

UNIVERSITY OF GUAM
(A COMPONENT UNIT OF THE
GOVERNMENT OF GUAM)

INDEPENDENT AUDITORS' REPORTS ON
INTERNAL CONTROL AND ON COMPLIANCE

YEAR ENDED SEPTEMBER 30, 2021

INDEPENDENT AUDITORS' 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:

We have audited, in accordance with the 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, the financial statements of the University of Guam (the University) and its discretely presented component unit as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated April 4, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2021-001 that we consider to be significant deficiencies.

Compliance and Other Matters

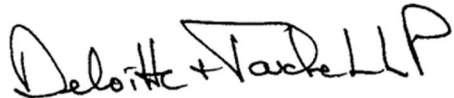
As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 or other matters that are required to be reported under Government Auditing Standards.

The University's Response to Findings

The University's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The University's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

April 4, 2022

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

The Board of Regents
University of Guam:

Report on Compliance for Each Major Federal Program

We have audited the University of Guam's (the University's) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the University's major federal programs for the year ended September 30, 2021. The University's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the University's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the University's compliance.



Opinion on Each Major Federal Program

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2021.

Report on Internal Control Over Compliance

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the University's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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.

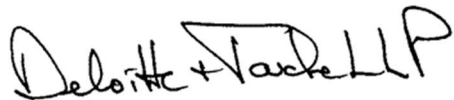
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is 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. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the University of Guam and its discretely presented component unit as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the University's basic financial statements. We issued our report thereon dated April 4, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic 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 basic 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



April 4, 2022

UNIVERSITY OF GUAM
(A Component Unit of the Government of Guam)

Summary Schedule of Expenditures of Federal Awards, by Grantor
Year Ended September 30, 2021

<u>Federal Grantor Agency</u>	<u>Expenditures</u>
U.S. Department of Agriculture	\$ 5,484,508
U.S. Department of Commerce	1,199,637
U.S. Department of Defense	9,959,652
U.S. Department of the Interior	1,203,536
National Aeronautics and Space Administration	351,534
National Endowment for the Humanities	1,500
Institute of Museum and Library	2,699
National Science Foundation	3,665,490
U.S. Small Business Administration	1,242,536
U.S. Environmental Protection Agency	129,240
U.S. Department of Education	24,318,403
U.S. Department of Health and Human Services	4,011,983
Corporation for National and Community Service	426,980
Grand Total	\$ <u>51,997,698</u>

Reconciliation to the basic financial statements:

Operating revenues - Federal grants and contracts	\$ 51,698,988
Operating revenues -Government of Guam grants and contracts	956,445
Indirect cost allocation in operating expenses	(3,172,775)
Prior year expenditures and current year adjustments to the Guam Cultural Repository	2,563,376
Program income in operating expenses	<u>(48,336)</u>
	\$ <u>51,997,698</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

UNIVERSITY OF GUAM
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Schedule of Expenditures of Federal Awards
Year Ended September 30, 2021

Federal AL #	Federal Grantor/Pass-Through Grantor/Program or Cluster Total	Pass-Through Entity ID Number	Expenditures	Amount Passed Through to Subrecipients	Research and Development Cluster
Direct from U.S. Department of Agriculture:					
10.025	Plant and Animal Disease, Pest Control, and Animal Care		\$ 316,088	\$ -	\$ 316,088
10.028	Wildlife Services		303,428	-	303,428
10.202	Cooperative Forestry Research		86,922	-	86,922
10.203	Payments to Agricultural Experiment Stations Under the Hatch Act		2,174,072	-	2,174,072
10.308	Resident Instruction Grants for Insular Area Activities		275,437	-	275,437
10.311	Beginning Farmer and Rancher Development Program		63,275	-	63,275
10.322	Distance Education Grants for Institutions of Higher Education in Insular Areas		37,099	-	37,099
10.329	Crop Protection and Pest Management Competitive Grants Program		19,662	-	-
10.500	Cooperative Extension Service		662,034	-	-
10.511	Smith-Lever Funding (Various Programs)		636,477	-	-
10.514	Expanded Food and Nutrition Education Program		76,665	-	-
10.515	Renewable Resources Extension Act and National Focus Fund Projects		14,476	-	-
10.664	Cooperative Forestry Assistance		7,211	-	7,211
10.680	Forest Health Protection		109,249	-	109,249
10.680	Forest Health Protection		15,379	-	-
10.912	Environmental Quality Incentives Program		8,421	-	8,421
	Subtotal Direct Programs		4,805,895	-	3,381,202
Pass-through from Government of Guam Department of Agriculture:					
10.025	Plant and Animal Disease, Pest Control, and Animal Care	WR20-1600-005	28,016	-	-
10.170	Specialty Crop Block Grant Program - Farm Bill	Various	1,015	-	1,015
10.170	Specialty Crop Block Grant Program - Farm Bill	Various	129,648	-	-
10.664	Cooperative Forestry Assistance	WR211600-005	2,000	-	-
Pass-through from Michigan State University					
10.215	Sustainable Agriculture Research and Education	Various	157,613	64,492	157,613
10.215	Sustainable Agriculture Research and Education		9,591	-	-
Pass-through from University of California:					
10.304	Homeland Security Agricultural	04-712-0084	19,961	-	19,961
Pass-through from University of Hawaii:					
10.310	Agriculture and Food Research Initiative (AFRI)	MA 1399	31,527	-	31,527
10.912	Environmental Quality Incentives Program	96-508-8057	20,990	-	20,990

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Schedule of Expenditures of Federal Awards, Continued
Year Ended September 30, 2021

Federal AL #	Federal Grantor/Pass-Through Grantor/Program or Cluster Total	Pass-Through Entity ID Number	Expenditures	Amount Passed Through to Subrecipients	Research and Development Cluster
	Pass-through from Government of Guam Department of Public Health and Social Services: SNAP Cluster:	855028700			
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program		278,252	-	-
	Subtotal SNAP Cluster		278,252	-	-
	Subtotal Pass-Through Programs		678,613	64,492	231,106
	U.S. Department of Agriculture Total		\$ 5,484,508	\$ 64,492	\$ 3,612,308
	Direct from U.S. Department of Commerce:				
11.417	Sea Grant Support		\$ 612,338	-	\$ 612,338
11.427	Fisheries Development and Utilization Research and Development		55,915	-	55,915
11.452	Unallied Industry Projects		21,266	-	-
11.473	Office for Coastal Management		106,229	-	106,229
11.482	Coral Reef Conservation Program		56,763	-	56,763
	Subtotal Direct Programs		852,511	-	831,245
	Pass-through from the Research Corporation of the University of Hawaii:	Z10129876			
11.012	Integrated Ocean Observing System		7,965	-	7,965
	Pass-through from Government of Guam Bureau of Statistics and Planning:				
11.419	Coastal Zone Management Administration Awards	855031506	3,000	-	3,000
11.482	Coral Reef Conservation Program	Various	189,605	-	189,605
	Pass-through from The Micronesia Conservation Trust:	Various			
11.482	Coral Reef Conservation Program		81,835	-	81,835
11.482	Coral Reef Conservation Program		64,721	-	-
	Subtotal Pass-Through Programs		347,126	-	282,405
	U.S. Department of Commerce Total		\$ 1,199,637	-	\$ 1,113,650
	Direct from the U.S. Department of Defense:				
12.002	Procurement Technical Assistance For Business Firms		\$ 360,852	-	-
12.300	Basic and Applied Scientific Research		2,208,509	85,650	2,208,509
12.632	Legacy Resource Management Program		32,512	-	32,512
	Subtotal Direct Programs		2,601,873	85,650	2,241,021
	Pass-through from Guam Waterworks Authority:	OCON676-16-03			
12.600	Community Investment		110,735	-	-
	Pass-through from the Office of the Governor				
12.600	Community Investment	778904292	7,247,044	-	-
	Subtotal Pass-Through Programs		7,357,779	-	-
	U.S. Department of Defense Total		\$ 9,959,652	\$ 85,650	\$ 2,241,021

UNIVERSITY OF GUAM
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Schedule of Expenditures of Federal Awards, Continued
Year Ended September 30, 2021

Federal AL #	Federal Grantor/Pass-Through Grantor/Program or Cluster Total	Pass-Through Entity ID Number	Expenditures	Amount Passed Through to Subrecipients	Research and Development Cluster
Direct from U.S. Department of the Interior:					
15.650	Research Grants (Generic)		\$ 23,606	\$ -	\$ 23,606
15.657	Endangered Species Conservation Recovery Implementation		419	-	419
15.805	Assistance to State Water Resources Research Institutes		215,949	-	215,949
15.808	U.S. Geological Survey Research and Data Collection		378,444	-	378,444
15.875	Economic, Social, and Political Development of the Territories		168,887	-	-
15.875	Economic, Social, and Political Development of the Territories		19,126	-	19,126
15.945	Cooperative Research and Training Programs - Resources of the National Park System		<u>56,382</u>	-	<u>56,382</u>
	Subtotal Direct Programs		862,813	-	693,926
Pass-through from Government of Guam Department of Agriculture:					
15.608	Fish and Wildlife Management Assistance	None	(322)	-	(322)
15.615	Cooperative Endangered Species Conservation Fund	W21-1600-001	89,805	85,774	-
15.634	State Wildlife Grants	W19-1600-004	936	-	936
15.875	Economic, Social, and Political Development of the Territories	Various	83,279	-	-
Pass-through from the University of Hawaii:					
15.820	National and Regional Climate Adaptation Science Centers	Various	111,880	-	111,880
Pass-through from Government of Guam Bureau of Statistics and Planning:					
15.875	Economic, Social, and Political Development of the Territories	Various	<u>55,145</u>	-	-
	Subtotal Pass-Through Programs		<u>340,723</u>	<u>85,774</u>	<u>112,494</u>
	U.S. Department of the Interior Total		<u>\$ 1,203,536</u>	<u>\$ 85,774</u>	<u>\$ 806,420</u>
Direct from National Aeronautics and Space Administration:					
43.008	Office of Stem Engagement (OSTEM)		\$ 188,643	\$ -	\$ 188,643
Pass-through from University of Hawaii:					
43.008	Office of Stem Engagement (OSTEM)	Various	<u>162,891</u>	-	<u>162,891</u>
	National Aeronautics and Space Administration Total		<u>\$ 351,534</u>	<u>\$ -</u>	<u>\$ 351,534</u>
National Endowment for the Humanities:					
Pass-through from Northern Marianas Humanities Council					
45.129	Promotion of the Humanities Federal/State Partnership	SO-253191-17	<u>1,500</u>	-	-
	National Endowment for the Humanities Total		<u>\$ 1,500</u>	<u>\$ -</u>	<u>\$ -</u>
Direct from Institute of Museum and Library Services:					
45.301	Museums for America		\$ 2,699	\$ -	\$ 2,699
	Institute of Museum and Library Services Total		<u>\$ 2,699</u>	<u>\$ -</u>	<u>\$ 2,699</u>

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Schedule of Expenditures of Federal Awards, Continued
Year Ended September 30, 2021

Federal AL #	Federal Grantor/Pass-Through Grantor/Program or Cluster Total	Pass-Through Entity ID Number	Expenditures	Amount Passed Through to Subrecipients	Research and Development Cluster
	Direct from National Science Foundation:				
47.070	Computer and Information Science and Engineering		\$ 15,378	\$ -	\$ 15,378
47.075	Social, Behavioral, and Economic Sciences		45,112	-	45,112
47.076	Education and Human Resources		330,445	-	330,445
47.083	Integrative Activities		3,193,053	-	3,193,053
	Subtotal Direct Programs		<u>3,583,988</u>	<u>-</u>	<u>3,583,988</u>
	Pass-through from Mathematical Association of America				
47.076	Education and Human Resources	72662992	<u>30,165</u>	<u>-</u>	<u>30,165</u>
	Pass-through from University of Hawaii:				
47.076	Education and Human Resources	965088057	<u>51,337</u>	<u>-</u>	<u>51,337</u>
	Subtotal Pass-Through Programs		<u>81,502</u>	<u>-</u>	<u>81,502</u>
	National Science Foundation Total		<u>\$ 3,665,490</u>	<u>\$ -</u>	<u>\$ 3,665,490</u>
	Direct from Small Business Administration:				
59.037	Small Business Development Centers		\$ 579,737	\$ 164,065	\$ -
59.037	COVID-19 Small Business Development Centers		<u>662,799</u>	<u>-</u>	<u>-</u>
	U.S. Small Business Administration Total		<u>\$ 1,242,536</u>	<u>\$ 164,065</u>	<u>\$ -</u>
	Direct from Environmental Protection Agency				
66.461	Regional Wetland Program Development Grants		<u>\$ 114,404</u>	<u>\$ -</u>	<u>\$ 114,404</u>
	Pass-through from Extension Foundation				
66.716	Research, Development, Monitoring, Public Education, Training, Demonstrations, and Studies	83-000-0027	<u>14,836</u>	<u>-</u>	<u>-</u>
	U.S. Environmental Protection Agency Total		<u>\$ 129,240</u>	<u>\$ -</u>	<u>\$ 114,404</u>
	Direct from U.S. Department of Education:				
	Student Financial Assistance Cluster:				
84.007	Federal Supplemental Educational Opportunity Grants (FSEOG)		\$ 425,073	\$ -	\$ -
84.031	Higher Education Institutional Aid		97,972	-	-
84.033	Federal Work-Study Program		180,305	-	-
84.063	Federal Pell Grant Program		7,839,220	-	-
84.268	Federal Direct Student Loans		4,406,749	-	-
84.379	Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)		45,738	-	-
Unknown	Other Financial Aid		<u>85,063</u>	<u>-</u>	<u>-</u>
	Student Financial Assistance Cluster Subtotal		<u>13,080,120</u>	<u>-</u>	<u>-</u>

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Schedule of Expenditures of Federal Awards, Continued
Year Ended September 30, 2021

Federal AL #	Federal Grantor/Pass-Through Grantor/Program or Cluster Total	Pass-Through Entity ID Number	Expenditures	Amount Passed Through to Subrecipients	Research and Development Cluster
84.032	Archived		179,609	-	-
	TRIO Cluster:				
84.042	TRIO Student Support Services		336,699	-	-
84.044	TRIO Talent Search		462,918	-	-
84.047	TRIO Upward Bound		367,596	-	-
	TRIO Cluster Subtotal		<u>1,167,213</u>	-	-
84.425	COVID-19 Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act:				
84.425E	COVID-19 Higher Education Emergency Relief Fund - Student aid portion		2,987,896	-	-
84.425F	COVID-19 Higher Education Emergency Relief Fund - Institutional Portion		5,931,210	-	-
84.425L	COVID-19 HEERF Minority Serving Institutions		3,870	-	-
	Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act Subtotal		<u>8,922,976</u>	-	-
	Subtotal Direct Programs		<u>23,349,918</u>	-	-
	Pass-through from San Jose State University:	56820715			
84.325	Special Education - Personnel Development to Improve Services and Results for Children with Disabilities		12,040	-	-
	Pass-through from Government of Guam Department of Education:	778904292			
84.325H	COVID-19 Education Stabilization Fund - Governors (Outlying Areas)		956,445	-	-
	Subtotal Pass-Through Programs		<u>968,485</u>	-	-
	U.S. Department of Education Total		<u>\$ 24,318,403</u>	<u>\$ -</u>	<u>\$ -</u>
	Direct from U.S. Department of Health and Human Services:				
93.107	Area Health Education Centers		\$ 6,163	\$ 3,093	\$ -
93.251	Early Hearing Detection and Intervention		244,886	-	-
93.307	Minority Health and Health Disparities Research		137,334	-	137,334
93.314	Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program		47,865	-	-
93.397	Cancer Centers Support Grants		1,121,910	-	1,121,910
93.464	ACL Assistive Technology		114,092	-	-
93.632	University Centers for Excellence in Developmental Disabilities Education, Research, and Service		568,835	-	-
93.632	COVID-19 University Centers for Excellence in Developmental Disabilities Education, Research, and Service		8,543	-	-
93.787	Title V Sexual Risk Avoidance Education Program (Discretionary Grants)		86,513	-	-
93.969	PPHF Geriatric Education Centers		844,039	11,222	844,039
93.969	COVID-19 PPHF Geriatric Education Centers		81,780	-	81,780
	Subtotal Direct Programs		<u>3,261,960</u>	<u>14,315</u>	<u>2,185,063</u>

UNIVERSITY OF GUAM
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Schedule of Expenditures of Federal Awards, Continued
Year Ended September 30, 2021

Federal AL #	Federal Grantor/Pass-Through Grantor/Program or Cluster Total	Pass-Through Entity ID Number	Expenditures	Amount Passed Through to Subrecipients	Research and Development Cluster
	Pass-through from Government of Guam Department of Public Health and Social Services:				
93.043	Special Programs for the Aging-Title III, Part D-Disease Prevention and Health Promotion Services	855028700	2,910	-	-
93.110	COVID-19 Maternal and Child Health Federal Consolidated Programs	187761408	100,000	-	-
93.243	Substance Abuse and Mental Health Services-Projects of Regional and National Significance	Various	51,122	-	-
93.314	Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	855028700	243	-	-
93.434	Every Student Succeeds Act/Preschool Development Grants	855028700	74,471	-	-
	Maternal, Infant, and Early Childhood Home Visiting Cluster:				
93.505	Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	855028700	31,176	-	-
93.870	Maternal, Infant and Early Childhood Home visiting Grant Program				
	Maternal, Infant, and Early Childhood Home Visiting Cluster Subtotal	855028700	<u>29,469</u>	-	-
			<u>289,391</u>	-	-
	Pass-through from University of Hawaii:				
93.107	Area Health Education Centers	96-508-8057	70,225	-	-
93.397	Cancer Centers Support Grants	KA 1632	3,256	-	3,256
93.898	Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	KA 1319	<u>50,033</u>	-	<u>50,033</u>
	Subtotal		<u>123,514</u>	-	<u>53,289</u>
	Pass-through from Pennsylvania State University:	various			
93.310	Trans-NIH Research Support		170,591	-	170,591
93.310	COVID-19 Trans-NIH Research Support		92,814	-	92,814
	Pass-through from Association of University Centers on Disabilities	855028700			
93.421	Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health		<u>73,713</u>	-	-
	Subtotal Pass-Through Programs		<u>750,023</u>	-	<u>316,694</u>
	U.S. Department of Health and Human Services Total		<u>\$ 4,011,983</u>	<u>\$ 14,315</u>	<u>\$ 2,501,757</u>
	Corporation for National and Community Service:				
	Pass-through from Government of Guam Department of Labor:	980018947			
94.006	AmeriCorps		<u>\$ 426,980</u>	-	-
	Corporation for National and Community Service Total		<u>\$ 426,980</u>	-	-
	Grand Total		<u>\$ 51,997,698</u>	<u>\$ 414,296</u>	<u>\$ 14,409,283</u>

UNIVERSITY OF GUAM
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Notes to Schedule of Expenditures of Federal Awards
Year Ended September 30, 2021

(1) Scope of Audit

The University of Guam (the University) is a component unit of the Government of Guam created by Public Law 13-194, "The Higher Education Act," which became effective on November 3, 1976, as an autonomous agency of the Government of Guam. Only the financial statements of the University are included within the scope of the Single Audit.

(2) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the University under programs of the Federal government for the year ended September 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the University, it is not intended to and does not present the financial position, changes in net position or cash flows of the University.

(3) Summary of Significant Accounting Policies

Basis of Accounting

Expenditures reported on the Schedule are reported on the accrual basis of accounting, consistent with the manner in which the University maintains its accounting records. All expenses and capital outlays are reported as expenditures. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available. The University has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

The University recognizes contributions from the federal government when qualifying expenditures are incurred.

The University's pass-through expenditures from GovGuam for Assistance Listings Number 12.600 - Community Investment amounting to \$7,247,044 pertains to expenditures for the years ended September 30, 2021 and 2020 amounting to \$5,861,112 and \$1,385,932, respectively.

The University participates in the Federal Direct Student Loan program. The value of loans presented in the Schedule of Expenditures of Federal Awards is equivalent to the amount of new loans during the year.

UNIVERSITY OF GUAM
(A Component Unit of the Government of Guam)

Schedule of Findings and Questioned Costs
Year Ended September 30, 2021

Section I - Summary of Auditors' Results

Financial Statements

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- 2. Material weakness(es) identified? No
- 3. Significant deficiency(ies) identified? Yes
- 4. Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major federal programs:

- 5. Material weakness(es) identified? No
- 6. Significant deficiency(ies) identified? None reported
- 7. Type of auditors' report issued on compliance for major federal programs: Unmodified

8. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

9. Identification of major federal programs:

<u>Assistance Listings Numbers</u>	<u>Name of Federal Program or Cluster</u>
Various	Research and Development Cluster
10.511	Smith-Lever Funding (Various Programs)
12.600	Community Investment
Various	Student Financial Assistance Cluster

10. Dollar threshold used to distinguish between type A and type B programs: \$ 1,559,931

11. University of Guam qualified as low-risk University of Guam? Yes

Section II – Financial Statement Findings

<u>Reference Number</u>	<u>Finding</u>
2021-001	Schedule of Expenditures of Federal Awards

Section III – Federal Award Findings and Questioned Costs

No matters were reported

UNIVERSITY OF GUAM
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Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2021

Finding No. 2021-001 Schedule of Expenditures of Federal Awards

Criteria:

In accordance with 2 CFR 200.510, the University must prepare a schedule of expenditures of Federal awards (SEFA) for the period covered by the University's financial statements which must include the total Federal awards expended.

Condition:

The initial SEFA did not include \$5.9M in FY 2021 federal expenditures passed through from the Government of Guam for Assistance Listings Program 12.600 Community Investment (Program). As a result of audit fieldwork, the University provided a revised SEFA to include the Program's FY 2021 expenditures, as well as prior years' expenditures totaling \$1.3M.

Cause:

The University did not effectively enforce monitoring controls over financial reporting in the SEFA relative to ongoing construction projects. A contributing factor is a relatively recent turnover in Business Office personnel.

Effect:

There is potential for the SEFA to be misstated and, thereby, to impact major program determinations and tests by auditors.

Recommendation:

Responsible personnel should enforce monitoring controls over the completeness of the Schedule of Expenditures of Federal Awards. Responsible personnel should consider obtaining additional training and preparing the SEFA more frequently than annually, allowing for more thorough assessments of Federally funded projects for inclusion in the SEFA.

View of Responsible Officials:

The University describes its response to the finding and related corrective action in its corrective action plan.

UNIVERSITY OF GUAM
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Corrective Action Plan
Year Ended September 30, 2021

View of University of Guam and Corrective Action Plan: We concur with the finding. Though the GCR expenditures were not included in the initial SEFA, the expenditures were included in the financial statements and the final SEFA (soon after). The University complies with all the reporting requirements outlined in the Memorandum of Agreement (MOA) between the Office of the Governor (OOG) and the University. As it is rare for the University to receive a pass-through construction award from the OOG, presentation of the expenditures was initially overlooked. The SEFA is currently prepared and reviewed quarterly. Furthermore, future construction contracts using federal funds are assessed to ensure related expenditures are/will be captured in the SEFA. Additional training will be provided to responsible personnel.

Name of Contact Person: Abigail Martin, Comptroller

Proposed Completion Date: Ongoing

UNIVERSITY OF GUAM
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Schedule of Prior Year Findings and Questioned Costs
Year Ended September 30, 2021

Questioned Cost:

Please see pages 18 and 19 for the schedule of Prior Year Findings and Questioned Costs



**UNIVERSITY OF GUAM
(A Component Unit of the Government of Guam)**

Corrective Action Plan
Year Ended September 30, 2021

Summary Schedule of Prior Year Findings:

In FY2021, the small business community in Guam continued to suffer unprecedented challenges from the negative impacts of the Pandemic and the resulting closure of business activities. SBA disaster relief loan and grant products ended on December 31, 2021, while local economic relief products ended on February 2022. We were able to assist many small businesses who took advantage of those Pandemic Relief programs. However, the negative impact remains as the tourism market is recovering on a slower pace than expected and other sectors are experiencing labor shortage which made hiring qualified personnel more challenging than ever. Most importantly banks are still hesitant in providing small businesses with appropriate financing due to the uncertainty in the economy and increasing delinquency rate within their small business portfolios.

With the additional \$1.28 million funding from CARES Act, additional resources were employed to assist with the existing business owners in dealing with challenges and seeking for Pandemic Relief assistance. Our Network CARES Act actual results to date against the brief goals is as follows:

CARES Act Milestones	Actual	Goal	% Goal
Clients - Training/Counseling	787	465	169.2%
FT Jobs Supported	16,821	1,838	915.2%
Disaster Capital Funding	\$8,040,155	\$1,988,715	404.3%

Based on the foregoing denotes both the availability of Pandemic funding which competed directly with CORE funding and the splitting of our focus and resources towards achieving Capital Infusion results as the main reasons for not achieving our CORE Capital Infusion goal. Other issues affecting our ability to achieve the goal include client’s insufficient personal credit, deteriorating credits stemmed from Pandemic, lack of or issues with collaterals, stricter lending environment, and reduced bank’s credit appetite for startup and existing businesses. It is noted that those factors are outside of SBDC’s control. Capital Infusion goal is a performance measure and is not directly tied to actual dollars or funding for our program.

It should also be noted the Pacific Islands SBDC Network exceeded the following goals for CY2021: New Business Started (20 actual versus 8 goal), Jobs Supported (3,146 actual versus 452 goal), and Clients Served (744 actual versus 125 goal) and Training Events (172 actual versus 144 goal).

Our corrective action plan for FY2022 includes replacing the Business Advisor position that has been vacant for the past five months, hiring an additional Business Advisor – Independent Contractor to assist in an increase of counseling and training activities to achieve the stated CORE goals. With a capable team having gone through a most challenging time, the program is stable with an increased focus on achieving the goals for the network. Each island centers’ performance has increased over the past year or so in achieving those stated goals.

The SBA does not change goals during the grant year. So we do our best to achieve our stated goals and explain any differences. Despite operating two separate programs with their own goals we decided to maintain our CORE



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Administration and Finance

goals similar to prior year. We would also note that our Guam Lead Center SBDC received their accreditation from ASBDC in 2018 without special conditions. SBA also completed their programmatic review of the SBDC program with no findings in 2021. In 2021, SBA also completed their financial audit review without findings.

Name of Contact Person: Frederick Granillo, Network Director, Pacific Islands Small Business Development Center Network

Proposed Completion Date: Ongoing