



OFFICE OF
INSPECTOR GENERAL

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

October 6, 2026

OIG-27-012

MEMORANDUM FOR **JEFFREY W. STOUT, ACTING CHIEF PROGRAM
OFFICER, OFFICE OF CAPITAL ACCESS, DEPARTMENT
OF THE TREASURY**

FROM: Pauletta P. Battle /s/
Assistant Inspector General for Audit

SUBJECT: Coronavirus Relief Fund Notice of Recommended
Recoupment – Government of Guam

Resources appropriated to the Department of the Treasury (Treasury) Office of Inspector General (OIG) for the purposes of recoupment for this program are no longer available. The Deputy Inspector General, exercising the delegated authorities of the Inspector General, has determined that the Government of Guam has failed to comply with 42 U.S.C. 801(d), and we therefore recommend that the Office of Capital Access, in its role as the program office and on behalf of the Treasury, book the identified amount as a debt of the entity and recoup the amount as mandated in 42 U.S.C. 801(f)(2).

The following document is the OIG's Notice of Recommended Recoupment. The Government of Guam was given an opportunity to comment on a draft of the Notice. The Government of Guam did not provide a written response. Our evaluation of their lack of response is included in the Notice of Recommended Recoupment.

cc: Michelle A. Dickerman, Deputy Assistant General Counsel, Department of
 the Treasury
 Thao P. Tran, Acting Chief Operating Officer, Office of Capital Access,
 Department of the Treasury
 Lilian R. Lowrey, Supervisory Grants Management Specialist, Department of
 Treasury
 Krystyna Ilagan, General Accounting Supervisor, Government of Guam



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Notice of Recommended Recoupment

Coronavirus Relief Fund Program

October 6, 2026

Recipient: Government of Guam

Point of Contact: Krystyna Ilagan, General Accounting Supervisor

Mailing Address: 590 S Marine Corps Drive, Suite 219, ITC Building Tamuning, GU, 96913

Recipient Point of Contact Phone Number and Email Address: (b) (6);
Krystyna.Ilagan@doa.guam.gov (CC: Theresa Rivers,
Theresa.Rivers@doa.guam.gov)

Federal Award Identification Numbers: SLT0014; SLT0071

Supplier Identification Numbers: 778904292SLT

Recommended Recoupment Amount: \$2,040,859

Background/Legal Authority

Section 601 of the Social Security Act, as added by section 5001(a) of Division A, Title V of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act),¹ and codified at 42 U.S.C. 801, established the Coronavirus Relief Fund (CRF) and appropriated \$150 billion for making payments to States, Tribal governments, units of local government, the District of Columbia, and U.S. Territories. Payments were to be made in accordance with requirements outlined in 42 U.S.C. 801(a)(2), of which \$3 billion is reserved for payments to the District of Columbia and U.S. Territories and \$8 billion is reserved for payments to Tribal governments. In accordance with 42 U.S.C. 801(c)(2)(A), no State was to receive a payment of less than \$1.25 billion.

¹ P.L. 116-136 (March 27, 2020)

The CRF statute at 42 U.S.C. 801(d) stipulated that CRF recipients may only use the CRF award funds to cover costs that:

1. were necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19);
2. were not accounted for in the government's budget most recently approved as of March 27, 2020; and
3. were incurred during the period that began on March 1, 2020, and ended on December 31, 2021, for States, local governments, and Territories. In the case of Tribal governments, were incurred during the period that began on March 1, 2020, and ended on December 31, 2022 (covered period).

The Consolidated Appropriations Act, 2021 extended the period for CRF recipients to use CRF award funds for eligible expenses through December 31, 2021.² In accordance with Treasury's Coronavirus Relief Fund Guidance (Guidance),³ Treasury determined that, for a cost to be considered incurred within the covered period, performance of services or delivery of goods must have occurred during the covered period. In December 2021, Treasury revised its interpretation of when a cost is considered incurred in light of the ongoing COVID-19 pandemic surges, supply chain interruptions, and the resolution of litigation that delayed the payment of CRF funds to certain tribes. In its revised guidance, Coronavirus Relief Fund Revision to Guidance Regarding When a Cost is Considered Incurred,⁴ Treasury provides that a cost associated with a necessary expenditure incurred due to the public health emergency shall be considered to have been incurred by December 31, 2021, if the recipient has incurred an obligation with respect to such cost by December 31, 2021. The period of performance end date for Tribal entities was further extended to December 31, 2022.⁵

Section 15011(b)(2) of the CARES Act required each covered recipient to submit to Treasury and the Pandemic Response Accountability Committee,⁶ no later than 10

² Recipients were initially permitted to incur eligible costs using CRF award funds from March 1, 2020, to December 30, 2020. Division N, Title X, Section 1001 of the Consolidated Appropriations Act, 2021, Pub. L. No. 116-260 (December 27, 2020) extended the end of the covered period for CRF expenditures from December 30, 2020 to December 31, 2021.

³ Treasury's Coronavirus Relief Fund Guidance was published in the Federal Register on January 15, 2021, at 86 FR 4182 and can also be found at https://home.treasury.gov/system/files/136/CRF-Guidance-Federal-Register_2021-00827.pdf.

⁴ The Coronavirus Relief Fund Revision to Guidance Regarding When a Cost is Considered Incurred, dated December 14, 2021, can be found at https://home.treasury.gov/system/files/136/CRF-Guidance_Revision-Regarding-Cost-Incurred.pdf.

⁵ The State, Local, Tribal, and Territorial Fiscal Recovery, Infrastructure, and Disaster Relief Flexibility Act included in Division LL, Section 104 of the Consolidated Appropriations Act, 2023, Pub. L. No. 117-328 (December 29, 2022)

⁶ Section 15011(a)(2) of the CARES Act, Pub. L. No. 116-136, defined a covered recipient as "any entity that receives large covered funds and included any State, the District of Columbia, and any territory or possession of the United States."

days after the end of each calendar quarter, a report that contained (1) the total amount of large covered funds received from Treasury;^{7,8} (2) the amount of large covered funds received that were expended or obligated for each project or activity; (3) a detailed list of all projects or activities for which large covered funds were expended or obligated, including— (i) the name of the project or activity; (ii) a description of the project or activity; and (iii) the estimated number of jobs created or retained; and (4) detailed information on any level of subcontracts or subgrants awarded by the covered recipient or its subcontractors or subgrantees to include the data elements required to comply with the Federal Funding Accountability and Transparency Act of 2006 allowing the aggregate reporting on awards below \$50,000 or to individuals, as prescribed by the Office of Management and Budget.

The CARES Act assigned the Department of the Treasury (Treasury) Office of Inspector General (OIG) with responsibility for monitoring and oversight of the receipt, disbursement, and use of CRF payments. Treasury OIG also was assigned authority to recoup CRF funds in the event that it is determined that a CRF recipient failed to comply with the use of funds requirements set forth as 42 U.S.C. 801(d). As part of this authority, if OIG determines that a CRF recipient failed to comply with the use of funds requirements for CRF award funds in 42 U.S.C. 801(d), the amount equal to the amount of funds used in violation shall be booked as a debt of such entity owed to the Federal Government. See 42 U.S.C. 801(f)(2).

Facts and Analysis

Treasury issued a \$117,968,258 CRF payment to the Government of Guam (Guam). Under a contract monitored by our office, a certified independent public accounting firm (IPA), performed a desk review to evaluate Guam's documentation supporting its uses of CRF award funds as reported in the GrantSolutions⁹ portal and to assess the risk of unallowable use of funds. The IPA identified total questioned costs of \$3,962,502.¹⁰ Specifically, the IPA found:

- Direct payments greater than or equal to \$50,000 did not comply with the CARES Act and Treasury's Guidance. The IPA identified total questioned

⁷ Section 15010(a)(6) of the CARES Act, Pub. L. No. 116-136, defined covered funds as any funds, including loans, that are made available in any form to any non-Federal entity, not including an individual, under Public Laws 116-123, 127, and 136, as well as any other law which primarily made appropriations for Coronavirus response and related activities.

⁸ Section 15011(a)(3) of the CARES Act, P.L. 116-136, defined large covered funds as "covered funds that amount to more than \$150,000."

⁹ GrantSolutions, a grant and program management Federal shared service provider under the United States Department of Health and Human Services, developed a customized and user-friendly reporting solution to capture the use of CRF payments from prime recipients.

¹⁰ Treasury OIG, *Desk Review of the Government of Guam's Use of Coronavirus Relief Fund Proceeds*, OIG-CA-25-010 (December 2, 2024)

costs of \$122,765, which consisted of unsupported and ineligible questioned costs of \$122,032 and \$733, respectively. The IPA found:

- unsupported and ineligible transactions totaling \$50,733 related to a small business assistance grant. For the unsupported transaction of \$50,000, Guam did not provide external disbursement support, to include electronic funds transfers and cancelled checks, or the equivalent to support the disbursements made by Guam to the small business. For the ineligible transaction of \$733, Guam did not provide support to verify that the interruption for this business occurred due to the COVID-19 pandemic;
 - an unsupported transaction of \$8,390 related to advertisements and graphic design. Guam did not provide support to verify whether the advertisements publicized the resumption of activities and steps taken to ensure a safe experience due to the public health emergency;
 - an unsupported transaction of \$35,761 related to personal protective equipment. Guam did not provide invoices for the items listed in the general ledger detail to support the expenditures claimed; and
 - an unsupported transaction of \$27,881 related to utility bills charged to other Guam departments. Guam did not provide documentation showing Guam's rationale in determining that these transactions were related to the COVID-19 pandemic.
- Aggregate reporting less than \$50,000 did not comply with the CARES Act and Treasury's Guidance. The IPA identified total unsupported questioned costs of \$2,092,378. The IPA found:
 - unsupported transactions totaling \$2,040,859 related to Guam's use of CRF award funds to reimburse agencies for amounts paid in credit card fees incurred after encouraging businesses to make online tax payments during the pandemic. Guam did not provide a listing of waived online taxpayer credit card fee payments or any underlying credit card or tax statements showing detailed credit card fee tax charges that had been waived;
 - unsupported transactions totaling \$14,236 related to payroll expenses for non-public health and safety personnel. Guam did not provide adequate payroll documentation to recalculate the overtime/hazard pay amounts; and
 - unsupported transactions totaling \$37,283 related to grants awarded under Guam's healthcare system stabilization grant program. Guam did not provide documentation necessary to verify eligibility of these payments against Guam's eligibility requirements, such as completed

grant applications and other documentation reviewed by Guam to confirm eligibility of the grant applicant and of this expenditure.

- Aggregate payments to individuals did not comply with the CARES Act and Treasury's Guidance. The IPA identified total unsupported questioned costs of \$1,747,359. The IPA found:
 - unsupported transactions totaling \$3,300 related to its disaster relief program. Guam did not provide evidence that disaster relief hardship recipients were receiving welfare; therefore, the IPA was unable to verify the eligibility of the recipients;
 - unsupported transactions totaling \$4,534 related to substantially dedicated payroll.¹¹ Guam did not provide documentation to verify that the work performed was substantially dedicated to performing COVID-19 related tasks and/or to recalculate overtime costs claimed in the GrantSolutions portal; and
 - unsupported transactions totaling \$1,739,525 related to hotel quarantine expenses incurred by Guam. For \$1,503,964 of \$1,739,525, Guam did not provide a vacancy analysis to determine the extent of any monitoring efforts that Guam may have performed over these hotel transaction balances. For the remaining \$235,561, Guam did not provide any documentation to support the expenditures related to reserved rooms for quarantine claimed within the GrantSolutions portal.

Based on the work performed, the IPA recommended that Treasury OIG confirm if the transactions noted as unsupported or ineligible expenditures can be supported. If support cannot be provided, Treasury OIG should recoup the questioned costs or request that the prime recipient provide support for replacement expenses, not previously charged to its CRF award, that were incurred during the CRF award period of performance. Treasury OIG personnel began outreach with Guam to inform it of the initial total questioned costs of \$3,962,502 as follows:

- On November 20, 2024, we issued the Draft Desk Review of the Government of Guam's Use of Coronavirus Relief Fund Proceeds for technical review comments.
- On November 26, 2024, we held an exit conference and informed Guam that we would be performing a follow-up to obtain documentation related to the questioned costs.

¹¹ Substantially dedicated payroll costs meant that personnel whose time was substantially dedicated to responding to or mitigating COVID-19.

- On December 2, 2024, we issued the Final Desk Review of the Government of Guam's Use of Coronavirus Relief Fund proceeds.
- On April 28, 2025, Treasury OIG emailed a letter to Guam's General Accounting Supervisor, notifying her that all supporting documentation for the questioned costs identified in the desk review memorandum must be submitted to Treasury OIG no later than May 7, 2025.
- On April 30, 2025, Treasury OIG emailed Guam's General Accounting Supervisor, notifying her that due to the end of the performance period for the CRF program, and limited staffing resources, Treasury OIG was no longer able to provide the option of submitting other eligible expenditures, not previously charged to CRF award, that were incurred during the period of performance. Treasury OIG requested that the amount noted as ineligible costs be voluntary returned to Treasury. Otherwise, those funds are subject to recoupment.
- On May 7, 2025, Treasury OIG received 199 documents from Guam; however, we determined that these documents lacked proper titles and organizational structure. Also, Guam did not provide a crosswalk that align documents provided to the questioned costs. Consequently, we were unable to validate whether the documents provided would support the questioned costs.
- On July 8, 2025, Treasury OIG emailed Guam's General Accounting Supervisor requesting a crosswalk that shows how the documentation supports the questioned costs.
- On July 10, 2025, Guam's Chief Financial Officer responded stating "given the extensive nature of the documents requested and time period involved, we need at least 2 weeks to collate, as we are also currently in the middle of Gov Guam Financial Statements and Single Audit. In this regard, we are requesting a due date of Wednesday, July 23, 2025."
- On July 14, 2025, Treasury OIG emailed Guam's Chief Financial Officer stating that we would extend the due date to Friday, July 18, 2025. We requested for Guam to provide a crosswalk to show how the documentation Guam provided on May 7, 2025 supports the questioned costs noted in each reporting category. We notified Guam that if we did not receive the crosswalk by the due date, we will proceed with the Notice of Proposed Recoupment.

- On November 24, 2025, Treasury OIG emailed Guam's Chief Financial Officer and the General Accounting Supervisor notifying them that \$1,503,964 of the \$1,747,359 "aggregate payments to individuals" questioned costs had been resolved; therefore, the remaining \$243,395 is unresolved in that category. The IPA identified \$1,503,964 in questioned costs because Guam personnel did not perform a room vacancy analysis over hotel transaction balances. The IPA was unable to determine the reasonableness of the expenditure. Treasury determined and Treasury OIG agreed that the costs associated with the unused hotel rooms used as quarantine facilities were eligible Coronavirus Relief Fund expenditures because the hotel rooms were reserved in an abundance of caution for quarantining potential patients due to the unpredictability of the COVID pandemic. We encouraged Guam to voluntarily return a total of \$2,458,538 in questioned costs to Treasury no later than December 3, 2025.
- On December 4, 2025, Guam voluntarily returned \$417,679 to Treasury. The amount consisted of the following:
 - \$122,765, which consisted of unsupported and ineligible questioned costs of \$122,032 and \$733 respectively, from the "direct payments greater than or equal to \$50,000" category;
 - \$51,519 of the total amount of \$2,092,378 unsupported questioned costs from the "aggregate reporting less than \$50,000" category. This amount included \$14,236 related to payroll expenses for non-public health and safety personnel and \$37,283 related to grants awarded under Guam's healthcare system stabilization grant program; and
 - \$243,395, the remaining questioned costs from the "aggregate payments to individuals" category.

The outstanding questioned costs of \$2,040,859, from the "aggregate reporting less than \$50,000" category, is for unsupported questioned costs related to Guam's use of CRF award funds to reimburse its departments for amounts paid in credit card fees incurred after encouraging businesses to make tax payments online during the pandemic.

- On March 19, 2026, Treasury OIG emailed a Draft Notice of Proposed Recoupment to Guam's General Accounting Supervisor, notifying her that Guam's failure to provide documentation for the questioned costs as acknowledgement that it is unable to demonstrate that it used the funds for eligible CRF purposes and that these monies are accordingly subject to

recoupment. We also advised the General Accounting Supervisor that if a written response was not received by April 2, 2026, we would proceed with recoupment. Treasury OIG has not received a written response or adequate documentation from Guam.

Treasury OIG interprets Guam's failure to provide adequate documentation for these questioned costs as acknowledgement that it is unable to demonstrate that it used the funds for eligible CRF purposes; and that these monies are accordingly subject to recoupment.

Resources appropriated to Treasury OIG for the purposes of recoupment for this program are no longer available. The Deputy Inspector General, exercising the delegated authorities of the Inspector General, therefore recommends that the Office of Capital Access, in its role as the program office and on behalf of the Treasury, book the identified amount as a debt of the entity and recoup the amount as mandated in 42 U.S.C. 801(f)(2).

In addition, Treasury may report Guam to SAM.gov in the Responsibility/Qualification Reports (formerly known as Federal Awardee Performance Integrity Information System), which may impact Guam's future eligibility to receive financial assistance from the federal government.