

UNIVERSITY OF GUAM

**INDEPENDENT AUDITORS' REPORTS ON
COMPLIANCE WITH LAWS AND REGULATIONS**

YEAR ENDED SEPTEMBER 30, 2001

UNIVERSITY OF GUAM
SINGLE AUDIT REPORTS
YEAR ENDED SEPTEMBER 30, 2001

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

The Board of Regents
University of Guam:

We have audited the financial statements of the University of Guam (the University), as of September 30, 2001, and for the year then ended, and have issued our report thereon dated May 24, 2002. 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.

Compliance

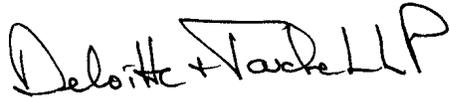
As part of obtaining reasonable assurance about whether the University's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 the University'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. However, we noted certain matters involving internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the University's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 01-02, 01-03 and 01-04.

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. Our consideration of the internal control over financial reporting 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 none of the reportable conditions described above is a material weakness.

This report is intended solely for the information and use of the Board of Regents and management of the University of Guam, 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 these specified parties.

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

May 24, 2002



**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 Regents
University of Guam:

Compliance

We have audited the compliance of the 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, 2001. The University's major federal programs are 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 each of its major federal programs is the responsibility of the University'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 the University'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 the University's compliance with those requirements.

As described in item 01-01 in the accompanying Schedule of Findings and Questioned Costs, the University did not comply with requirements regarding student eligibility that are applicable to its Federal Direct Loan Program (CFDA No. 84.268). Compliance with such requirements is necessary, in our opinion, for the University to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the University 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, 2001.

Internal Control Over Compliance

The management of the University 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 our audit, we considered the University's internal control over compliance with 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.

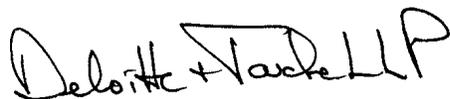
We noted a matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the University's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as item 01-01.

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 conditions described above are not material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the University as of and for the year ended September 30, 2001, and have issued our report thereon dated May 24, 2002. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Supplementary Schedule of Expenditures of Federal Awards is presented for purposes 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 the University. 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 solely for the information and use of the Board of Regents and management of the University of Guam, 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 these specified parties.

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

May 24, 2002

UNIVERSITY OF GUAM

Supplementary Schedule of Expenditures of Federal Awards
Year Ended September 30, 2001

Federal CFDA #	Federal Grantor/Program Title	Audited Balance at September 30, 2000	Revised Accrued Balance at September 30, 2000	Expenditures	Cash Receipts	Accrued (Deferred) Balance at September 30, 2001
	Direct from Department of Agriculture:					
10.025	Plant and Animal Disease, Pest Control, and Animal Care	\$ -	\$ -	\$ 9,859	\$ 7,873	\$ 1,986
10.202	Cooperative Forestry Research	934	934	40,377	37,000	4,311
10.203	Payments to Agricultural Experiment Stations Under the Hatch Act	6,300	6,300	840,088	813,432	32,956
10.206	Grants for Agricultural Research: Competitive Research Grants	(2,451)	(2,451)	-	-	(2,451)
10.500	Cooperative Extension Service	(46,563)	(46,563)	1,181,838	1,094,700	40,575
10.855	Distance Learnings and Telemedicine Loans and Grants	-	-	78,139	-	78,139
10.903	Soil Survey	11,340	11,340	17,619	27,352	1,607
10.906	Watershed Surveys and Planning	11,114	11,114	(2,977)	8,137	-
10.912	Environmental Quality Incentives Program	4,103	4,103	-	-	4,103
	Pass-through from:					
	University of Hawaii at Manoa:					
10.200	Grants for Agricultural Research, Special Research Grants	87,949	87,949	448,599	492,764	43,784
	Guam Department of Agriculture:					
10.664	Cooperative Forestry Assistance	5,778	5,778	-	-	5,778
	Department of Agriculture Total	78,504	78,504	2,613,542	2,481,258	210,788

Note: Basis of Accounting - The Supplementary Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting.

UNIVERSITY OF GUAM

Supplementary Schedule of Expenditures of Federal Awards, Continued
Year Ended September 30, 2001

Federal CFDA #	Federal Grantor/Program Title	Audited Balance at September 30, 2000	Revised Accrued Balance at September 30, 2000	Expenditures	Cash Receipts	Accrued (Deferred) Balance at September 30, 2001
	Direct from Department of Commerce:					
11.417	Sea Grant Support	\$ -	\$ -	\$ 67,370	\$ -	\$ 67,370
11.550	Public Telecommunications Facilities: Planning and Construction	48,465	48,465	158,289	119,375	87,379
	Department of Commerce Total	48,465	48,465	225,659	119,375	154,749

Note: Basis of Accounting - The Supplementary Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting.

UNIVERSITY OF GUAM

Supplementary Schedule of Expenditures of Federal Awards, Continued
Year Ended September 30, 2001

Federal CFDA #	Federal Grantor/Program Title	Audited Balance at September 30, 2000	Revised Accrued Balance at September 30, 2000	Expenditures	Cash Receipts	Accrued (Deferred) Balance at September 30, 2001
	Direct from Department of Defense:					
12.431	Basic Scientific Research	\$ 8,345	\$ 8,345	\$ -	\$ 8,345	\$ -
12.910	Research and Technology Development	<u>28,710</u>	<u>28,710</u>	<u>-</u>	<u>28,710</u>	<u>-</u>
	Department of Defense Total	<u>37,055</u>	<u>37,055</u>	<u>-</u>	<u>37,055</u>	<u>-</u>

Note: Basis of Accounting - The Supplementary Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting.

UNIVERSITY OF GUAM

Supplementary Schedule of Expenditures of Federal Awards, Continued
Year Ended September 30, 2001

Federal CFDA #	Federal Grantor/Program Title	Audited Balance at September 30, 2000	Revised Accrued Balance at September 30, 2000	Expenditures	Cash Receipts	Accrued (Deferred) Balance at September 30, 2001
	Direct from Department of the Interior:					
15.114	Indian Education: Higher Education Grant Program	\$ -	\$ -	\$ 8,654	\$ -	\$ 8,654
15.805	Assistance to State Water Resources Research Institutes	189,002	189,002	282,933 *	277,779	194,156
15.808	U.S. Geological Survey: Research and Data Acquisition	<u>4,916</u>	<u>4,916</u>	<u>5,375</u>	<u>10,291</u>	<u>-</u>
	Department of the Interior Total	<u>193,918</u>	<u>193,918</u>	<u>296,962</u>	<u>288,070</u>	<u>202,810</u>

* Denotes a major program as defined by OMB Circular A-133

Note: Basis of Accounting - The Supplementary Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting.

UNIVERSITY OF GUAM

Supplementary Schedule of Expenditures of Federal Awards, Continued
Year Ended September 30, 2001

Federal CFDA #	Federal Grantor/Program Title	Audited Balance at September 30, 2000	Revised Accrued Balance at September 30, 2000	Expenditures	Cash Receipts	Accrued (Deferred) Balance at September 30, 2001
	Direct from National Foundation of Arts and Humanities					
45.164	Promotion of Humanities: Public Programs	\$ -	\$ -	\$ 9,929	\$ 9,925	\$ 4
	National Foundation of Arts and Humanities Total	-	-	9,929	9,925	4

Note: Basis of Accounting - The Supplementary Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting.

UNIVERSITY OF GUAM

Supplementary Schedule of Expenditures of Federal Awards, Continued
Year Ended September 30, 2001

Federal CFDA #	Federal Grantor/Program Title	Audited Balance at September 30, 2000	Revised Accrued Balance at September 30, 2000	Expenditures	Cash Receipts	Accrued (Deferred) Balance at September 30, 2001
Direct from National Science Foundation:						
47.050	Geosciences	\$ 6,898	\$ 6,898	\$ 47,942	\$ 37,738	\$ 17,102
47.074	Biological Sciences	38,907	38,907	73,202	63,605	48,504
47.076	Education and Human Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>(10,000)</u>
	National Science Foundation Total	<u>45,805</u>	<u>45,805</u>	<u>121,144</u>	<u>111,343</u>	<u>55,606</u>

Note: Basis of Accounting - The Supplementary Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting.

UNIVERSITY OF GUAM

Supplementary Schedule of Expenditures of Federal Awards, Continued
Year Ended September 30, 2001

Federal CFDA #	Federal Grantor/Program Title	Audited Balance at September 30, 2000	Revised Accrued Balance at September 30, 2000	Expenditures	Cash Receipts	Accrued (Deferred) Balance at September 30, 2001
	Direct from Small Business Administration:					
59.037	Small Business Development Center	\$ 146,332	\$ 146,332	\$ 543,066	\$ 564,725	\$ 124,673
	Small Business Development Center Total	<u>146,332</u>	<u>146,332</u>	<u>543,066</u>	<u>564,725</u>	<u>124,673</u>

Note: Basis of Accounting - The Supplementary Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting.

UNIVERSITY OF GUAM

Supplementary Schedule of Expenditures of Federal Awards, Continued
Year Ended September 30, 2001

Federal CFDA #	Federal Grantor/Program Title	Audited Balance at September 30, 2000	Revised Accrued Balance at September 30, 2000	Expenditures	Cash Receipts	Accrued (Deferred) Balance at September 30, 2001
Direct from Environmental Protection Agency:						
66.500	Environmental Protection: Consolidated Research	\$ 83,445	\$ 83,445	\$ 245,033	* \$ 221,939	\$ 106,539
66.606	Surveys, Studies, Investigations and Special Purpose Grants	48,140	48,140	96,144	111,976	32,308
	Environmental Protection Agency Total	131,585	131,585	341,177	333,915	138,847

* Denotes a major program as defined by OMB Circular A-133

Note: Basis of Accounting - The Supplementary Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting.

UNIVERSITY OF GUAM

Supplementary Schedule of Expenditures of Federal Awards, Continued
Year Ended September 30, 2001

Federal CFDA #	Federal Grantor/Program Title	Audited Balance at September 30, 2000	Revised Accrued Balance at September 30, 2000	Expenditures	Cash Receipts	Accrued (Deferred) Balance at September 30, 2001
Direct from Department of Education:						
84.007	Federal Supplemental Educational Opportunity Grants	\$ -	\$ -	\$ 54,191	\$ 54,191	\$ -
84.015	National Resource Centers and Fellowships Program for Language and Area or Language and International Studies	308	308	721	1,029	-
84.033	Federal Work-Study Program	84,584	84,584	413,779 *	449,330	49,033
84.042	TRIO: Student Support Services	27,563	27,563	218,239	197,816	47,986
84.044	TRIO: Talent Search	32,033	32,033	274,511	271,300	35,244
84.047	TRIO: Upward Bound	35,316	35,316	340,105	323,091	52,330
84.063	Federal Pell Grant Program	238,877	238,877	3,016,333 *	2,831,365	423,845
84.069	Leveraging Educational Assistance Partnership	-	-	13,300	13,300	-
84.195	Bilingual Education: Professional Development	4,428	4,428	61,269	41,969	23,728
84.224	Assistive Technology	7,237	7,237	97,645	91,206	13,676
84.268	Federal Direct Loan	366,391	366,391	4,720,705 *	4,669,079	418,017
84.325	Special Education: Personnel Preparation to Improve Services and Results for Children with Disabilities	19,574	19,574	190,093	186,861	22,806
84.334	Gaining Early Awareness and Readiness for Undergraduate Programs	20,856	20,856	278,795 *	244,309	55,342
	Department of Education Total	<u>837,167</u>	<u>837,167</u>	<u>9,679,686</u>	<u>9,374,846</u>	<u>1,142,007</u>

* Denotes a major program as defined by OMB Circular A-133.

Note: Basis of Accounting - The Supplementary Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting.

UNIVERSITY OF GUAM

Supplementary Schedule of Expenditures of Federal Awards, Continued
Year Ended September 30, 2001

Federal CFDA #	Federal Grantor/Program Title	Audited Balance at September 30, 2000	Revised Accrued Balance at September 30, 2000	Expenditures	Cash Receipts	Accrued (Deferred) Balance at September 30, 2001
	Direct from Department of Health and Human Services:					
93.230	Consolidated Knowledge Development and Application (KD&A) Program	\$ -	\$ -	\$ 135,401 *	\$ 102,222	\$ 33,179
93.375	Minority Biomedical Research Support	55,584	55,584	358,677	290,857	123,404
93.612	Native American Programs	-	-	9,802	9,802	-
93.632	Development Disabilities University Affiliated Programs	55,580	55,580	277,297	277,488	55,389
93.865	Center for Research for Mothers and Children	<u>776</u>	<u>776</u>	<u>30,788</u>	<u>31,564</u>	<u>-</u>
	Department of Health and Human Services Total	<u>111,940</u>	<u>111,940</u>	<u>811,965</u>	<u>711,933</u>	<u>211,972</u>
	Grand Total	<u>\$ 1,630,771</u>	<u>\$ 1,630,771</u>	<u>\$ 14,643,130</u>	<u>\$ 14,032,445</u>	<u>\$ 2,241,456</u>
	Reconciliation to accounts receivable - U.S. Government:					
	Restricted fund				\$ 1,823,439	
	Loan fund				<u>418,017</u>	
					<u>\$ 2,241,456</u>	

* Denotes a major program as defined by OMB Circular A-133.

Note: Basis of Accounting - The Supplementary Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting.

UNIVERSITY OF GUAM

Schedule of Findings and Questioned Costs Year Ended September 30, 2001

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 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 a qualified opinion.
6. The audit disclosed one finding required to be reported by OMB Circular A-133.
7. The University's major programs were as follows:

<u>CFDA Number</u>	<u>Grant Title</u>	<u>Expenditures</u>
15.805	Assistance to State Water Resources – Research Institutes	\$ 282,933
66.500	Environmental Protection: Consolidated Research	245,033
84.334A	Gaining Early Awareness and Readiness for Undergraduate Programs	278,795
93.230	Consolidated Knowledge Development and Application (KD & A) Programs	135,401
<u>Student Financial Aid Cluster</u>		
84.033	Federal Work-Study Program	413,779
84.063	Federal Pell Grant Program	3,016,333
84.268	Federal Direct Loan	4,720,705

8. A threshold of \$439,294 was used to distinguish Type A and Type B programs.
9. The Organization did not qualify as a low-risk auditee as that term is defined in OMB Circular A-133.

UNIVERSITY OF GUAM

Schedule of Findings and Questioned Costs
Year Ended September 30, 2001

Part II - Financial Statement Findings Section

<u>Reference Number</u>	<u>Findings</u>	<u>Questioned Costs</u>
01-02	Uncollectible Accounts Receivable	\$ -
01-03	Expired Subscription and Maintenance Agreement	\$ -
01-04	Long Outstanding Advances	\$ -

Part III - Federal Award Findings and Questioned Cost Section

<u>Reference Number</u>	<u>Findings</u>	<u>Questioned Costs</u>
01-01	Student Eligibility	\$ -

UNIVERSITY OF GUAM

Schedule of Findings and Questioned Costs
Year Ended September 30, 2001

Finding No.: 01-01
CFDA No.: 84.268 - Federal Direct Loan
Area: Student Eligibility
Questioned Cost: \$0

Criteria:

An entrance and exit interview is required to be conducted with the borrower prior to receiving the first disbursement and leaving the institution.

Condition:

In one out of 46 students tested, documentation could not be located to determine if an entrance interview was conducted. In two out of 46 students tested, of which 6 graduated during the year, documentation could not be located to determine if an exit interview was conducted. The University was able to obtain the entrance and exit interviews after the initial audit finding was brought to its attention.

Cause:

The cause of the above condition is that necessary interviews were not obtained.

Effect:

No questioned costs relate to this finding since the University was subsequently able to obtain the required entrance/exit interviews. However, noncompliance with Federal student loan repayment procedures occurred.

Recommendation:

The University should ensure that the necessary entrance and exit interviews are obtained.

Auditee Response dated June 18, 2002:

1. New student loan recipients must complete Entrance Counseling (through on-line or paper), prior to being awarded.
2. Submitted Entrance Documentation is to be entered in Colleague – Forms In, as confirmation that student completed this requirement.
3. All separating students (either through withdrawal or graduation) must be sent an Exit packet to include required student loan information, as well as options to complete the Exit Counseling (on-line or paper).
4. Lists received from US DoE providing names of students with their expected separation date, are given to one counselor who is tasked as the designated POC (point of contact). Letters are sent to students on that list along with the exit packets.

UNIVERSITY OF GUAM

Schedule of Findings and Questioned Costs Year Ended September 30, 2001

Finding No.: 01-01, Continued
CFDA No.: 84.268 - Federal Direct Loan
Area: Student Eligibility
Questioned Cost: \$0

Corrective Action Plan:

1. Counselor must personally ensure that proper documentation is in the student's file prior to making initial award, and not rely totally on what Colleague – Forms in shows.
2. Counselor will be reminded that compliance with this requirement is their responsibility, not the counter.
3. POC Counselor will provide copy of US DoE list to other T4 counselors.
4. Recommendation will be to have counselors review each list and spot check individual files, to ensure that the Exit letters/packets had been sent.
5. Recommendation to have counselors do a quarterly spot check to see if Exit Counseling had been completed by student. Supporting documentation can be paper in file or printed results from on-line.
6. Recommendation to get preliminary graduation listing from Admissions.

UNIVERSITY OF GUAM

Schedule of Findings and Questioned Costs
Year Ended September 30, 2001

Finding No.: 01-02
CFDA No.: N/A
Area: Uncollectible Accounts Receivable
Questioned Cost: \$0

Criteria:

Accounts receivable deemed uncollectible should be written off immediately.

Condition:

Accounts receivable related to Project LEAD in the amount of \$103,757 has been outstanding since 1992.

Cause:

The cause of this condition is that this amount has yet to be collected.

Effect:

Accounts receivable and beginning fund balance of the restricted funds are overstated and understated, respectively, in the financial statements.

Recommendation:

When an account becomes uncollectible, it should be written off immediately. Since there is no allowance for doubtful accounts recorded in the restricted fund, a provision should be established to absorb uncollectible accounts.

Auditee Response dated June 18, 2002:

UOG exerted collection efforts over several years to bill and collect from the Department of Education since 1992. After we updated the auditors on DOE's non-payment since 1992, the University concurred with the auditor's recommendation to write-off this old uncollectible account.

Corrective Action Plan:

Accounts receivable written off in FY 2002 as per auditor's recommendation.

UNIVERSITY OF GUAM

Schedule of Findings and Questioned Costs
Year Ended September 30, 2001

Finding No.: 01-03
CFDA No.: N/A
Area: Expired Subscriptions and Maintenance Agreement
Questioned Cost: \$0

Criteria:

Expired or lapsed prepayments for periodicals and newsletters subscriptions and maintenance agreements should be expensed in the proper period.

Condition:

The following advances to vendors are still included as prepaid expenses even though portions of them have expired or lapsed:

1. \$206,883.19 prepayment per PO# P211311 covering the period of January 2001 through December 2001 for the library subscriptions of periodicals and newsletters.
2. \$117,572 per PO# P11A1825 covers the period of July 2001 through June 2002 for Computer Center maintenance agreement.

Cause:

The cause of the above condition is unknown.

Effect:

Expenses and advance payments are understated and overstated, respectively, in the amount of \$184,555 in the financial statements.

Recommendation:

Prepayments should be recorded as expenditures in the proper period.

Auditee Response dated June 18, 2002:

P211311 cleared in FY 2002.

P11A1825 – Datatel, the software vendor, was contacted to provide account analysis because invoices are being applied to different purchase orders under Datatel.

UNIVERSITY OF GUAM

Schedule of Findings and Questioned Costs
Year Ended September 30, 2001

Finding No.: 01-04
 CFDA No.: N/A
 Area: Long Outstanding Advances
 Questioned Cost: \$0

Criteria:

Advances to vendors should be cleared in a timely manner.

Condition:

Advances to vendors recorded in the following account numbers have been outstanding for more than a year.

10-17000	\$ 192,292.79
22-17000	545.00
23-17000	665.43
24-17000	<u>33,151.43</u>
	<u>\$ 226,654.65</u>

Cause:

The cause of the above condition is inadequate follow-up with respect to the recorded advances.

Effect:

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

Recommendation:

Advances to vendors should be followed up and cleared in a timely manner.

Auditee Response (Revised response dated July 19, 2002):

Considerable progress was made in FY2002 to clear these FY2001 advances.

The following analysis indicates that \$127,835.22 or 56% of the FY2001 uncleared advances were cleared as of 7-18-02.

	<u>Advances Uncleared as of 9-30-01</u>	<u>Amount Cleared as of 7-18-02</u>	<u>Pending Receiving Rpts as of 7-18-02</u>	<u>Uncleared Balance as of 7-18-02</u>
10-17000	\$ 192,292.79	\$ 109,611.85	\$ 27,501.11	\$ 55,179.83
22-17000	545.00	-0-	-0-	545.00
23-17000	665.43	-0-	-0-	665.43
24-17000	<u>33,151.43</u>	<u>18,223.37</u>	<u> </u>	<u>14,928.06</u>
	<u>\$ 226,654.65</u>	<u>\$ 127,835.22</u>	<u>\$ 27,501.11</u>	<u>\$ 71,318.32</u>

UNIVERSITY OF GUAM

Schedule of Findings and Questioned Costs
Year Ended September 30, 2001

Finding No.: 01-04, Continued
CFDA No.: N/A
Area: Long Outstanding Advances
Questioned Cost: \$0

Auditee Response (Revised response dated July 19, 2002), Continued:

An additional \$27,501 or 12% is pending receipt of receiving reports from the departments as of 7-18-02.

Efforts are on-going to clear the remaining balance of \$71,318.32 or 32% with the departments to obtain the receiving reports to clear the remaining advances.

Corrective Action Plan:

Advances will be monitored closely to insure that the departments clear their advances in a timely manner.

UNIVERSITY OF GUAM

Summary Schedule of Prior Audit Findings
Year Ended September 30, 2001

Finding Number 00-01:

This finding is considered resolved. Procurement, administration and finance staff attended procurement procedures training.

Finding Number 00-02:

This finding is considered resolved. Physical inventory of equipment was performed during fiscal year 2001.

UNIVERSITY OF GUAM

Reconciliation of Total Restricted Expenditures with Total Federal Award Expenditures
Year Ended September 30, 2001

University Restricted Funds	Total Restricted Expenditures	Total Federal Restricted Expenditures	Other Restricted Grant/Contracts Expenditures
Fund 51 - Current Fund			
Restricted - CALS	\$ 4,717,955	\$ 2,538,381	\$ 2,179,574
Fund 52 - Current Fund			
Restricted - FGIA Title IV	3,497,602	3,497,602	-
Fund 53 - Current Fund			
Restricted - FGIA Others	4,025,527	3,886,442	139,085
Fund 55 - Current Fund			
Restricted - Contracts - Government of Guam	1,072,114	-	1,072,114
Fund 56 - Current Fund			
Restricted - Contracts - Foreign Government/Private	1,019,491	-	1,019,491
Fund 57 - Current Fund			
Restricted - Scholarships - Government of Guam	2,620,873	-	2,620,873
Fund 58 - Current Fund			
Restricted - Private Scholarships	187,475	-	187,475
	17,141,037	9,922,425	7,218,612
Fund 61 - Loan Fund - Federal	-	4,720,705	-
	<u>\$ 17,141,037</u>	<u>\$ 14,643,130</u>	<u>\$ 7,218,612</u>