.

If you have any questions, please feel free to contact me at 475-9801.

Sincerely,

Connie Jo Brennan
Director

cc: Bobbie Howard – Department of Administration



Carl T.C. Gutierrez
GOVERNOR

Madeleine Z. Bordallo
LIEUTENANT GOVERNOR

GOVERNMENT OF GUAM

DEPARTMENT OF PUBLIC HEALTH AND SOCIAL SERVICES (DIPATTAMENTON SALUT PUPBLEKO YAN SETBISION SUSIAT)

Post Office Box 2816, Hagåtña, Guam 96932

123 Chalan Kareta, Route 10

Mangilao, Guam 96923



Dennis G. Rodriguez
DIRECTOR

Joe R. San Agustin
DEPUTY DIRECTOR

OCT 26 2000

MEMORANDUM

TO: Mizpah Wiegand
Deloitte & Touche

FROM: Director, Department of Public Health & Social Services

SUBJECT: Preliminary FY 1999 Audit Findings for the Tuberculosis Grant Program (CFDA #93.116)

Buenas! The following is in response to the **Schedule of Preliminary Findings and Questioned Costs, Findings No. 99-01 through 99-03** reflected in your memo dated October 11, 2000:

1. Response to Item No. 99-01, CFDA No. 93.116 – (THIS ITEM NUMBER TRANSLATES TO AUDIT FINDING NUMBER 99-11)

Financial Status Reports (FSR) are prepared and finalized by the Department of Administration's Accounting Division. The delay in submitting the FSR was attributed to the conversion over to a new accounting management system. A letter was sent to the Grants Management Office, Centers for Disease Control and Prevention in Atlanta, Georgia requesting for an extension in submitting the 1999 FSR.

2. Response to Item No. 99-02, CFDA No. 93.116 – (BASED ON THE FOLLOWING RESPONSE AND DOCUMENTS REVIEWED, THIS FINDING HAS BEEN RESOLVED IN THE ACCOMPANYING AUDIT REPORT)

- **Transaction #967882/Vendor No. T0602211/ Reference #P996A01269** three price quotations were submitted as required by the General Service Agency. Attached for your reference are copies of the price quotes.
- **Transaction #961493/Vendor No. G065301/Reference # D991740063** was a direct payment for freight charges on prescription bottles procured with local funds. Due to insufficient funds to cover freight and storage costs, funds from the Tuberculosis Elimination and Laboratory Cooperative Agreement account were used. The prescription bottles are used for patients undergoing treatment for tuberculosis. Attached for your reference are copies of supporting documents.



3. *Response to Item No. 99-03, CFDA No. 93.116* — (BASED ON THE FOLLOWING RESPONSE AND DOCUMENTS REVIEWED, THIS FINDING HAS BEEN RESOLVED IN THE ACCOMPANYING AUDIT REPORT)

The grantor based on the budget justification submitted with the 1998 Tuberculosis Cooperative Agreement grant application approved the procurement of incentives. Attached for your reference is a copy of the budget justification.

This grantee will ensure that a copy of the budget justification is attached to future requisitions as supporting documentation of grantor approval.

If you require additional information or clarification please do not hesitate to call me at 735-7297 or Josie T. O'Mallan, Administrator for the Bureau of Communicable Disease Control at 735-7142/7135.

Senseramente.



DENNIS G. RODRIGUEZ

Attachments



Carl T.C. Gutierrez
GOVERNOR

GOVERNMENT OF GUAM

DEPARTMENT OF PUBLIC HEALTH AND SOCIAL SERVICES (DIPATTAMENTON SALUT PUPBLEKO YAN SETBISION SUSIAT)

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Dennis G. Rodriguez
DIRECTOR

Joe R. San Agustin
DEPUTY DIRECTOR

Madeleine Z. Bordallo
LIEUTENANT GOVERNOR

MEMORANDUM

TO: Mizpah Wiegand
Deloitte & Touche

FROM: Chief Public Health Officer
Department of Public Health & Social Services

SUBJECT: Preliminary FY 1999 Audit Findings for the Immunization Grants Program (CFDA #93.268)

Buenas! The following is in response to the **Schedule of Preliminary Findings and Questioned Costs, Findings No. 99-01 through 99-03** reflected in your memo dated August 17, 2000:

- *Response to Item No. 99-01, CFDA No. 93.268* – (THIS ITEM NUMBER TRANSLATES TO AUDIT FINDING NUMBER 99-12)

As the grantee for the Childhood Immunization Grant, steps to improve the tracking and monitoring of federal funds internally will be implemented to ensure compliance with OMB Circular A-133. However, the Department of Administration's (DOA) Accounting Section is responsible for the financial management of federal accounts that includes the establishment, monitoring and crediting of appropriate accounts.

- *Response to Item No. 99-02, CFDA No. 93.991* – (BASED ON THE FOLLOWING RESPONSE AND DOCUMENTS REVIEWED, THIS FINDING HAS BEEN RESOLVED IN THE ACCOMPANYING AUDIT REPORT)

Sole source justifications are routinely prepared and routed accordingly with all required documents including price quotations from vendors, in line with the General Service Agency's procurement policies. Copies of all documents submitted to GSA that were referenced in the memo are attached for your perusal to support that procurement procedures were followed.

- *Response to Item No. 99-03, CFDA No. 93.268* – (BASED ON THE FOLLOWING RESPONSE AND DOCUMENTS REVIEWED, THIS FINDING HAS BEEN RESOLVED IN THE ACCOMPANYING AUDIT REPORT)

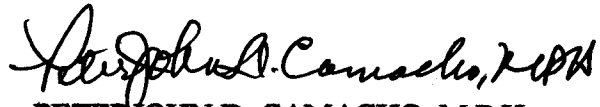
The Notice of Grant Award for the Childhood Immunization Grant does not require any form of acknowledgement or disclaimer for materials produced or procured with grant funds, only when funds are used for research projects. The transactions listed



under Item 99-03 were not research projects. Hence, no acknowledgement or disclaimers were required. The attached e-mail from Mr. David Miller, Centers for Disease Control Project Officer further supports our response.

If you require additional information or clarification please do not hesitate to call me at 735-7297 or Josie T. O'Mallan, Administrator for the Bureau of Communicable Disease Control at 735-7142/7135.

Senseramente.


PETER JOHN D. CAMACHO, M.P.H.

Attachments

GOVERNMENT OF GUAM



Carl T.C. Gutierrez
GOVERNOR

Madeleine Z. Bordallo
LIEUTENANT GOVERNOR

DEPARTMENT OF PUBLIC HEALTH & SOCIAL SERVICES
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Dennis G. Rodriguez
DIRECTOR

Joe R. San Agustin
DEPUTY DIRECTOR

OCT 25 2000

Ms. Mizpah Wiegand
Deloitte & Touche
361 South Marine Drive
Tamuning, Guam 96911

Subject: Preliminary FY 1999 Audit Findings for the TANF
(CFDA #93.558)

Dear Ms. Wiegand:

Transmitted herewith are the responses to the Preliminary Fiscal Year 1999 Findings and Questioned Costs for the Temporary Assistance to Needy Families (TANF) Program, Item No. 99-02 to 99-04, CFDA No. 93.558. A response to Item No. 98-01, CFDA no. 93.558 & 93.575 will be forwarded to you separately from the Accounting Office, Dept. of Administration. **(ITEM NUMBER 98-01 REFERENCED ABOVE TRANSLATES TO AUDIT FINDING NUMBER 99-15)**

If you have any questions, please contact Lydia Diaz Tenorio, Acting Chief Human Services Administrator at 735-7274, or Minerva Ponce, Acting BES Administrator at 735-7375.

Please acknowledge receipt of this documents by signing and returning to our office a duplicate of this letter.


DENNIS G. RODRIGUEZ
Director

Enclosures



Schedule of Findings and Questioned Costs, Preliminary
Year Ended September 30, 1999
Temporary Assistance for Needy Families Program

Item No. 99-02, CFDA No. 93.558 (THIS ITEM NUMBER TRANSLATES TO AUDIT FINDING NUMBER 99-13)

Condition:

For 13 cases (29%), out of 45 case files tested (i.e. 30-51650, 30-49755, 30-48731, 30-43539, 30-39100, 30-18070, 30-27891, 30-34466, 30-45567, 30-47296, 30-60768, 30-51194, 30-60608), the EW did not sign the Review of Eligibility to Continue Assistance Form.

Response:

Agree. There is no financial effect as a result of this condition. Failure of the Eligibility Specialist (ES) to sign the form does not make the case ineligible and it should not delay case processing. TANF eligibility is based on the client's reported information about their household's income, resources, household members, and compliance to TANF requirements. TANF eligibility is not based on having the ES's signature on the form. However, the ES should sign the form to certify that he/she has informed the applicant of his/her rights and responsibilities and the possibility of criminal charge for misrepresenting or concealing facts which determine eligibility. The ESs shall be reminded to sign the application form.

Schedule of Findings and Questioned Costs, Preliminary
Year Ended September 30, 1999
Temporary Assistance to Needy Families Program (TANF)

Item. No. 99-03, CFDA No. 93.558 (THIS ITEM NUMBER TRANSLATES TO AUDIT FINDING NUMBER 99-14)

Condition:

For 10 cases (or 23%), out of 45 case files tested (i.e. 30-60210, 30-48731, 30-18350, 30-34466, 30-36132, 30-45604, 30-47330, 30-17714, 30-51194, 30-51090), the Birth Certificate and Social Security card was not maintained on file.

Response:

Agree. Certification staff and Records Room staff shall be reminded that all Birth Certificates and Social Security cards must be in file. There is a delay in filing the Birth Certificates and Social Security cards in the case folders when additional members are included in the benefits. However, citizenship and social security numbers are always verified before those persons are included in TANF. When supervisory case reviews are conducted, reviewers shall ensure that all members' birth certificates or verification of citizenship and social security cards are in file.

For 30-18350, all Birth Certificates and Social Security cards are in file.

GOVERNMENT OF GUAM



Carl T.C. Gutierrez
GOVERNOR

Madeleine Z. Bordallo
LIEUTENANT GOVERNOR

DEPARTMENT OF PUBLIC HEALTH & SOCIAL SERVICES
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Dennis G. Rodriguez
DIRECTOR

Joe R. San Agustin
DEPUTY DIRECTOR

OCT 16 2000

Ms. Mizpah Wiegand
Deloitte & Touche
361 South Marine Drive
Tamuning, Guam 96911

Subject: Preliminary FY 1999 Audit Findings
For the Child Care and Development Funds

Dear Mizpah:

Transmitted herewith are our responses and corrective action plans for the Preliminary Fiscal Year 1999 Findings and Questioned Costs, Finding Nos. 99-01 through 99-09, for the Child Care and Development Funds.

If you have any questions or concerns, please call Lydia D. Tenorio, Acting Chief Human Services Administrator, at 735-7274.

Please acknowledge receipt of the above-mentioned documents by signing and returning to our office a duplicate of this letter.


DENNIS G. RODRIGUEZ
Director

Enclosures

Cc: Arlene U. Pierce, Acting Controller, DOA

Schedule of Preliminary Findings and Questioned Costs
Year Ended September 30, 1999
Child Care and Development Funds

Item No. 99-01, CFDA No. 93.575 (THIS ITEM NUMBER TRANSLATES TO AUDIT FINDING NUMBER 99-16.

Condition:

BASED ON THE FOLLOWING RESPONSE AND DOCUMENTS REVIEWED,
CERTAIN ITEMS HAVE BEEN RESOLVED IN THE ACCOMPANYING
AUDIT REPORT)

Out of 46 individual case files, the following were noted:

1. For 7 cases (or 15%) there is no mayor's certification, birth certificate, photo identification, and/or social security card for the head of household and/or dependents in the file.
2. For 5 cases (or 11%), there is no monthly child care certification in the file for the entire or partial certification period.
3. For 1 case (or 2%), no employment verification is on file to substantiate household income.
4. For 1 case (or 2%), the file was not provided to the auditors for review.
5. For 6 (or 13%), the breakdown of child care hours is incomplete or lacking on the child care certificate.
6. For 1 (or 2%), no evidence is on file to show a thirteen year-old dependent is incapable of self-care due to mental illness.

Response:

Agree. As part of the application requirement, the application package now includes a listing of required documents. A Program Coordinator I is designated to oversee the Child Care Determination Section to ensure compliance to policies and procedures effective September 1, 1999. The coordinator has been responsible for the supervision on eligibility determination activities, to include supervisory reviews on all new and reopen cases. The coordinator shall review all relevant forms & documents required from the client and provided by the client, and the documentation as they appear in the case file.

For Item No. 4, the case file was with the Fair Hearing Officer. It is now readily available for review at WPS Office.

Schedule of Preliminary Findings and Questioned Costs
Year Ended September 30, 1999
Child Care and Development Funds

Item No. 99-02, CFDA No. 93.575 (THIS ITEM NUMBER TRANSLATES TO AUDIT FINDING NUMBER 99-17)

Condition:

For 3 (or 75%) out of 4 quarterly ACF-696 reports, the report was submitted late, as follows:

Quarter	Date Due	Date Submitted	Days Late
1	01/30/99	02/18/99	19
3	07/30/99	08/03/99	4
4	10/30/99	11/26/99	27

Response:

Agree. The timetable of reports and their due dates will be closely monitored by Worker-in-Charge, Work Programs Section, to ensure reports are submitted in a timely manner.

Schedule of Preliminary Findings and Questioned Costs
Year Ended September 30, 1999
Child Care and Development Funds

Item No. 99-03, CFDA No. 93.575 (THIS ITEM NUMBER TRANSLATES TO AUDIT FINDING NUMBER 99-18)

Condition:

1. There are unexpended/unobligated fund balances from grants for fiscal years 1996, 1997, and 1998, whose periods of availability ended prior to the fiscal year ended September 30, 1999. The aggregate total of unexpended/unobligated balances is \$401,651 as follows:

Grant Year	Obligation End of Grant	Unexpended/Unobligated Balance At 9/30/99
1996	1997	\$ 36,840
1997	1998	268,723
1998	1999	<u>96,088</u>
	Total	\$ 401,651

2. There are current year expenditures of \$125,516 from a fiscal year 1996 grant, whose liquidation period ended September 30, 1998.

Response:

1. Disagree.

- Grant Year 1996: Obligation end of grant is in fiscal year 1998. Under the CCDBG program, a grantee has until the end of the grant period to obligate and liquidate obligations. The unexpended/unobligated balance as of 9/30/99 is \$127,794.
 - Grant Year 1997: Obligation end of grant is fiscal year 1999; with exception to a CCDF supplemental funding awarded during the year in the amount of \$40,749 which must be obligated within the 2nd year and liquidated on the 3rd year. The unexpended/unobligated balance as of 9/30/99 is \$239,576.
 - Grant Year 1998: Under the CCDF program, a grantee has two years to obligate the funds and an additional year to liquidate these obligations. The unexpended/unobligated balance as of 9/30/99 is \$77,295.
3. Agree. The amount of \$125,516 was from an obligation that must be liquidated on period ended September 30, 1998. This was the last year wherein DPHSS requested DOA to have our accounts remain opened until December 31, 1998 due to invoices were not being received timely. The invoice was received December 21, 1998.

Schedule of Preliminary Findings and Questioned Costs
Year Ended September 30, 1999
Child Care and Development Funds

Item No. 99-04, CFDA No. 93.575 (THIS ITEM NUMBER TRANSLATES TO AUDIT FINDING NUMBER 99-19)

Condition:

Out of 46 individual case files tested, we noted the following:

1. For 20 cases (or 44%), the disposition of the application for child care did not have a signature noting approval or disapproval.
2. For 8 cases (or 17%), the disposition of the child care application exceeded 10 days.

Response:

Agree. A Program Coordinator I has been designated to oversee the Child Care Determination Section effective September 1, 1999. She is responsible for the supervision on eligibility determination activities, to include supervisory reviews on all new and reopen cases, to ensure compliance to policies and procedures.

Schedule of Preliminary Findings and Questioned Costs
Year Ended September 30, 1999
Child Care and Development Funds

Item No. 99-06, CFDA No. 93.575 (THIS ITEM NUMBER TRANSLATES TO AUDIT FINDING NUMBER 99-20)

Condition:

1. The grantee did not meet earmarking requirements, as follows:

Quality & availability (Q&A) earmarking:

CCDF awards expended, per AS400	\$3,935,704
x Minimum earmarking rate	4%
Minimum expenditures required	157,428
Actual Q&A cost, per ACF-696	136,982
Deficiency	\$ 20,446

Infant and toddler earmarking:

Earmarking amount, per grant award	\$ 41,366
Less: Actual expenditures, per ACF-696	0
Deficiency	41,366

2. Additionally, sub-grant amounts expended on earmarks are not separately reported in the ACF-696, Financial Report.

Response:

1. Agree. Grantee did not meet earmarking requirements. However, earmark amounts are based on grant award by fiscal year. As of September 30, 1999, Q&A expenditures are as follows per grant award:

Fiscal Year 1997 - \$ 29,993
Fiscal Year 1998 - \$131,762
Fiscal Year 1999 - \$ -0-
Total \$161,755

As per SF-269A & ACF-696 Reports, actual expenditures during fiscal year 1999 are as follows:

Fiscal Year 1997 - \$1,407,137
Fiscal Year 1998 - \$2,058,525
Fiscal Year 1999 - \$ 426,931
Total \$3,892,593

AS400 transaction records were used in completing the reports.

Schedule of Preliminary Findings and Questioned Costs
Year Ended September 30, 1999
Child Care and Development Funds

Item No. 99-06, CFDA No. 93.575 (continuation)

Response:

Further, Infant & Toddler earmark funds for fiscal year 1999 must be obligated by September 30, 2000.

2. Agree. Provided ACF-696 form by grantor does not separate expenditures for earmarked funds. These expenditures are inclusively reported as Quality Activities.

Schedule of Preliminary Findings and Questioned Costs
Year Ended September 30, 1999
Child Care and Development Funds

Item No. 99-07, CFDA No. 93.575 (THIS ITEM NUMBER TRANSLATES TO AUDIT FINDING NUMBER 99-21)

Condition:

The Pro-Children Act of 1994 was not specifically mentioned in the memorandum of understanding for sub-grant in the Department of Education, Headstart Program.

Response:

Agree. Management Analyst will develop standard operating procedures to include provision of the Pro-Children Act of 1994 on future sub-grants.

Schedule of Preliminary Findings and Questioned Costs
Year Ended September 30, 1999
Child Care and Development Funds

Item No. 99-08, CFDA No. 93.575 (**THIS ITEM NUMBER TRANSLATES TO AUDIT FINDING NUMBER 99-22**)

Condition:

Sub-recipient monitoring of activities such as onsite visits, desk reviews, limited scope audit for sub-grants to the University of Guam, Guam Community College and the Department of Education, Headstart Program was not performed.

Response:

Agree. Management Analyst will develop standard operating procedures for monitoring activities.

GOVERNMENT OF GUAM



Carl T.C. Gutierrez
GOVERNOR

Madeleine Z. Bordallo
LIEUTENANT GOVERNOR

DEPARTMENT OF PUBLIC HEALTH & SOCIAL SERVICES
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Dennis G. Rodriguez
DIRECTOR

Joe R. San Agustin
DEPUTY DIRECTOR

NOV 16 2000

Ms. Mizpah Wiegand
Deloitte & Touche
361 South Marine Dr.
Tamuning, Guam 96911

Re: **Response to Preliminary FY 1999 Audit Findings for the Preventive Health and Health Services Block Grant (CFDA #93.991)**

Buenas! The following is in response to the **Schedule of Preliminary Findings and Questioned Costs, Findings No. 99-03** reflected in your memorandum dated October 27, 2000.

1. *Response to Item No. 99-03, CFDA 93.991:* **(THIS ITEM NUMBER TRANSLATES TO AUDIT FINDING NUMBER 99-23)**

SF 269 financial status reports (FSR) are prepared and finalized by the Department of Administration's (DOA) Accounting Division. The delay in submitting the FSR is partially attributed to the conversion to a new Y2K compliant financial management system by the government of Guam in January 2000, coupled with reduction in personnel at DOA. The transition has been less than successful and has seriously delayed preparation of the FSR. A letter was sent to the Grants Management Office, Centers for Disease Control and Prevention (CDC) in Atlanta, Georgia, requesting an extension to March 30, 2000. This was granted by CDC. Unfortunately, to date, the FSR still has not been finalized by DOA, nor have they indicated the time frame within which the FSR will be completed. We will continue to follow-up with their office on the FSR. The contact person who will follow-up with DOA is Ms. Angelina G. Mummert, Health Services Administrator, Bureau of Community Health Services.

If you require additional information, please do not hesitate to call Mr. PeterJohn D. Camacho at 735-7305, or myself at 735-7102. *Dangkolo na agradesimiento.*

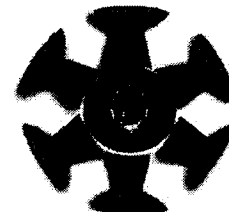
Sincerely,


DENNIS G. RODRIGUEZ
Director



Carl T.C. Gutierrez
Governor
Madeleine Z. Bordallo
Lieutenant Governor

GOVERNMENT OF GUAM
(GUBETNOMENTON GUAHAN)
DEPARTMENT OF ADMINISTRATION
(DIPATTAMENTON ATMENESTRASION)
DIVISION OF ACCOUNTS
(DIBISION KUENTA)
Post Office Box 884 • Hagatña, Guam 96932
Tel: (671) 475-1169/1247 • Fax: (671) 472-8483



Rodney C. Webb
Director
Joseph D.M. Bamba
Deputy Director

November 28, 2000

MEMORANDUM

TO: Deloitte & Touche LLP
ATTN: Dan Fitzgerald
FROM: Director of Administration
SUBJECT: Government of Guam Schedule of Preliminary Findings and Questioned Costs

Hafa Adail

The attached are responses for the Government of Guam Schedule of Preliminary Findings and Questioned Costs for year ended September 30, 1999.

Should you have any questions regarding this matter, please contact the Department of Administration, Division of Accounts, Acting Controller, Mrs. Arleen U. Pierce at 475-1169.

Si Yu'os Ma'ase!

RODNEY C. WEBB

Attachments

CFDA No. 83.544

Item No. 99-06 (THIS ITEM NUMBER TRANSLATES TO AUDIT FINDING NUMBER 99-10)

Questioned Costs \$6,563,327

Auditee Response and Corrective Action Plan:

Attached are copies of letters sent to subgrantees that expended \$300,000 or more in federal awards informing them that in accordance with 44 CFR 13.26 they are required to obtain an audit as specified in OMB Circular A-133. The Recovery Coordination Office (RCO), the grantee, has also sent letters requesting that the subgrantees submit copies of their Single Audits, copies attached. The RCO as grantee will establish procedures to ensure that the audit requirements are met each year. The RCO will review the audits and ensure that any noncompliance findings are resolved.

CFDA No. 15.875

Item No. 99-02 (THIS ITEM NUMBER TRANSLATES TO AUDIT FINDING NUMBER 99-03)

Auditee Response and Corrective Action Plan:

For this CFDA there are several grant award types: TA, OMIP, PIRAAP, BTS and CIP. Approximately 87% of the expenditures are comprised of CIP awards. BBMR, the agency responsible for the reporting requirement for CIP awards, had provided copies of the financial reports to the auditors. DOA is responsible for the reports for the BTS programs, approximately 9% of total expenditures. Attached are copies for review. The remaining 4% of the grants are TA and PIRAAP awards, which we had earlier understood only required a final FSR but per an e-mail response from the OIA representative the reports should be filed at least semi-annually. We will establish a listing of OIA related grants and report semi-annually for the active accounts.

CFDA No. 93.116

Item No. 99-01 (THIS ITEM NUMBER TRANSLATES TO AUDIT FINDING NUMBER 99-11)

Auditee Response and Corrective Action Plan:

Condition stated that grantee did not file a financial status report (FSR) for the budget period ended December 31, 1998 and December 31, 1999. A copy of the preliminary FSR for period ended December 31, 1998 is attached. A final FSR was filed at a later date after encumbrances had been liquidated, copy also attached. For period ended December 31, 1999 a final FSR would have been due by March 31, 2000 but due to the new system implementation issues the final FSR will be filed no later than January 31, 2001.

**Finding No. 27 and/or 28 – Fund 101 - Federal Grants Assistance Fund (THIS ITEM NUMBER TRANSLATES TO
AUDIT FINDING NUMBER 99-49)**

Auditee Response and Corrective Action Plan:

The advance deposit balance is mostly comprised of funds received from FEMA for small projects. It is a requirement of FEMA awards to draw the funding for small projects in advance so that the subgrantee may proceed with the scope of work authorized. The state has four years from the declaration of the disaster to complete a project with an additional time frame to report the closure of the disaster.

Finding No. 30 – Fund 101 – Federal Grants Assistance Fund (THIS ITEM NUMBER TRANSLATES TO AUDIT FINDING NUMBER 99-51)

Condition 1: 5101E982310SE105, 98-BI-GU-SAPT- \$619,460, CFDA No. 93.959

Auditee response:

We concur that we do not have an approved Establishment of Account (EOA) form on file. However, our records do reflect that the funds were loaded on the accounting system by BBMR as their concurrence. In addition, a Governor's Executive Order requires BBMR to review and approve all contracts. BBMR reviewed the contracts charged to this account. This account was established due to the urgent needs of the grantee, the Department of Mental Health & Substance Abuse Agency. By mutual consent, BBMR and the Department of Administration verbally agreed to establish the account without an EOA. However, the separation of the authority and responsibility were maintained in the management of this account. We will prepare an EOA for both DOA and BBMR to review and approve.

Condition 2: 5101G982811TP500, DSR58061, \$30,654, CFDA No. 83.516

Auditee response:

The signatures of the requester and BBMR are not shown on the Establishment of Account form for this item because different procedures for establishing accounts in an emergency are implemented. On December 17, 1997, Super Typhoon Paka devastated the Island. By February 1998, we began to receive large volumes of copies of the Disaster Survey Reports (DSR). We established over 1,900 accounts in this disaster. As soon as the accounts were established we faxed to BBMR a list of the new account numbers. BBMR's function of loading & releasing funds was their concurrence to the account established. DOA and BBMR will sign the listing of Paka related accounts as approval of the accounts that were established.

Condition 3: 5101H990202DC101, BAM036 Ending Amount, US Public Law 105-277, CFDA No. 5.875

Auditee response:

We concur we do not have an approved Establishment of Account (EOA) form on file. However, our records do reflect that the funds were loaded on the accounting system by BBMR as their concurrence. In addition, a Governor's Executive Order requires BBMR to review and approve all contracts. BBMR reviewed the contracts charged to this account. By mutual consent, BBMR and the Department of Administration verbally agreed to establish the account without an EOA. However, the separation of the authority and responsibility were maintained in the management of this account. We will prepare an EOA for both DOA and BBMR to review and approve.

**Response to the Single Audit Findings
FY1999**

Finding Number 99-01 (THIS ITEM NUMBER TRANSLATES TO AUDIT FINDING NUMBER 99-24)

The Dept of Administration agrees with the above findings. Actual inventory occurred in 1998 however this project was never completed. The percentage physically observed amounted to only 30%. Due to the limited staffing at the Department, we suspended the rest of the operation.

GovGuam currently has a Property Management System Manual that was passed in the late 1960's. An update to the PMSP was drafted in 1998. A system migration occurred in 1997, but the legacy system was very limited in regards to record management of the fixed asset.

Our corrective actions are currently in progress as it relates to the new Financial Management System implementation. Such steps include the actual testing of the fixed assets module recently deployed utilizing the Oracle Federal Financial Software application. Prior to the actual testing of the fixed assets module, however, is to upload all historical information from the legacy system into the new FMS. The third step, is to validate all information and then establish an inventory observation plan. This action serves numerous benefits as it also adheres to the implementation of GASB 34 requirements. Below is a simplified work plan to meet these objectives. The Acting Controller, Mrs. Arleen Pierce is the overall Project Manager, and Mr. Nito Bautista is the Team Leader.

1. Implementation Date of GASB 34
 - Fiscal Year 2002 for Fixed Assets
 - Fiscal Year 2006 for Infrastructure
 - (GovGuam total General Fund Revenues are \$469 Million for Fiscal Year 1999)
 - As of 9/30/99 GFAAG \$225,624,834

Timelines: Currently in progress
2. GASB 34 Educational Training
 - General knowledge through education and for overall planning

Timelines: Currently in progress - would also get more classes in FY '01
3. Hands-On Training
 - Have an actual practitioner from off-island and government municipality conduct a question and answer type of training
 - Will be planning and coordinating a meeting in FY 01

Timelines: To arrange for a Controller from the State of New York Airport Authority (Who has actually implemented GASB 34)
4. Establish legislation to develop a task force, members of a working group to set directions, policies and procedures which would include a research team for valuation, construction appraisals and engineers, documentations, depreciation and other trend analysis.

Timelines: To do in Fiscal Year 2001

5. Unveiling and Actual Implementation of the Plan
 - Conduct meetings with top level management, to include the Governor, the Legislator, Internal Auditors, Public Auditors, Independent Auditors, UOG Accounting Professors and CPA Practitioners.
 - Meetings with both Line Agencies and Controllers of the Autonomous Agencies (component units).

Timelines: Fiscal Year 2001 - Research team for valuation, construction appraisals and engineers, documentations, depreciation and other trend analysis
6. To test the Fixed Asset (System) Module on FMS to Include Bar Code Numbers and Tags
Timelines: In progress - Fiscal Year 2001
7. Upload Historical Information of Assets
Timelines: In progress - Fiscal Year 2001
8. Add On New Information of Assets
Timelines: In progress - Fiscal Year 2001
9. Conduct technical Meetings, to include trainings, tasks, assignments, teams and timelines.
 - With all property and other assigned personnel for the inventory assessment and physical observation plan.
 - Establish team leaders and members per department to conduct the assessments, observations and data purification.

Timelines: To do in Fiscal Year 2001
10. Perform actual inventory observation
 - Update database using inventory count sheet

Timelines: To do in Fiscal Years 2001 and 2002