



Report on Compliance with Laws and Regulations  
September 30, 2010

# University of Guam

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## **Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

The Board of Regents  
University of Guam  
Mangilao, Guam

We have audited the financial statements of University of Guam (the University), as of and for the year ended September 30, 2010, and have issued our report thereon dated February 17, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered University of Guam's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University of Guam's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the University of Guam's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the University of Guam's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as item 2010-1, that we consider to be significant deficiencies in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

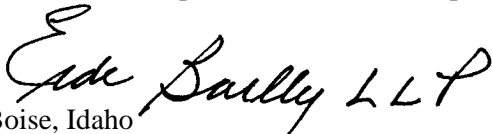
## Compliance and Other Matters

As part of obtaining reasonable assurance about whether University of Guam's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 instances of non compliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as item 2010-2.

We noted certain matters that we reported to management of University of Guam, in a separate letter dated February 17, 2011.

University of Guam's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit University of Guam's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the audit committee, Board of Regents, the Office of Public Accountability of Guam, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is also a matter of public record.

  
Boise, Idaho  
February 17, 2011



## **Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133**

The Board of Regents  
University of Guam  
Mangilao, Guam

### **Compliance**

We have audited the compliance of University of Guam (The University) 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 each of its major federal programs for the year ended September 30, 2010. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of University of Guam's management. Our responsibility is to express an opinion on the University's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 University of Guam'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 of University of Guam's compliance with those requirements.

In our opinion, University of Guam complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2010-2.

## **Internal Control Over Compliance**

The management of University of Guam is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the University's internal control over compliance with the requirements that could have a direct and material effect on a major federal program 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

## **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the University of Guam, as of and for the year ended September 30, 2010, and have issued our report thereon February 17, 2011, which contained unqualified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. The schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

University of Guam's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit University of Guam's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Regents, the Office of Public Accountability of Guam, others within the Organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is also a matter of public record.

*Eide Bailly LLP*

Boise, Idaho  
February 17, 2011

University of Guam  
Summary Schedule of Expenditures of Federal Awards, by Grantor  
Year Ended September 30, 2010

<u>Federal Grantor Agency</u>	Accrued (Deferred) Balance at September 30, 2009	Expenditures	Cash Receipts	Accrued (Deferred) Balance at September 30, 2010
U.S. Department of Agriculture	\$ 1,022,986	\$ 4,366,147	\$ 4,021,775	\$ 1,367,358
U.S. Department of Commerce	139,910	567,753	538,849	168,814
U.S. Department of Defense	80,003	338,216	272,951	145,268
U.S. Department of Interior	150,503	1,029,507	599,334	580,676
U.S. Department of Justice	24,428	117,699	134,772	7,355
U.S. Department of Labor	45,265	(45,265)	-	-
U.S. Department of Transportation	6,637	4,603	11,240	-
National Endowment for the Humanities	-	42,491	26,862	15,629
National Science Foundation	121,117	104,020	120,308	104,829
Small Business Administration	115,769	692,335	667,846	140,258
U.S. Environmental Protection Agency	(40)	13	-	(27)
U.S. Department of Energy	-	25,975	-	25,975
U.S. Department of Education	(54,937)	22,215,897	19,978,749	2,182,211
U.S. Department of Health and Human Services	734,713	4,700,681	4,803,196	632,198
<b>Grand Total</b>	<b><u>\$ 2,386,354</u></b>	<b><u>\$ 34,160,072</u></b>	<b><u>\$ 31,175,882</u></b>	<b><u>\$ 5,370,544</u></b>
Reconciliation to the financial statements				
Accounts receivable - U.S. Government	\$ 2,386,354			\$ 5,402,901
Other receivables	-			-
Deferred revenue	-			-
Balance per schedule above	<b><u>\$ 2,386,354</u></b>			<b><u>\$ 5,402,901</u></b>
Federal grants and contracts revenues		\$ 35,826,330		
Indirect cost allocation		(1,581,892)		
Program income		(84,366)		
Balance per schedule above		<b><u>\$ 34,160,072</u></b>		



University of Guam  
Summary Schedule of Expenditures of Federal Awards, by Grantor  
Year Ended September 30, 2010

Federal CFDA #	Federal Grantor/Program Title	Accrued (Deferred) Balance at September 30, 2009	Expenditures	Cash Receipts	Accrued (Deferred) Balance at September 30, 2010
	Direct from the U.S. Department of Agriculture:				
10.025	Plant and Animal Disease, Pest Control, and Animal Care	\$ 136,160	\$ 414,193	\$ 416,795	\$ 133,558
10.200	Grants for Agricultural Research, Special Research Grants	31,709	264,976	219,098	77,587
10.202	Cooperative Forestry Research	6,218	24,007	21,518	8,707
10.203	Payments to Agricultural Experiment Stations Under the Hatch Act	115,515	931,409	787,715	259,209
10.206	Grants for Agricultural Research: Competitive Research Grants	50,694	13,922	58,091	6,525
10.303	Integrated Programs	(20,229)	8,918	(11,311)	-
10.308	Resident Instruction Grants for Insular Area Activities	145,242	792,312	512,555	424,999
10.500	Cooperative Extension Service	453,976	1,405,003	1,573,640	285,339
10.678	Forest Stewardship Program	-	6,189	-	6,189
10.680	Forest Health Protection	11,388	27,749	32,975	6,162
10.688	Wildland Fire Management ARRA	-	127,139	92,295	34,844
10.769	Rural Business Enterprise Grants	37,655	6,719	44,374	-
10.783	Rural Business Enterprise Grants ARRA	-	61,120	30,561	30,559
10.912	Environmental Quality Incentives Program - ANR USDA (CIG)	-	28,605	4,693	23,912
	Pass-through from Government of Guam Department of Agriculture:				
10.025	Plant and Animal Disease, Pest Control, and Animal Care	-	39,441	47,911	(8,470)
	Pass-through from Utah State University:				
10.200	Grants for Agricultural Research, Special Research Grants	13,916	24,428	38,344	-
10.215	Sustainable Agriculture Research and Education	9,849	13,846	17,319	6,376
10.500	Cooperative Extension Service	23,201	65,173	70,080	18,294
	Balance forward	<u>\$ 1,015,294</u>	<u>\$ 4,255,149</u>	<u>\$ 3,956,653</u>	<u>\$ 1,313,790</u>

University of Guam  
 Summary Schedule of Expenditures of Federal Awards, by Grantor  
 Year Ended September 30, 2010

Federal CFDA #	Federal Grantor/Program Title	Accrued (Deferred) Balance at September 30, 2009	Expenditures	Cash Receipts	Accrued (Deferred) Balance at September 30, 2010
	Direct from the U.S. Department of Agriculture: Balance forward	\$ 1,015,294	\$ 4,255,149	\$ 3,956,653	\$ 1,313,790
10.200	Pass-through from Center for Tropical and Subtropical Aquaculture: Grants for Agricultural Research, Special Research Grants	-	25,765	14,531	11,234
10.200	Pass-through from University of Hawaii at Manoa: Grants for Agricultural Research, Special Research Grants	(5,064)	33,351	(680)	28,967
10.206	Pass-through from University of Wyoming: Grants for Agricultural Research: Competitive Research Grants	-	11,975	3,451	8,524
10.500	Cooperative Extension Service	1,051	1,707	4,467	(1,709)
10.303	Pass-through from University of Arizona: Integrated Programs	-	5,784	-	5,784
10.500	Pass-through from University of Kansas State University: Cooperative Extension Service	11,705	32,416	43,353	768
	U.S. Department of Agricultural Total	<u>\$ 1,022,986</u>	<u>\$ 4,366,147</u>	<u>\$ 4,021,775</u>	<u>\$ 1,367,358</u>

University of Guam  
Summary Schedule of Expenditures of Federal Awards, by Grantor  
Year Ended September 30, 2010

Federal CFDA #	Federal Grantor/Program Title	Accrued (Deferred) Balance at September 30, 2009	Expenditures	Cash Receipts	Accrued (Deferred) Balance at September 30, 2010
	Direct from the U.S. Department of Commerce:				
11.307	Pacific Center for Economic Initiatives	\$ 22,246	\$ 40,487	\$ 56,237	\$ 6,496
11.417	Sea Grant Support	48,980	142,176	168,742	22,414
11.429	Marine Sanctuary Program	-	48,967	32,172	16,795
11.452	Unallied Industry Projects	-	52,775	23,074	29,701
11.463	Habitat Conversion	9,578	95,644	90,937	14,285
11.472	NOAA White Shrimps	10,355	19,652	29,287	720
	Pass-through from Government of Guam Bureau of Statistics and Planning:				
11.419	Coastal Zone Management Administration Awards	39,010	62,460	98,640	2,830
11.426	Financial Assistance for National Centers for Coastal Ocean Science	12,204	42,682	39,760	15,126
	Pass-through from Government of Guam Department of Agriculture:				
11.426	Financial Assistance for National Centers for Coastal Ocean Science	(16,085)	-	-	(16,085)
	Pass-through from University of Hawaii at Manoa:				
11.431	Climate and Atmospheric Research	-	31,232	-	31,232
11.432	NOAA Joint and Cooperative Institutes	18,839	25,858	-	44,697
	Pass-through from Western Pacific Regional Fishery Management Council:				
11.441	Regional Fishery Management Councils	(1,526)	-	-	(1,526)
	Pass-through from National Fish & Wildlife Foundation:				
11.463	Habitat Conversion	(3,691)	5,820	-	2,129
	U.S. Department of Commerce Total	<u>\$ 139,910</u>	<u>\$ 567,753</u>	<u>\$ 538,849</u>	<u>\$ 168,814</u>

University of Guam  
 Summary Schedule of Expenditures of Federal Awards, by Grantor  
 Year Ended September 30, 2010

Federal CFDA #	Federal Grantor/Program Title	Accrued (Deferred) Balance at September 30, 2009	Expenditures	Cash Receipts	Accrued (Deferred) Balance at September 30, 2010
	Direct from the U.S. Department of Defense:				
12.002	Department of Defense	\$ 80,003	\$ 247,228	\$ 250,583	\$ 76,648
12.300	Basic and Applied Scientific Research	-	90,988	22,368	68,620
	U.S. Department of Defense Total	<u>\$ 80,003</u>	<u>\$ 338,216</u>	<u>\$ 272,951</u>	<u>\$ 145,268</u>

University of Guam  
Summary Schedule of Expenditures of Federal Awards, by Grantor  
Year Ended September 30, 2010

Federal CFDA #	Federal Grantor/Program Title	Accrued (Deferred) Balance at September 30, 2009	Expenditures	Cash Receipts	Accrued (Deferred) Balance at September 30, 2010
	Direct from the U.S. Department of the Interior:				
15.614	Coastal Wetlands Planning, Protection and Restoration	\$ -	\$ 27,667	\$ 16,538	\$ 11,129
15.649	Service Training and Technical Assistance	2,394	-	3,216	(822)
15.805	Assistance to State Water Resources Research Institutes	29,203	343,051	317,855	54,399
15.875	Economic, Social and Political Development of the Territories and the Freely Associated States	11,751	98,791	56,161	54,381
	Pass-through from Governor's Office on the Compact-Impact for the Federated States of Mirconesia				
15.875	Economic, Social and Political Development of the Territories and the Freely Associated States	23,788	105,767	97,200	32,355
	Pass-through from Government of Guam Department of Agriculture:				
15.605	Fish and Wildlife Management Assistance	65,133	344,430	65,198	344,365
15.608	Fish and Wildlife Management Assistance	17,420	10,460	18,987	8,893
15.611	Wildfire Restoration	(8,459)	8,459	-	-
15.634	State Wildlife Grants	-	6,365	-	6,365
	Pass-through from Government of Guam Bureau of Statistics and Planning:				
15.225	Recreation Resource Management	(1,862)	-	-	(1,862)
15.875	Economic, Social and Political Development of the Territories and the Freely Associated States	14,984	82,611	24,179	73,416
	Balance forward	<u>\$ 154,352</u>	<u>\$ 1,027,601</u>	<u>\$ 599,334</u>	<u>\$ 582,619</u>

University of Guam  
 Summary Schedule of Expenditures of Federal Awards, by Grantor  
 Year Ended September 30, 2010

Federal CFDA #	Federal Grantor/Program Title	Accrued (Deferred) Balance at September 30, 2009	Expenditures	Cash Receipts	Accrued (Deferred) Balance at September 30, 2010
	Direct from the U.S. Department of the Interior: Balance forward	\$ 154,352	\$ 1,027,601	\$ 599,334	\$ 582,619
15.875	Pass-through from Research Corps of the University of Hawaii: Economic, Social and Political Development of the Territories and the Freely Associated States	(3,118)	1,906	-	-
15.904	Pass-through from Government of Guam War Claims: Historic Preservation Fund Grants-in-Aid	(731)	-	-	(731)
	U.S. Department of the Interior Total	<u>\$ 150,503</u>	<u>\$ 1,029,507</u>	<u>\$ 599,334</u>	<u>\$ 580,676</u>

University of Guam  
 Summary Schedule of Expenditures of Federal Awards, by Grantor  
 Year Ended September 30, 2010

Federal CFDA #	Federal Grantor/Program Title	Accrued (Deferred) Balance at September 30, 2009	Expenditures	Cash Receipts	Accrued (Deferred) Balance at September 30, 2010
	Direct from the U.S. Department of Justice:				
16.525	Grants to Reduce Domestic Violence, Dating Violence, Sexual Assault, and Stalking on Campus	\$ 24,428	\$ 117,699	\$ 134,772	\$ 7,355
	U.S. Department of Justice Total	<u>\$ 24,428</u>	<u>\$ 117,699</u>	<u>\$ 134,772</u>	<u>\$ 7,355</u>

University of Guam  
 Summary Schedule of Expenditures of Federal Awards, by Grantor  
 Year Ended September 30, 2010

Federal CFDA #	Federal Grantor/Program Title	Accrued (Deferred) Balance at September 30, 2009	Expenditures	Cash Receipts	Accrued (Deferred) Balance at September 30, 2010
	Pass-through from Government of Guam Department of Labor:				
17.269	Workforce Investment Agency Community Based Job Training	\$ 45,265	\$ (45,265)	\$ -	\$ -
	U.S. Department of Labor Total	<u>\$ 45,265</u>	<u>\$ (45,265)</u>	<u>\$ -</u>	<u>\$ -</u>



University of Guam  
 Summary Schedule of Expenditures of Federal Awards, by Grantor  
 Year Ended September 30, 2010

Federal CFDA #	Federal Grantor/Program Title	Accrued (Deferred) Balance at September 30, 2009	Expenditures	Cash Receipts	Accrued (Deferred) Balance at September 30, 2010
20.761	Pass-through from the Research Corporation of the University of Hawaii: Customizing Biodiesel	\$ 6,637	\$ 4,603	\$ 11,240	\$ -
	U.S. Department of Transportation Total	<u>\$ 6,637</u>	<u>\$ 4,603</u>	<u>\$ 11,240</u>	<u>\$ -</u>

University of Guam  
 Summary Schedule of Expenditures of Federal Awards, by Grantor  
 Year Ended September 30, 2010

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Federal CFDA #	Federal Grantor/Program Title	Accrued (Deferred) Balance at September 30, 2009	Expenditures	Cash Receipts	Accrued (Deferred) Balance at September 30, 2010
Direct from National Endowment for the Humanities:					
45.312	National Leadership Grants	\$ -	\$ 42,491	\$ 26,862	\$ 15,629
	Small Business Administration Total	<u>\$ -</u>	<u>\$ 42,491</u>	<u>\$ 26,862</u>	<u>\$ 15,629</u>

University of Guam  
 Summary Schedule of Expenditures of Federal Awards, by Grantor  
 Year Ended September 30, 2010

Federal CFDA #	Federal Grantor/Program Title	Accrued (Deferred) Balance at September 30, 2009	Expenditures	Cash Receipts	Accrued (Deferred) Balance at September 30, 2010
	Direct from National Science Foundation:				
47.074	Biological Sciences	\$ 13,295	\$ 61,797	\$ 47,176	\$ 27,916
47.076	Education and Human Resources	49,750	-	49,750	-
	Pass-through from University of Florida:				
47.074	Biological Sciences	36,226	40,687	-	76,913
	Pass-through from University of Hawaii at Manoa:				
47.076	Education and Human Resources	21,846	1,536	23,382	-
	National Science Foundation Total	<u>\$ 121,117</u>	<u>\$ 104,020</u>	<u>\$ 120,308</u>	<u>\$ 104,829</u>

University of Guam  
 Summary Schedule of Expenditures of Federal Awards, by Grantor  
 Year Ended September 30, 2010

Federal CFDA #	Federal Grantor/Program Title	Accrued (Deferred) Balance at September 30, 2009	Expenditures	Cash Receipts	Accrued (Deferred) Balance at September 30, 2010
	Direct from Small Business Administration:				
59.037	Small Business Development Center	\$ 115,769	\$ 621,946	\$ 643,321	\$ 94,394
59.044	Veterans Entrepreneurial Training and Counseling	-	70,389	24,525	45,864
	Small Business Administration Total	<u>\$ 115,769</u>	<u>\$ 692,335</u>	<u>\$ 667,846</u>	<u>\$ 140,258</u>

University of Guam  
 Summary Schedule of Expenditures of Federal Awards, by Grantor  
 Year Ended September 30, 2010

Federal CFDA #	Federal Grantor/Program Title	Accrued (Deferred) Balance at September 30, 2009	Expenditures	Cash Receipts	Accrued (Deferred) Balance at September 30, 2010
	Direct from the U.S. Environmental Protection Agency:				
66.716	Research, Development, Monitoring, Public Education, Training, Demonstrations, and Studies	\$ -	\$ 13	\$ -	\$ 13
	Pass-through from Guam Environmental Protection Agency:				
66.600	Environmental Protection Consolidated Grant - Guam Yard	<u>(40)</u>	<u>-</u>	<u>-</u>	<u>(40)</u>
	U.S. Environmental Protection Agency Total	<u>\$ (40)</u>	<u>\$ 13</u>	<u>\$ -</u>	<u>\$ (27)</u>

University of Guam  
 Summary Schedule of Expenditures of Federal Awards, by Grantor  
 Year Ended September 30, 2010

Federal CFDA #	Federal Grantor/Program Title	Accrued (Deferred) Balance at September 30, 2009	Expenditures	Cash Receipts	Accrued (Deferred) Balance at September 30, 2010
	Pass-through from Guam Energy Office:				
81.041	State Energy Program	\$ -	\$ 25,975	\$ -	\$ 25,975
	Small Business Administration Total	<u>\$ -</u>	<u>\$ 25,975</u>	<u>\$ -</u>	<u>\$ 25,975</u>

University of Guam  
Summary Schedule of Expenditures of Federal Awards, by Grantor  
Year Ended September 30, 2010

Federal CFDA #	Federal Grantor/Program Title	Accrued (Deferred) Balance at September 30, 2009	Expenditures	Cash Receipts	Accrued (Deferred) Balance at September 30, 2010
	Direct from the U.S. Department of Education:				
84.007	Federal Supplemental Educational Opportunity Grant	\$ 18,467	\$ 55,675	\$ 41,619	\$ 32,523
84.032	Federal Family Education Loan	(485,545)	8,371,161	8,284,145	(398,529)
84.033	Federal Work-Study Program	53,288	372,371	430,221	(4,562)
84.042	TRIO: Student Support Services	18,060	303,617	293,536	28,141
84.044	TRIO: Talent Search	23,825	340,404	321,716	42,513
84.047	TRIO: Upward Bound	33,530	396,467	364,905	65,092
84.063	Federal Pell Grant Program	311,373	8,351,261	7,874,634	788,000
84.116	Fund for the Improvement of Postsecondary Education	-	109,428	109,428	-
84.195	Bilingual Education: Professional Development	39,452	343,279	368,183	14,548
84.224	Assistive Technology	15,442	136,105	145,239	6,308
84.268	Federal Direct Student Loans	30,400	1,318,215	229,464	1,119,151
84.327	Pacific CIMAP	(515)	206,227	205,712	-
84.373	Special Education: Technical Assistance on State Data Collection	261,398	1,087,889	1,067,960	281,327
84.375	US DOE ACG/National Smart	(1,300)	40,869	20,819	18,750
84.397	State Fiscal Stabilization Fund ARRA	-	462,508	68,217	394,291
	Pass-through from Government of Guam Department of Youth Affairs:				
84.186	Youth at Risk	33,586	4,869	38,455	-
	Balance Forward	<u>\$ 351,461</u>	<u>\$ 21,900,345</u>	<u>\$ 19,864,253</u>	<u>\$ 2,387,553</u>

University of Guam  
Summary Schedule of Expenditures of Federal Awards, by Grantor  
Year Ended September 30, 2010

Federal CFDA #	Federal Grantor/Program Title	Accrued (Deferred) Balance at September 30, 2009	Expenditures	Cash Receipts	Accrued (Deferred) Balance at September 30, 2010
	Direct from the U.S. Department of Education: Balance Forward	\$ 351,461	\$ 21,900,345	\$ 19,864,253	\$ 2,387,553
	Pass-through from Guam Department of Education and Federated States of Micronesia:				-
84.027	Special Education - Grants to States	(18,459)	45,879	36,990	(9,570)
84.181	Special Education - Grants for Infants and Families with Disabilities	(13,730)	-	-	(13,730)
84.215	GPSS Project Menhalom	(144,098)	118,992	125,455	(150,561)
84.229	Language Resource Centers	(11,940)	-	-	(11,940)
84.336	Teacher Quality Enhancement Grants - Ceddars/HATSA	(142,817)	143,274	-	457
84.366	Mathematics and Science Partnership	(20,369)	-	-	(20,369)
	Pass-through from San Diego State University:				
84.264	Rehabilitation Training - Continuing Education	371	-	-	371
	Pass-through from University of South Florida and University of Oregon:				
84.326	Special Education Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	(55,356)	7,407	(47,949)	-
	U.S. Department of Education Total	<u>\$ (54,937)</u>	<u>\$ 22,215,897</u>	<u>\$ 19,978,749</u>	<u>\$ 2,182,211</u>



University of Guam  
Summary Schedule of Expenditures of Federal Awards, by Grantor  
Year Ended September 30, 2010

Federal CFDA #	Federal Grantor/Program Title	Accrued (Deferred) Balance at September 30, 2009	Expenditures	Cash Receipts	Accrued (Deferred) Balance at September 30, 2010
	Direct from the U.S. Department of Health and Human Services:				
93.110	Maternal & Child Health Federal Consolidated Programs	\$ 21,782	\$ 118,218	\$ 140,000	\$ -
93.243	Substance Abuse & Mental Health Svcs. - Suicide Prevention	21,754	96,051	103,431	14,374
93.251	Universal Newborn Hearing Screening	23,667	303,505	291,570	35,602
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance	76,248	151,752	200,163	27,837
93.375	NIH Rise Program	33,500	282,250	298,665	17,085
93.375	NIH Rise Program ARRA	-	79,025	78,955	70
93.397	Cancer Centers Support Grants	103,417	836,419	693,259	246,577
93.631	AVP - Cedders	32,926	225,499	232,084	26,341
93.632	University Centers for Excellence in Developmental Disabilities - Education, Research and Service	160,353	551,538	645,090	66,801
93.024	Basic/Core Area Health Education Centers	-	138,409	95,062	43,347
93.708	ARRA - Head Start	-	11,986	-	11,986
93.859	Minority Biomedical Research Support	11,586	168,574	148,596	31,564
	Pass-through from the Research Corps of the University of Hawaii:				
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance	12,902	121,978	58,132	76,748
	Pass-through from University of Florida, Smithsonian:				
93.859	Minority Biomedical Research Support	4,526	5,702	10,228	-
	Balance Forward	<u>\$ 502,661</u>	<u>\$ 3,090,906</u>	<u>\$ 2,995,235</u>	<u>\$ 598,332</u>

University of Guam  
Summary Schedule of Expenditures of Federal Awards, by Grantor  
Year Ended September 30, 2010

Federal CFDA #	Federal Grantor/Program Title	Accrued (Deferred) Balance at September 30, 2009	Expenditures	Cash Receipts	Accrued (Deferred) Balance at September 30, 2010
	Direct from the U.S. Department of Health and Human Services: Balance Forward	\$ 502,661	\$ 3,090,906	\$ 2,995,235	\$ 598,332
93.866	Pass-through from University of California, San Diego: Aging Research	3,179	-	3,179	-
93.104	Pass-through from Government of Guam Department of Mental Health and Substance Abuse: Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances	43,197	23,469	66,666	-
93.959	Block Grants for Prevention and Treatment of Substance Abuse	(8,276)	8,276	-	-
93.052	Pass-through from Government of Guam Department of Public Health and Social Services: National Family Caregiver Support	(64,756)	466,214	512,496	(111,038)
93.104	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances	(4,775)	206,286	221,592	(20,081)
93.110	Maternal & Child Health Federal Consolidated Programs	26,250	-	26,250	-
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance	15,348	52,024	67,372	-
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93,510	186,270	208,190	71,590
	Balance Forward	<u>\$ 606,338</u>	<u>\$ 4,033,445</u>	<u>\$ 4,100,980</u>	<u>\$ 538,803</u>

University of Guam  
 Summary Schedule of Expenditures of Federal Awards, by Grantor  
 Year Ended September 30, 2010

Federal CFDA #	Federal Grantor/Program Title	Accrued (Deferred) Balance at September 30, 2009	Expenditures	Cash Receipts	Accrued (Deferred) Balance at September 30, 2010
	Direct from the U.S. Department of Health and Human Services: Balance Forward	\$ 606,338	\$ 4,033,445	\$ 4,100,980	\$ 538,803
	Pass-through from Government of Guam Department of Labor:				
94.006	Corporation for National & Community Svs. - Americorps - ARRA	36,765	247,317	284,082	-
94.006	Corporation for National & Community Svs. - Americorps	91,610	419,919	418,134	93,395
	U.S. Department of Health and Human Services Total	<u>\$ 734,713</u>	<u>\$ 4,700,681</u>	<u>\$ 4,803,196</u>	<u>\$ 632,198</u>

**Note 1 - Basis of Presentation**

The Schedule of Expenditures of Federal Awards presents the activity includes the federal grant activity of the University and is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

The Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting.

**Note 2 - Major Programs**

Major programs are identified in the summary of Auditor’s Results section of the Schedule of Findings and Questioned Costs.

The following program has been identified as major programs for the year ended September 30, 2010:

<u>Program or Cluster</u>	<u>CFDA Number</u>
U.S. Department of Education Direct Programs	
Federal Family Education Loans	84.032
Pell Grant	84.063
Supplemental Education Opportunity Grant	84.007
College Work Study Program	84.033
ACG Grant	84.375
Federal Direct Loan	84.268
 U.S Department of Education TRIO Programs	
TRIO: Student Support Services	84.042
TRIO: Talent Search	84.044
TRIO: Upward Bound	84.047
 Cooperative Extension Service	 10.500
 Special Education: Technical Assistance on State Data Collection	 84.373

**Section I - Summary of Auditor's Results**

Financial Statements

Type of auditors' report issued	Unqualified
Internal control over financial reporting:	
Material weakness identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Noncompliance material to financial statements noted	No

Federal Awards

Internal control over major programs:	
Material weakness identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditors' report issued on compliance for major programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	Yes

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>CFDA number</u>
U.S. Department of Education Direct Programs	
Federal Family Education Loans	84.032
Pell Grant	84.063
Supplemental Education Opportunity Grant	84.007
College Work Study Program	84.033
ACG Grant	84.375
Federal Direct Loan	84.268

U.S. Department of Education TRIO Programs	
TRIO: Student Support Services	84.042
TRIO: Talent Search	84.044
TRIO: Upward Bound	84.047
Cooperative Extension Service	10.500
Special Education: Technical Assistance on State Data Collection	84.373
Dollar threshold used to distinguish between Type A and Type B programs	\$1,027,975
Auditee qualified as low-risk auditee	Yes

**Section II - Financial Statement Findings**

Significant Deficiencies

2010-1 Audit Adjustments

Condition – During the course of the audit an adjustment was proposed as a result of audit procedures.

Criteria – The internal control structure should include monitoring procedures that ensure a more timely processing of year end transactions.

Cause – The controls currently in place were not sufficient to detect the misstatements to the trial balance.

Effect – The trial balance provided for the audit was misstated.

Recommendation – The client should examine current controls and make necessary changes to ensure that all adjustments are included in the trial balance.

Management’s Response – The primary area of concern is incomplete recording of fixed asset depreciation, which resulted in the understatement of the depreciation expense in the unaudited trial balance submitted to the external auditors. A quality control review of the fixed asset listing shall be performed before closing the books to ensure that the depreciation is correctly recognized in the trial balance before submitting to the external auditors.

**Corrective Action Plan (CAP)**

Actions Planned in Response to Finding – Conduct a quality control review of the fixed asset listing no later than 45 days from fiscal year end.

Explanation of Disagreement – We concur with the finding.

Official Responsible for Ensuring Corrective Action – New General Accounting Supervisor will monitor on a quarterly basis.

Planned Completion for Correction Action – Continuous monitoring on a quarterly basis.

Plan to Monitor Completion of Corrective Action – Continuous monitoring on a quarterly basis.

### **Section III – Federal Award Findings and Questioned Costs**

2010-2 – Student Financial Aid Cluster

Condition – During our testing of the students granted aid during FYE 2010, it was noted that, of the students selected for verification, there was one instance of missing documentation within the student’s file to verify critical information.

Questioned Cost – None

Cause – The controls that were currently in place did not detect the missing documentation within the student’s file.

Effect – The University disbursed student financial aid to a student that was selected for verification without obtaining the proper information to verify critical information.

Recommendation – All necessary information required to verify critical information should be retained in student files.

Management’s Response – The Financial Aid Director has implemented new protocols utilizing a checklist system that will be verified by each financial aid counselor handing student files. Additionally, each file handled by a financial aid counselor (with the exception of a newly created file) and removed from the file room will have to be signed out with the Administrative Officer and will only be released when the content of the file has been verified according to the content checklist. Files returned to the file room will also be verified and any new documents added to the file noted and logged. Financial aid staff will only be allowed to hold a file for no longer than 5 working days.

#### **Corrective Action Plan (CAP)**

Actions Planned in Response to Finding – New protocols have been implemented utilizing a checklist system to handle student files. Financial aid staff will only be allowed to hold a file for no longer than 5 working days.

Explanation of Disagreement – We concur with the finding.

Official Responsible for Ensuring Corrective Action – Financial Aid Director

Planned Completion for Correction Action – Continuous monitoring of the checklist system.

Plan to Monitor Completion of Corrective Action – Continuous monitoring of the checklist system.

Finding 2009-2: CFDA 10.203 – Payments to Agricultural Experimental Stations Under Hatch Act

Condition: During testing it was noted that there was one employee that was being reimbursed under this grant for one hundred percent of their salary; however the individual did not spend one hundred percent of his/her time on this particular grant.

Recommendation: Expenditures submitted for reimbursement should be reviewed to verify that the expenditures being submitted for reimbursement are actually valid expenditures incurred under the grant.

Current Status: Finding corrected by management in the current year.