

**GOVGUAM ASSOCIATION OF RETIRED PERSONS
(SERVICIO PARA I MANAMKO)**

**INDEPENDENT AUDITORS' REPORT ON
COMPLIANCE AND ON INTERNAL CONTROL**

YEAR ENDED SEPTEMBER 30, 1999



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED UPON THE
AUDIT IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Board of Directors
GovGuam Association of Retired Persons, Inc.
(Servicio Para I Manamko):

We have audited the financial statements of Servicio Para I Manamko (SPIMA), a division of GovGuam Association of Retired Persons, Inc. (GGARP), as of September 30, 1999, and have issued our report thereon dated March 8, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered GGARP (SPIMA)'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of Board of Directors and management of GGARP (SPIMA), federal awarding agencies, pass-through entities, the cognizant audit and other federal agencies, and is not intended to be, and should not be, used by anyone other than those specified parties.

March 8, 2000



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND INTERNAL
CONTROL OVER COMPLIANCE APPLICABLE TO EACH MAJOR FEDERAL AWARD
PROGRAM AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

The Board of Directors
GovGuam Association of Retired Persons, Inc.
(Servicio Para I Manamko):

Compliance

We have audited the compliance of Servicio Para I Manamko (SPIMA), a division of GovGuam Association of Retired Persons, Inc. (GGARP), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its one major federal program for the year ended September 30, 1999. GGARP (SPIMA)'s major federal program is identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its one major federal program is the responsibility of the GGARP (SPIMA)'s management. Our responsibility is to express an opinion on the GGARP (SPIMA)'s compliance based on our audit.

We conducted our audit in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about GGARP (SPIMA)'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on GGARP (SPIMA)'s compliance with those requirements.

In our opinion, GGARP (SPIMA) complied, in all material respects, with the requirements referred to above that are applicable to its one major federal program for the year ended September 30 1999.

Internal Control Over Compliance

The management of GGARP (SPIMA) is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing the audit, we considered GGARP (SPIMA)'s internal control over compliance with requirements that could have a direct and material effect on major federal programs in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted one matter involving the internal control on compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgement, could adversely affect GGARP (SPIMA)'s ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and other grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as item 99-1.

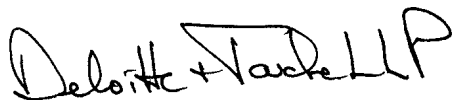
A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of GGARP (SPIMA) as of and for the year ended September 30, 1999, and have issued our report thereon dated March 8, 2000. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. This schedule is the responsibility of the management of GGARP (SPIMA). Such information has been subjected to the auditing procedures applied in our audit of the financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the financial statements taken as a whole.

This report is intended for the information of Board of Directors and management of GGARP (SPIMA), federal awarding agencies, pass-through entities, the cognizant audit and other federal agencies, and is not intended to be, and should not be, used by anyone other than those specified parties.

A handwritten signature in black ink that reads "Deloitte + Tach LLP". The signature is written in a cursive, stylized font.

March 8, 2000

GOVGUAM ASSOCIATION OF RETIRED PERSONS
(Servicio Para I Manamko)

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

<u>Grantor</u>	<u>CFDA #</u>	<u>Expenditures</u>
U.S. Department of Health and Human Services	93.044	\$ <u>3,016,551</u>

The above expenditures reconcile to the financial statements in the following manner:

Satisfaction of equipment acquisitions	\$ 284,815
Total expense	<u>2,861,459</u>
	3,146,274
Fundraising expenses	<u>(129,723)</u>
	\$ <u>3,016,551</u>

The schedule of expenditures of federal awards is prepared on the accrual basis of accounting.

GOVGUAM ASSOCIATION OF RETIRED PERSONS
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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 an unqualified opinion.
2. Reportable conditions in internal control over financial reporting were not identified.
3. No instance of noncompliance considered material to the financial statements was disclosed by the audit.
4. One reportable condition in internal control over compliance with requirements applicable to major federal award programs was identified.
5. The Independent Auditors' Report on compliance with requirements applicable to major federal award programs expressed an unqualified opinion.
6. The audit disclosed one finding required to be reported by OMB Circular A-133.
7. GGARP (SPIMA)'S one major federal program consists of :

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
U.S. Department of Health and Human Services	93.044

8. GGARP (SPIMA) operated only one Type A program and administered no Type B programs during the year ended September 30, 1999 as those terms are defined in OMB Circular A-133.
9. GGARP (SPIMA) did qualify as a low-risk auditee as that term is defined in OMB Circular A-133.

Part II - Financial Statement Findings Section

No matters are reportable.

Part III - Federal Award Findings and Questioned Cost Section

<u>Reference Number</u>	<u>Findings</u>	<u>Questioned Costs</u>
99-1	ADA Compliance	\$ -

GOVGUAM ASSOCIATION OF RETIRED PERSONS
(Servicio Para I Manamko)

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

Finding #	CFDA#	Criteria	Questioned Costs
99-1		In accordance with the Senior Center Operations Agreement between the Government of Guam and GovGuam Association of Retired Persons (GGARP), the centers shall meet the American Disabilities Act (ADA) requirements.	\$ -

Condition:

Based on our discussions with the Program Director, senior centers are not in compliance with ADA requirements.

Cause:

No certified ADA building inspector from the Division of Senior Citizens examines the centers for compliance.

Effect:

It appears that the grantee is in noncompliance with the Senior Center Operations Agreement between the Government of Guam and GovGuam Association of Retired Persons (GGARP).

Recommendation:

The grantee should consult with the Division of Senior Citizens to determine what improvements must be made with the senior centers for compliance with ADA requirements.

GOVGUAM ASSOCIATION OF RETIRED PERSONS
(Servicio Para I Manamko)

Summary of Prior Year Findings and Questioned Costs
Year Ended September 30, 1999

<u>Prior Year Finding Number</u>	<u>Status</u>	<u>Current Year Finding Number</u>	<u>Questioned Costs</u>
98 - 1	Unresolved	99-1	\$ -