

**I MINA'TRENTAI OCHO NA LIHESLATURAN GUÁHAN
RESOLUTIONS**

Resolution No.	Sponsor	Title	Date Intro	Date of Presentation	Date Adopted	Date Referred	Referred to	PUBLIC HEARING DATE	DATE AUTHORS REPORT FILED	NOTES
175-38 (COR)	Committee on Finance and Government Operations	Relative to convening a Special Investigative Subcommittee (SIS) within the Committee on Finance and Government Operations to render findings and make recommendations pursuant to deficiencies identified in the Government of Guam Fiscal Year 2024 Single Audit and related financial reports, and further, pursuant to government contracts in force with agencies of the government of Guam that are not currently the subject of federal indictment, where such contracts present indicia of procurement irregularity, incomplete documentation, unsupported expenditures, or noncompliance with federal and local requirements	5/5/26 2:05 p.m.							

I MINA'TRENTAI OCHO NA LIHESLATURAN GUÅHAN
2026 (SECOND) Regular Session

Resolution No. 175-38 (COR)

Introduced by:

Committee on Finance and 
Government Operations

Relative to convening a Special Investigative Subcommittee (SIS) within the Committee on Finance and Government Operations to render findings and make recommendations pursuant to deficiencies identified in the Government of Guam Fiscal Year 2024 Single Audit and related financial reports, and further, pursuant to government contracts in force with agencies of the government of Guam that are not currently the subject of federal indictment, where such contracts present indicia of procurement irregularity, incomplete documentation, unsupported expenditures, or noncompliance with federal and local requirements.

1 BE IT RESOLVED BY THE COMMITTEE ON RULES OF I
2 *MINA'TRENTAI OCHO NA LIHESLATURAN GUÅHAN:*

3 WHEREAS, on April 23, 2026, independent financial auditors Ernst & Young
4 LLP (“EY”) issued the Reports on Compliance, Management Letter, and Auditor’s
5 Communication With Those Charged With Governance for the Government of Guam
6 (“GovGuam”) for the fiscal year ended September 30, 2024, and the Office of Public
7 Accountability (“OPA”) issued corresponding Financial Highlights and Compliance
8 Highlights on April 26 and 27, 2026, respectively; and

9 WHEREAS, said Reports on Compliance were issued two hundred
10 ninety-eight (298) days past the statutory deadline of June 30, 2025, representing the

1 most delayed issuance in at least four (4) fiscal years and continuing a trend of
2 increasing delay from twenty (20) days late in FY 2021, to one hundred forty-four
3 (144) days late in FY 2022, to two hundred twenty-eight (228) days late in FY 2023;
4 and

5 **WHEREAS**, the FY 2024 Single Audit examined sixteen (16) major federal
6 programs comprising Six Hundred Four Million, Five Hundred Seventy-Three
7 Thousand, and Seventy-Seven Dollars (\$604,573,077) in total federal expenditures
8 under the Schedule of Expenditures of Federal Awards; and

9 **WHEREAS**, EY issued disclaimer opinions on five (5) major federal programs
10 — ALN 15.875 Economic, Social and Political Development of the Territories; ALN
11 21.026 Homeowner Assistance Fund; ALN 21.029 Coronavirus Capital Projects
12 Fund; ALN 93.323 Epidemiology and Laboratory Capacity for Infectious Diseases;
13 and ALN 97.036 Disaster Grants – Public Assistance (Presidentially Declared
14 Disasters) — meaning EY could not obtain sufficient appropriate audit evidence to
15 provide a basis for an audit opinion on compliance for those programs; and

16 **WHEREAS**, EY issued qualified opinions on seven (7) additional major
17 federal programs — ALN 10.557 WIC; ALN 21.023 Emergency Rental Assistance;
18 ALN 21.027 Coronavirus State and Local Fiscal Recovery Funds; ALN 66.600 EPA
19 Consolidated Grants for Insular Areas; ALN 93.575/93.596 Child Care and
20 Development Fund Cluster; ALN 93.767 Children’s Health Insurance Program; and
21 ALN 93.778 Medicaid Cluster — such that only four (4) of sixteen (16) major federal
22 programs received unmodified (“clean”) opinions; and

23 **WHEREAS**, the FY 2024 Single Audit identified fifty-three (53) findings, of
24 which forty-four (44) are federal award findings and nine (9) are financial statement
25 findings, with total identified questioned costs of approximately Twenty-Two Million,
26 Six Hundred Thousand Dollars (\$22,600,000), and an additional sixteen (16) findings
27 for which questioned costs were undeterminable due to insufficient records; and

1 **WHEREAS**, eighteen (18) of said fifty-three (53) findings are repeat findings
2 from prior audit years, indicating that corrective actions committed to by responsible
3 agencies were not implemented or sustained; and

4 **WHEREAS**, EY identified eight (8) material weaknesses and one (1)
5 significant deficiency in internal control over financial reporting, including but not
6 limited to: unreconciled general ledger differences of \$11.6 million and \$14.6 million
7 in receivables and payables to federal agencies; OPEB liability understated by \$59.6
8 million due to mortality assumptions outside reasonable range; \$33.6 million in
9 delinquent tax receivables not timely recorded; \$7.45 million in aggregate special
10 revenue fund deficits; \$22.87 million in completed construction-in-progress projects
11 not transferred to depreciable assets; pension-related deferred outflows overstated by
12 \$87.8 million; and \$20.12 million in unrecorded subscription-based IT arrangement
13 assets; and

14 **WHEREAS**, GovGuam does not qualify as a low-risk auditee under the
15 Uniform Guidance, a designation that increases the proportion of federal programs
16 subject to full Single Audit testing and signals elevated risk to federal grantor
17 agencies; and

18 **WHEREAS**, Finding 2024-013 identified \$4,594,214 in questioned costs under
19 ALN 15.875 (Economic, Social and Political Development of the Territories) related
20 to procurement and allowable cost violations, wherein four (4) transactions totaling
21 \$3,850,177 lacked any Authorization to Proceed documentation, and seven (7) of
22 eight (8) procurement items totaling \$4,054,514 lacked documentation of suspension
23 and debarment verification from SAM.gov, with the Department of Administration
24 (“DOA”) representing that it was unable to generate a report of expenditures procured
25 during the fiscal year due to the new financial management system’s limitations; and

26 **WHEREAS**, Finding 2024-025 identified \$5,617,888 in questioned costs under
27 ALN 21.027 (Coronavirus State and Local Fiscal Recovery Funds / ARPA SLFRF)

1 related to activities allowed and allowable cost violations, wherein fifteen (15) of
2 forty-six (46) non-payroll items aggregating \$5,612,174 lacked supporting documents
3 such as purchase orders, contracts, invoices, or payment advice, including four (4)
4 items totaling \$5,583,616 booked as “MISCELLANEOUS” with no underlying
5 documentation whatsoever, and wherein DOA formally disagreed with the finding but
6 EY maintained that compliance could not be determined; and

7 **WHEREAS**, Finding 2024-027 identified procurement and suspension and
8 debarment violations under the same ARPA SLFRF program (ALN 21.027), with
9 questioned costs undeterminable because DOA could not produce procurement files
10 for selected transactions within the agreed audit timeline, and EY reported that
11 repeated replacement of sample selections was necessary due to DOA’s inability to
12 establish the population of procured expenditures; and

13 **WHEREAS**, Finding 2024-039 identified \$980,252 in questioned costs under
14 ALN 93.323 (Epidemiology and Laboratory Capacity for Infectious Diseases) related
15 to procurement and suspension and debarment violations, contributing to the
16 disclaimer of opinion on that program; and

17 **WHEREAS**, the EY Management Letter further identified that GovGuam lacks
18 formal policies and procedures regarding procurement of utilities, that the Federal
19 Grants-in-Aid (FGIA) module within the new Guam Financial Management
20 Information System (“GFMIS”) contains inconsistent grant award numbers, start
21 dates, and end dates compared to source grant award documents, and that no formal
22 cash management policy exists for federal programs funded under the reimbursement
23 method; and

24 **WHEREAS**, Finding 2024-001, Condition 4, identified that \$17,000,000 in
25 federal funding drawn for the Medicaid Program (ALN 93.778) was not supported by
26 corresponding allowable expenditures, and GovGuam was unable to provide

1 documentation demonstrating that the drawdown reflected actual costs incurred for
2 Medicaid program services; and

3 **WHEREAS**, Finding 2024-001, Condition 3, identified that as of March 2026,
4 DOA had not drawn down approximately \$15,000,000 of amounts due from federal
5 agencies, primarily related to National Guard Military Operations and Maintenance
6 Projects (ALN 12.401), with grant awards now lapsed, and an additional \$6,465,000
7 of receivables from the U.S. Department of Homeland Security were determined
8 uncollectible due to expired grants or expenditures exceeding total grant awards; and

9 **WHEREAS**, the deployment of the new Guam Financial Management
10 Information System (GFMIS / Microsoft Dynamics 365) in February 2024 — five
11 months into the audit fiscal year — resulted in incomplete data migration from the
12 legacy AS400 system, with DOA citing in its responses to multiple findings that
13 expenditure information from the old system was “not completely evident from the
14 migrated expenditure information in the new financial management system”; and

15 **WHEREAS**, the OPA Compliance Highlights of April 27, 2026 determined
16 that the Department of Administration accounted for \$11,800,000 in questioned costs
17 and thirty-one (31) of the fifty-three (53) total findings, of which twelve (12) are
18 repeat findings from prior years, and that the Department of Public Health and Social
19 Services accounted for \$10,800,000 in questioned costs and ten (10) findings; and

20 **WHEREAS**, EY reported that Guam Homeland Security (“GHS”) “could not
21 identify the personnel responsible for compliance with applicable special tests and
22 provision requirements” for the FEMA Public Assistance program (ALN 97.036),
23 contributing to the disclaimer of opinion on that program; and

24 **WHEREAS**, the EY Management Letter identified that the Division of
25 Accounts’ financial statement closing process required numerous post-closing
26 adjustments, including: \$28,900,000 of General Fund liabilities over five years old;
27 \$9,300,000 in unclaimed checks not escheated to the General Fund; \$16,700,000 in

1 unrecorded Medically Indigent Program and Medicaid liabilities; \$34,700,000 in debt
2 service principal repayments not reflected in long-term obligation accounts; and
3 \$5,200,000 in understated landfill closure and post closure liabilities; and

4 **WHEREAS**, the Federal Grants Assistance Fund and the ARPA Assistance
5 Fund collectively owe the General Fund \$119,400,000 in interfund payables —
6 representing approximately forty percent (40%) of the General Fund’s reported ending
7 fund balance of \$293,630,000 — and the Federal Grants Assistance Fund’s own
8 ending fund balance is only \$553,000 against its \$87,100,000 liability to the General
9 Fund; and

10 **WHEREAS**, the OPA Financial Highlights of April 26, 2026 documented the
11 continuing practice of unbalanced budgeting whereby the Guam Legislature adopted
12 General Fund revenue of \$909,300,000 for FY 2024 and thereafter passed twelve (12)
13 additional appropriations totaling \$82,000,000 without adjusting adopted revenues,
14 which OPA characterized as a practice that “is not considered prudent financial
15 practice and is not adopted by the federal or other state governments”; and

16 **WHEREAS**, the investigative scope of this Resolution is expressly limited to
17 government contracts, procurement actions, federal grant expenditures, and financial
18 management practices that are NOT currently the subject of a federal indictment or
19 pending federal criminal prosecution, and this Resolution is not intended to interfere
20 with, duplicate, or obstruct any ongoing federal investigation or prosecution; and

21 **WHEREAS**, to the extent any document, contract, or transaction subject to
22 inquiry under this Resolution is separately the subject of an active federal indictment
23 or criminal proceeding, such document, contract, or transaction shall be excluded from
24 the scope of investigation until such time as the federal proceeding concludes or a
25 determination is made by the Subcommittee, in consultation with the Office of the
26 Legislative Counsel, that the legislative inquiry would not conflict with or prejudice
27 the federal matter; and

1 **WHEREAS**, the overwhelming scope and severity of the findings in the FY
2 2024 Single Audit — fifty-three (53) findings, \$22,600,000 in questioned costs, five
3 (5) disclaimer opinions, seven (7) qualified opinions, eighteen (18) repeat findings,
4 two hundred ninety-eight (298) days of audit delay, and systemic documentation and
5 procurement failures across multiple agencies — together with the procurement
6 irregularities, missing records, unsupported expenditures, and absence of identifiable
7 process owners documented in the EY Reports on Compliance, Management Letter,
8 and OPA Highlights, behoove a formal investigative process by I Liheslaturan Guåhan
9 to ascertain sworn testimony from responsible agency officials, to examine contracts
10 and procurement records, and to determine whether a policy and legislative response
11 is necessary to safeguard public funds, the public interest, and the public trust; and

12 **WHEREAS**, the Committee on Finance and Government Operations, as the
13 committee of jurisdiction over the Department of Administration, the Bureau of
14 Budget and Management Research, and government financial operations generally, is
15 the appropriate body to conduct such an investigation; and

16 **WHEREAS**, for the purposes of expediency relative to urgency, the
17 investigative scope of this Resolution shall focus on the five (5) disclaimer opinions of
18 the FY 2024 Single Audit, with all other items of concern relative to the FY 2024
19 Single Audit and other questionable contracts in the public domain remaining eligible
20 as actionable by and through the adoption of this Resolution and the powers
21 prescribed thereto; now therefore, be it

22 **RESOLVED**, that the Committee on Rules of *I Mina'trentai Ocho Na*
23 *Liheslaturan Guåhan* does hereby, on behalf of *I Liheslaturan Guåhan* and the people
24 of Guam, hereby order the convening of a Special Investigative Subcommittee (“SIS”
25 or “Subcommittee”) of the Committee on Finance and Government Operations, for the
26 purposes described herein; and be it further

1 **RESOLVED**, that the Committee on Rules of *I Mina'trentai Ocho Na*
2 *Liheslaturan Guåhan* does hereby, on behalf of *I Liheslaturan Guåhan* and the people
3 of Guam, that such Subcommittee shall be chaired by the Chairman of the Committee
4 on Finance and Government Operations, Senator Christopher M. Dueñas, or his
5 designee, who shall thereafter structure this Subcommittee with four (4) additional
6 members equally represented by both parties of *I Liheslaturan Guåhan*; that such
7 Subcommittee as determined by a majority vote of its members, shall have blanket
8 subpoena power for any and all witnesses and documents necessary for its
9 investigative process and proceedings, subject to the federal-matter carve-out
10 provisions set forth in this Resolution; and be it further

11 **RESOLVED**, that the Committee on Rules of *I Mina'trentai Ocho Na*
12 *Liheslaturan Guåhan* does hereby, on behalf of *I Liheslaturan Guåhan* and the people
13 of Guam, that the Subcommittee's investigative scope shall include, but not be limited
14 to:

15 (a) Examination of government contracts, procurement records, vendor files,
16 and payment documentation associated with the findings and questioned costs
17 identified in the FY 2024 Reports on Compliance (Findings 2024-001 through
18 2024-053), with particular attention to contracts and expenditures under programs that
19 received disclaimer opinions, and to other such contracts that merit public concern as
20 reflected in publicized Guam media coverage, limited to those contracts and
21 transactions not subject of an ongoing federal indictment or criminal prosecution as
22 stipulated in this Resolution;

23 (b) Examination of any other FY 2024 single audit areas of concern including
24 qualified opinions and other items, and other such government contracts, procurement
25 actions, or financial transactions that come to the Subcommittee's attention during the
26 course of its investigation that present indicia of irregularity, waste, or noncompliance,
27 provided that such contracts and transactions are not the subject of an ongoing federal

1 indictment or criminal prosecution, with this section (b) subject to the discretion of the
2 Subcommittee; and be it further

3 **RESOLVED**, that the Committee on Rules of *I Mina'trentai Ocho Na*
4 *Liheslaturan Guåhan* does hereby, on behalf of *I Liheslaturan Guåhan* and the people
5 of Guam, that such proceedings, except as indicated otherwise by this Resolution,
6 shall be conducted in the public domain utilizing the multimedia resources of I
7 Liheslaturan Guåhan; that such Subcommittee shall incur costs not to exceed One
8 Hundred Fifty Thousand Dollars (\$150,000) for professional investigative and legal
9 advisory services related to the work of this Subcommittee; the work and findings of
10 which shall be privileged to the Subcommittee only until such time that the
11 Subcommittee formally determines to release any information, findings, or official
12 statements, and further in a final report is rendered by the Subcommittee; that
13 testimony from witnesses may be under seal when pertaining to personnel matters,
14 matters that may overlap with ongoing federal proceedings, or matters involving
15 procurement-sensitive information, and that the findings of such testimony may still
16 be generalized for public consumption and valid for generalized findings and
17 recommendations by the Subcommittee; and be it further

18 **RESOLVED**, that the Committee on Rules of *I Mina'trentai Ocho Na*
19 *Liheslaturan Guåhan* does hereby, on behalf of *I Liheslaturan Guåhan* and the people
20 of Guam, that all investigations and findings shall conclude within one hundred
21 twenty (120) days of the formal convening of said Subcommittee unless so extended
22 by a majority vote of the Subcommittee; and that upon conclusion of all investigations
23 pursuant to this Resolution, the Subcommittee shall produce a report for the 38th
24 Guam Legislature detailing:

- 25 (1) The costs of the investigative process;
- 26 (2) Identification of specific agencies and, where appropriate, specific
27 non-identifying positions responsible for the identified failures;

1 (3) Assessment of whether any identified failures warrant referral to the Office
2 of Public Accountability, the Office of the Attorney General, or federal oversight
3 authorities;

4 (4) Recommendations for legislative action, including proposed legislation,
5 appropriation conditions, or policy directives necessary to safeguard public funds,
6 restore federal compliance, and prevent recurrence of the identified failures; and,

7 (5) Nothing in this Section shall preclude the Subcommittee from making
8 official statements, presenting findings on an ongoing basis separate and apart from
9 the reporting requirements as stipulated herein, or making any recommendations
10 thereto; and be it further

11 **RESOLVED**, that the Speaker and the Chairperson of the Committee on Rules
12 certify, and the Legislative Secretary attest to, the adoption hereof, and that copies of
13 the same be thereafter transmitted to all Members of *I Mina'trentai Ocho Na*
14 *Liheslaturan Guåhan*; Joann G. Camacho, Executive Director of *I Mina'trentai Ocho*
15 *Na Liheslaturan Guåhan*; Rennae V. C. Meno, Clerk of the Legislature; and Attorney
16 Darleen E. H. Phillips, Legislative Counsel.

**DULY AND REGULARLY ADOPTED BY THE COMMITTEE ON RULES OF
I MINA'TRENTAI OCHO NA LIHESLATURAN GUÅHAN ON THE DAY
OF MONTH 2026.**

Frank F. Blas, Jr.
Speaker

V. Anthony Ada
Chairperson, Committee on Rules

Sabrina Salas Matanane
Legislative Secretary