



OFFICE OF THE PUBLIC AUDITOR

**Questions Costs Continue
GovGuam Classified as "High
Risk Grantee"**

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The just completed Single Audit of the Government of Guam for fiscal year 2001 shows that GovGuam has \$9.9 million in questioned costs. This brings the total of questioned costs since 1998 and still unresolved to \$47 million. The 136-page compliance report, which details some 109 findings, was prepared by CPAs Deloitte Touché Tohmatsu under the oversight of Public Auditor Doris Flores Brooks.

Three major programs make up the bulk of the \$47 million in questioned costs. These include the Department of Defense/Department of Education for \$9.7 million in 1999, Compact Impact assistance of \$13.2 million over the past four years and FEMA Public Assistance Grants of \$17.4 million in the last three years.

Over half of the 109 findings pertain to questioned costs in procurement and allowable costs. There has been a lack of adequate procurement documentation for goods and services purchased with federal funds. Contracts procured at the Department level are approved by the Governor and the Office of the Attorney General as to form. However, no one other than the Department reviews the contract for compliance with federal procurement regulations. The Public Auditor recommends that the Attorney General be involved in assuring there is compliance with federal laws and regulations.

Auditors set aside \$6.5 million for uncollectible federal grant receivables

Deloitte has also set aside a reserve of \$6.5 million for potential uncollectible federal grant receivables. While the Department of Administration has made tremendous progress in collecting federal grant receivables, which have declined from \$53 million in 2000 to \$44 million in 2001, there are still some 30 programs with receivables that are several years old. The Auditors have indicated that it may be cost effective to obtain and devote necessary manpower to document and collect these old outstanding receivables.

GovGuam classified as "high risk grantee"

For the past decade, the federal government has classified the Government of Guam as a "high risk grantee". Among the reasons for this classification is that GovGuam has not been able to determine who are sub recipients or monitor sub recipients who expend more than \$300,000 in federal grants. Again the Public Auditor recommends the Attorney General make the determination whether an entity who expends more than \$300,000 in federal grants is a sub recipient.