

Compliance and Internal Control

Guam Community College

(A Component Unit of the Government of Guam)

Year Ended September 30, 2024



Guam Community College
(A Component Unit of the Government of Guam)

Report on Compliance and Internal Control

For the Year Ended September 30, 2024

Contents

Report of Independent Auditors 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	1
Schedule of Expenditures of Federal Awards.....	4
Notes to the Schedule of Expenditures of Federal Awards	5
Schedule of Findings and Questioned Costs.....	6

Report of Independent Auditors 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

Management and Board of Trustees
Guam Community College

Report of Independent Auditors on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Guam Community College's (College's) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended September 30, 2024. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the College complied, in all material respects, with the 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, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the College and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on compliance for each major federal program. Our audit does not provide a legal determination of the College's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the College's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the College's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the College's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the College's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the College's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the College's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 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. 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 business-type activities and the aggregate discretely presented component unit of the College as of and for the year ended September 30, 2024, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. 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 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Ernst + Young LLP

June 6, 2025

Guam Community College
(A Component Unit of the Government of Guam)

Schedule of Expenditures of Federal Awards

For the Year Ended September 30, 2024

Federal AL #	Pass-through Entity Identifying Number	Additional Award Identification	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Expenditures	Passed-Through to Subrecipients
			U.S. Department of the Interior:		
			Direct Programs:		
			Economic, Social and Political Development of the Territories		
15.875		D21AP10125	Technical Assistance Program – GCC Construction Trades Bootcamps:		
			Getting people back to work	\$ 26,473	\$ ---
15.875		D21AP10163	Maintenance Assistance Program – Increasing GCC Facilities Maintenance		
			Capabilities	280	---
15.875		D21AP10225	Energizing Insular Communities Program – To install 100-kW Solar Panel		
			System on Guam Community College Campus	149,024	---
15.875		D22AP00112	Technical Assistance Program – Guam Community College Grant Writing,		
			Fund Development, and Financial Management	12,574	---
15.875		D22AP00318	Energizing Insular Communities Program – Adding 100-kW of Solar Power		
			Capacity to Guam Community College Power Grid and Culinary/Baking		
			Center 50kW PV	382,968	---
15.875		D23AP00203	Maintenance Assistance Program – Increasing GCC Maintenance Capabilities	155,128	---
			Total U.S. Department of the Interior	<u>726,447</u>	<u>---</u>
			U.S. Department of Commerce		
			Economic Development Cluster:		
11.307		07-79-07814	Economic Adjustment Assistance	155,835	---
			Total Economic Development Cluster and Total U.S. Department		
			of Commerce	<u>155,835</u>	<u>---</u>
			U.S. Department of Labor		
17.274		24A60YB000141	Youth-Build – GCC YouthBuild Construction Navigators	2,866	---
			Total U.S. Department of Labor	<u>2,866</u>	<u>---</u>
			National Science Foundation:		
			Pass-Through From the University of Hawaii:		
			Research and Development Cluster:		
47.076	HI1445		STEM Education	20,033	---
			Total Research and Development Cluster and Total National		
			Science Foundation	<u>20,033</u>	<u>---</u>
			U.S. Department of Education:		
			Direct Programs:		
84.002			Adult Education - Basic Grants to States	595,049	506,180
			Student Financial Assistance Cluster:		
84.007			Federal Supplemental Educational Opportunity Grants	79,663	---
84.033			Federal Work-Study Program	80,093	---
84.063			Federal Pell Grant Program	<u>3,725,942</u>	<u>---</u>
			Total Student Financial Assistance Cluster	3,885,698	---
84.425F		COVID-19	Education Stabilization Fund (ESF) Section 2:		
			COVID-19 - Higher Education Emergency Relief Fund	613,848	---
			(HEERF) Institutional Portion		
84.425L		COVID-19	COVID-19 - HEERF Minority Serving Institutions (MSIs)	1,349,719	---
			Total Education Stabilization Fund Section 2	<u>1,963,567</u>	<u>---</u>
			Subtotal Direct Programs	6,444,314	506,180
84.002	V002A220069		Pass-Through From the Northern Marianas College:		
			Adult Education - State Administered	12,676	---
			Pass-Through From the Office of the Governor of Guam:		
			ESF Section 1:		
84.425H	Unknown	COVID-19	COVID-19 - Education Stabilization Fund - Governors		
			(Outlying Areas)	473,410	---
			Subtotal Pass-Through Programs	<u>486,086</u>	<u>---</u>
			Total U.S. Department of Education	<u>6,930,400</u>	<u>506,180</u>
			U.S. Department of Homeland Security:		
			Pass-Through From the Guam Recovery Office under Guam		
			Homeland Security/Office of Civil Defense		
97.036	PA09GU4715PW00159		Disaster Grants - Public Assistance (Presidentially Declared Disasters)	25,664	---
			Total U.S. Department of Homeland Security	<u>25,664</u>	<u>---</u>
			Total Expenditures of Federal Awards	<u>\$ 7,861,245</u>	<u>\$ 506,180</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

Guam Community College
(A Component Unit of the Government of Guam)

Notes to Schedule of Expenditures of Federal Awards

For the Year Ended September 30, 2024

1. Scope of Audit

Guam Community College (the College) is a component unit of the Government of Guam established by the enactment of Public Law 14-77, “The Community College Act of 1977.” Only the transactions of the College 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 College under programs of the federal government for the year ended September 30, 2024. 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 College, it is not intended to and does not present the financial position, changes in net assets or cash flows of the College.

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 College 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.

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

The College elected to use the 8% indirect cost rate in the Education Department General Administrative Regulations (EDGAR). The College does not elect to use the de minimis indirect cost rate allowed under the Uniform Guidance.

Guam Community College
(A Component Unit of the Government of Guam)

Schedule of Findings and Questioned Costs

For the Year Ended September 30, 2024

Section I - Summary of Auditor's Results

Financial Statements

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

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ **Yes** X **No**

Significant deficiency(ies) identified?

_____ **Yes** X **None reported**

Noncompliance material to financial statements noted?

_____ **Yes** X **No**

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?

_____ **Yes** X **No**

Significant deficiency(ies) identified?

_____ **Yes** X **None reported**

Type of auditor's report issued on compliance for major federal programs:

All major programs

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____ **Yes** X **No**

Guam Community College
(A Component Unit of the Government of Guam)

Schedule of Findings and Questioned Costs, continued

Section I - Summary of Auditor's Results, continued

Identification of major federal programs:

<u>Assistance Listing Number (s)</u>	<u>Name of Federal Program or Cluster</u>
15.875	Economic, Social, and Political Development of the Territories
84.425	<u>Education Stabilization Fund:</u>
84.425H	COVID-19 – Education Stabilization Fund – Governors (Outlying Areas)
84.425F	COVID-19 – Higher Education Emergency Relief Fund Institutional Portion
84.425L	COVID-19 – Higher Education Emergency Relief Fund Minority Serving Institutions

Dollar threshold used to distinguish between
Type A and Type B programs:

\$750,000

Auditee qualified as low risk auditee?

_____ Yes X No

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings and Questioned Costs

No matters were reported.



Guam Community College
(A Component Unit of the Government of Guam)

Summary Schedule of Prior Audit Findings and Questioned Costs

For the Year Ended September 30, 2024

As of September 30, 2024, the status of all audit findings included in the Schedule of Findings and Questioned Costs for the year ended September 30, 2023 is as follows:

<u>Finding No.</u>	<u>ALN</u>	<u>Requirement</u>	<u>Status at September 30, 2024</u>
2023-001	84.425H	Procurement and Suspension and Debarment	Resolved.
2023-002	84.063	Special Tests and Provisions – Return of Title IV Funds	Resolved.