



Office of Senator Christopher M. Dueñas

CHAIRMAN, COMMITTEE ON FINANCE AND GOVERNMENT OPERATIONS

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Committee on Finance and Government Operations Moves to Convene Special Investigative Subcommittee Following Alarming FY 2024 Single Audit Findings *Resolution Responds to 53 Audit Findings, \$22.6 Million in Questioned Costs, and Five Disclaimer Opinions on Major Federal Programs*

HAGATÑA, GUAM - The Committee on Finance and Government Operations of *I Mina'trentai Ocho Na Liheslaturan Guåhan* today introduced Resolution No. 175-38 (COR) which aims to convene a Special Investigative Subcommittee (SIS) to investigate the deficiencies identified in the Government of Guam's Fiscal Year 2024 Single Audit and related financial reports, and to examine government contracts that present indicia of procurement irregularity, incomplete documentation, unsupported expenditures, or noncompliance with federal and local requirements.

Resolution No. 175 is sponsored by every member of the Committee on Finance and Government Operations with the exception of Senators Tina Muña Barnes and Joe S. San Agustin.

The Subcommittee will be chaired by Committee Chairman Senator Christopher M. Dueñas, and will include four additional members equally represented by both parties of the Legislature. The SIS will be vested with blanket subpoena power for witnesses and documents, will operate under a budget not to exceed \$150,000 for professional investigative and legal advisory services, and is required to conclude its investigation and produce a report within 120 days of formal convening, unless extended by majority vote.

An Audit That Should Have Been Issued Nearly a Year Ago


Under federal and local law, the FY 2024 Single Audit was due by June 30, 2025. The Committee had hoped that the Administration would meet its statutory obligation and deliver this audit to the people of Guam in the summer of 2025 as required. Instead, because of the Administration's failure to comply with the law, the FY 2024 audit reports were not issued until April 27, 2026, a full 298 days past the statutory deadline.

This is the most delayed Single Audit issuance in at least four fiscal years, continuing a deteriorating trend: 20 days late in FY 2021, 144 days late in FY 2022, 228 days late in FY 2023, and now nearly ten months late for FY 2024.

"The people of Guam work hard for every dollar that funds this government, and they deserve a government that follows the law it imposes on everyone else," said Chairman Christopher M. Dueñas. ***"The law required this audit nearly a year ago. Instead of receiving timely accountability, our community has been kept in the dark while federal grant money sat undocumented, unsupported, or, in some cases, drawn down with nothing to show for it. That is unacceptable, and it is the reason this Subcommittee is being convened."***

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What the FY 2024 Audit Revealed

The audit, conducted by independent auditors Ernst & Young LLP, examined sixteen major federal programs encompassing more than \$604 million in federal expenditures. The findings include:

- Five (5) disclaimer opinions, meaning auditors could not obtain sufficient evidence to determine whether funds were spent in compliance with federal requirements, on programs including ARPA Capital Projects, the Homeowner Assistance Fund, FEMA Public Assistance, Epidemiology and Laboratory Capacity, and Economic, Social and Political Development of the Territories.
- Seven (7) qualified opinions, including on Medicaid, the Children's Health Insurance Program, and ARPA State and Local Fiscal Recovery Funds.
- Only four (4) of sixteen (16) major federal programs received clean opinions.
- Fifty-three (53) audit findings, with \$22.6 million in questioned costs and an additional sixteen findings for which questioned costs could not even be determined because records were missing.
- Eighteen (18) repeat findings from prior audits, indicating that corrective actions previously committed to by responsible agencies were never implemented or sustained.
- Eight (8) material weaknesses in internal control over financial reporting.
- The Department of Administration alone accounted for 31 findings and \$11.8 million in questioned costs; the Department of Public Health and Social Services accounted for 10 findings and \$10.8 million.

Among the most troubling specific items: \$17 million in federal Medicaid funding drawn down without documentation showing it reflected actual allowable expenditures; \$5.6 million in ARPA expenditures booked as "MISCELLANEOUS" with no supporting purchase orders, contracts, or invoices; \$4.6 million in costs questioned under the territorial development program for missing procurement and debarment documentation; and approximately \$15 million in federal funds the Government simply failed to draw down before grants lapsed.

Scope of the Investigation

For the sake of urgency, the SIS will focus its initial inquiry on the five major federal programs that received disclaimer opinions, while reserving authority to examine other findings, qualified opinions, and government contracts that come to its attention during the course of its work. Resolution 175 expressly carves out any contract, document, or transaction that is currently the subject of a federal indictment or pending federal criminal prosecution. The SIS is not designed to interfere with, duplicate, or obstruct any ongoing federal investigation. It is designed to fill the accountability gap for the many millions of dollars in unsupported expenditures and procurement irregularities that fall *outside* the scope of any federal proceeding.



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Hearings will be conducted in the public domain and broadcast on the Legislature's multimedia platforms. Testimony may be received under seal where it pertains to personnel matters, procurement-sensitive information, or matters that may overlap with federal proceedings.

Final Report and Recommendations

At the conclusion of its investigation, the Subcommittee will produce a public report that:

1. Identifies the agencies, and where appropriate the positions, responsible for the failures uncovered;
2. Assesses whether any matter warrants referral to the Office of Public Accountability, the Office of the Attorney General, or federal oversight authorities;
3. Recommends legislation, appropriation conditions, or policy directives necessary to safeguard public funds and prevent recurrence; and
4. Discloses the full cost of the investigative process to the public.

"This is not about politics. This is about \$22.6 million in questioned costs, contracts that nobody can find, and federal money our government either could not document or could not be bothered to draw down before it expired," Chairman Dueñas added. ***"The people of Guam are entitled to know exactly what happened, who is responsible, and what we are going to do to make sure it stops."***

The Government of Guam FY 2024 Reports on Compliance, Management Letter, and the Office of Public Accountability's Financial and Compliance Highlights are available at www.guamopa.org.

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