

# Office of the Public Auditor

**Annual Report**

**Calendar Year 2005**

**May 2006**



OFFICE OF THE PUBLIC AUDITOR

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**Distribution:**

Governor of Guam  
Speaker, 28<sup>th</sup> Guam Legislature  
Senators, 28<sup>th</sup> Guam Legislature  
All Government Agencies  
U.S. Department of Interior  
Office of Inspector General-Pacific Field Office

## Public Auditor's Message



Calendar Year 2005 brought about a significant expansion of the duties of the OPA and I am pleased to summarize the highlights in our 5<sup>th</sup> annual report.

Most notably, the Legislature gave the OPA responsibility of procurement appeals for the Government of Guam. We appreciate the trust and confidence the 28<sup>th</sup> Guam Legislature has shown in the OPA. Additional funds permitted us to hire an experienced attorney, Therese M. Terlaje, as OPA Legal Counsel and Hearing Officer. We will endeavor to be fair and impartial in our deliberations.

Another new legislative mandate requires us to develop standards for training in ethics, procurement, and other areas outlined in law for elected and appointed officials, including members of boards and commissions and department heads of government agencies.

Over the past five years, the Legislature has passed nearly 30 laws affecting the duties of OPA. The Fiscal Year (FY) 2006 Budget Act requires quarterly financial reporting by all government agencies. Failure to comply may result in a five percent reduction in the agency's appropriation. OPA now reports quarterly to the Legislature those entities that have not submitted expenditure reports.

In May 2005, a peer review team of auditors gave OPA a full compliance rating; the highest rating that can be achieved in a quality control review. This rating would not have been attained without the hard work, commitment, professionalism, and dedication of the OPA staff.

Notwithstanding the new activities, we did not lose sight of our core mission. We issued nine performance, investigative, and analysis reports that collectively identified over \$7 million in waste, unauthorized spending, and possible fraud. We reviewed and commented on 26 financial audits performed by independent Certified Public Accountants that collectively had 236 findings and over \$2.1 million in questioned costs.

Over the past five years, we have seen improvement in the timeliness and quality of the financial audits and a reduction in findings and questioned costs. The Government of Guam's FY 2004 financial audit was issued in July 2005, the earliest issuance date thus far. There were only two audit qualifications compared to ten qualifications five years ago. The 2005 qualifications were the inability to audit tax related balances and the non-inclusion of the financial audits of the Guam Memorial Hospital and Guam Visitors Bureau.

While the FY 2004 financial audit was, on balance, better than past audits, there remain underlying structural concerns that need to be addressed by our elected leaders. Chief among these is the growing size of our deficit, which is now in excess of \$314 million.

Our budget for FY 2006 was \$950,000, plus a separate \$100,000 appropriation for procurement appeals. It provides funding for a staff of 17. We thank the Legislature for the support and recognition it has given OPA and especially for the elimination of the term limitation as well as for the salary increase given to my position.

Senseramente,

A handwritten signature in black ink, appearing to read 'Doris Brooks'.

Doris Flores Brooks, CPA, CGFM



**OPA Staff at the 2005 Annual Christmas Party, (Sitting Left to Right) Omar Santos, Paul Gentry, Arnold Duarte, Franklin Cooper-Nurse, Vincent Duenas, and Joseph Claveria. (Standing Left to Right) Angela Quinto, Theresa Gumataotao, Llewelyn Restuvog, Lourdes Perez, Yuka Cabrera, Public Auditor Doris Flores Brooks, Zeny Asuncion-Nace, Maripaz Perez, Rodalyn Marquez, Anne Camacho, and Jacqueline Mesa.**

**Mission Statement**

**We audit, assess, and analyze government activities with integrity, independence, and impartiality to improve the accountability, effectiveness, and efficiency of the Government of Guam.**

We seek to serve the public interest by providing the Governor of Guam, the Guam Legislature, and the People of Guam with dependable and reliable information, unbiased analysis, and objective recommendations on how best to use government resources in support of the fiscal well being of our island and our people. To achieve this mission, we:

- Endeavor to fulfill the highest standards of our profession and the expectations of the public to the best of our ability.
- Uphold the highest ethical standards in the performance of our work and

Auditing for  
Better  
Government

encourage such standards throughout the Government of Guam.

- Commit to quality as the main principle governing our work.
- Perform our work with diligence, conscientiousness, and due professional care.
- Foster a partnership with our staff to enable them to reach their full potential and contribute to their growth and long-term success.
- Work collaboratively with the entities that we audit and with the contracted auditors we employ to develop harmoniously improved financial controls.

**\$61.6 Million in Waste, Abuse, and Savings**

Nine audits were completed in Calendar Year 2005. These audits cumulatively identified approximately \$7 million in waste, abuse, misspent funds, possible fraud, and lost redundant opportunities. The audits

made 49 recommendations to improve the accountability and operational efficiency of the audited entities.

Since 2001, we have issued a total of 45 audit reports with 344 recommendations (See **Table 1**). These audits identified \$61.6 million in waste, improper procurement, and abuse. See **Appendix A** for a breakdown of these amounts.

2002, the highest of three levels of compliance given to audit organizations.

The OPA underwent its third quality control review in March 2005. The review team consisted of Haser H. Hainrick, National Public Auditor of the Federated States of Micronesia; Annes Lebehn, Public Auditor from Pohnpei State Government; and Chuck Hester, a consultant with the U.S. Department of Agriculture Graduate School.

	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>Total</b>
<b>Total Reports Issued</b>	<b>3</b>	<b>9</b>	<b>10</b>	<b>14</b>	<b>9</b>	<b>45</b>
<b>Total Recommendations</b>	<b>31</b>	<b>96</b>	<b>77</b>	<b>91</b>	<b>49</b>	<b>344</b>
<b>Waste, Fraud, and Abuse Identified</b>	<b>\$302,000</b>	<b>\$9.2M</b>	<b>\$21.1M</b>	<b>\$23.4M</b>	<b>\$7.2M</b>	<b>\$61.6M</b>

**OPA Receives “Full Compliance” in Quality Control Review**

Every so often the question of, “who audits the auditor?” comes up. Based on *Government Auditing Standards* issued by the Comptroller General of the United States, audit organizations are required to undergo a quality control review every three years. Our first review took place in August 1999; the second was in November 2002. OPA received a full compliance rating in

After a week of “auditing the auditor,” the review team gave the OPA another full compliance rating. Public Auditor Brooks credits her hard-working and dedicated staff who are committed to excellence and accountability in government for again obtaining a full compliance rating.

A management letter, issued along with the peer review report, identified two areas for improvement: (1) The need for timely issued personal impairment statements prior to commencing the audit and (2) following up on prior year findings and recommendations. See **Appendix B** for the Peer Review Report.



**Meeting with Peer Review Team**

**Audit Activities**

OPA follows *Government Auditing Standards* issued by the Comptroller General of the United States when performing audits, including performance and investigative audits.

A summary of audits issued in 2005 follows.





### **Investigative Audits**

Investigative audits are often initiated by concerns received through OPA’s Hotline or from government officials. In 2005, OPA issued two investigative audits: the Guam Economic Development and Commerce Authority’s (GEDCA) Credit Card Charges and Related Travel Expenditures and the Port Authority of Guam’s (PAG) Goodwill and Morale Association.

### ***GEDCA Credit Card Charges and Related Travel Expenditures***

This investigative audit was initiated in response to GEDCA’s FY 2002 and 2003 financial audit qualifications.

The independent auditors who conducted the audit “were unable to obtain information supporting certain travel expenses for the years ended September 30, 2003 and September 30, 2002” and to document and ascertain any impropriety in credit card and travel charges.



The investigative audit found that between October 2000 and November 2003, five of ten government credit cardholders made **\$206,549** in questionable charges. The questioned charges were made at local restaurants for entertainment without justification or supporting documentation, and for miscellaneous purchases which appeared personal in nature. Travel related expenses that were either in addition to per diem or were not supported with a travel authorization were also questioned. Eight of ten credit card holders were no longer employed at GEDCA. A breakdown of questioned charges by position follows:

GEDCA Position	Questioned and Abusive Charges
Chief Financial Officer	\$ 106,174
Business Development Director	\$ 48,567
Special Projects Coordinator	\$ 31,742
Finance and Administration Director	\$ 16,030
Business Development Manager	\$ 4,036
<b>Total</b>	<b>\$ 206,549</b>

GEDCA’s travel policy authorized business class travel. Had economy class fares been used instead, GEDCA could have saved over \$116,000.

### ***PAG Goodwill and Morale Association (PAGGMA)***

This investigative audit was initiated at the request of the Port’s General Manager and OPA Hotline Tips alleging improprieties with PAG’s Goodwill and Morale Association funds.

The audit found that the association spent \$33,750 without documentation to justify the expenditures as PAGGMA-related. Due to the lack of supporting documentation, \$23,554 of the total amount, may have been improperly received by PAGGMA officers and non-PAGGMA members as follows:

- 2001-2003 Treasurer endorsed and cashed 23 checks with unsupported amounts totaling \$11,080. All 23 checks were signed by the 2001-2004 President and 2001-2003 Treasurer.
- 2001-2004 President was issued 15 checks totaling \$7,650, which did not have supporting documentation. The 2001-2004 President also submitted 14 VIP Rewards slips and one credit card slip totaling \$527 for reimbursements that appeared personal in nature.
- The 2000 President received \$3,837, the 2001-2002 Secretary received \$124, and four non-PAGGMA members received \$863 without supporting documentation.

- \$692 in PAGGMA funds may have been used for personal purchases (i.e. fuel, cigarettes, meals, car battery, household supplies, etc.), and
- PAGGMA's records were in disarray.

### **Analysis**

Based on our strategic plan, OPA increased the variety of its work to include economy and efficiency, descriptive, program, and compliance audits, in addition to investigations of fraud, waste, and abuse. In 2005, OPA issued two analysis reports: the Government of Guam Lease Analysis and the Government of Guam Salary Increments.

### ***Analysis of Government of Guam Leases***

This analysis was conducted in response to concerns raised in a March 2002 report issued by the U.S. Department of the Interior, Office of Inspector General.

The analysis found that in FY 2004, the Government of Guam spent \$6.8 million to lease 494,000 sq. ft. of commercial space (office and other). Of these amounts, the Executive Branch spent \$5.7 million for 424,972 sq. ft.; the Legislative Branch spent \$541,000 for 41,528 sq. ft.; and the Judicial Branch spent \$545,000 for 27,201 sq. ft.



The other deficiencies identified:

- PAG used public funds when it donated \$5,000 to PAGGMA for its 2000 Christmas Party, which is not allowed,
- PAG allowed employees to solicit money and prizes from Port tenants, which may be a conflict of interest,
- PAG donated unclaimed cargo to PAGGMA, without PAG Board approval,
- PAGGMA payments to various payees, totaling \$10,196, did not have supporting documentation,



**Guam Legislature in Hagatna**

The top three locations for government office space were Hagatna, Tiyan, and Tamuning. See **Table 2** for sq. ft. and monthly costs of the top three locations.

Location	Approximate Square Feet	Total Cost Per Month
Hagatna	124,324	\$ 216,525
Tiyan	119,372	\$ 188,405
Tamuning	69,528	\$ 90,006

We found much disparity in the lease rates, the amounts of office space, and the services provided to GovGuam entities by lessors, due to the lack of uniform regulations for government leasing. In addition, no authoritative entity monitors or regularly reports on GovGuam office leases. We suggested using the practices of the State of Montana as a guide for developing policies and regulations for securing office space.

***Analysis of Government of Guam Salary Increments***

This analysis was conducted in response to a request made by the Attorney General. We found that the Government of Guam paid approximately \$12.3 million to restore salary increments to eligible employees in Fiscal Year 2005. Specifically:

- \$4.7 million was paid from the General Fund to eligible employees of Executive Branch line agencies.
- \$4.3 million was paid to eligible employees of the autonomous agencies, except GMH.



**Ricardo J. Bordallo Governor's Complex**

- \$2.5 million was paid to eligible employees of the Guam Public School System.
- \$761,000 to eligible employees of the Judicial Branch.

The Executive Branch identified sufficient lapsed appropriations from Fiscal Year 2004 to implement salary increments to eligible employees in FY 2005. However, the identification of lapsed appropriations did not translate into available cash. The FY 2004 audited financial statements of the Government of Guam reported a General Fund deficit of \$313.6 million.

**Performance Audits**

Performance audits are commonly divided into two categories: Economy/Efficiency and Program Audits.

Economy/Efficiency audits include determining (a) whether the agency is acquiring, protecting, and using its resources (such as personnel, property, and space) economically and efficiently, (b) the causes of inefficiencies or uneconomical practices, and (c) whether the entity has complied with laws and regulations concerning matters of economy and efficiency.

Program audits include determining (a) the extent to which the desired results or benefits intended by the Legislature or other authorizing body are being achieved; (b) the effectiveness of organizations, programs, activities, or functions; and (c) whether the agency has complied with laws and regulations applicable to the program. In 2005, OPA issued four performance audits.

The audits of the Council on the Arts and Humanities, the Dededo Mayor's Office, and the Chamorro Land Trust Commission were initiated as part of the overall review of Government of Guam agencies with non-appropriated funds and checking accounts.



### ***Council on the Arts and Humanities Agency's Non-Appropriated Funds***

The audit found that former CAHA directors and board of directors failed to implement and adhere to Executive Order 84-3, which established guidelines for general administration, internal fiscal control, and audit review. The following internal control deficiencies were identified:

- Inadequate financial reporting and lack of accounting system,
- Improper separation of duties,
- \$63,978 in unauthorized and unsupported disbursements,
- Poor management of receipts,
- Poor controls over donation box, and
- Failure to issue Form 1099-MISC.



**CAHA gallery located at Two Lovers' Point.**

Overall, the audit disclosed that CAHA management and the board did not provide adequate oversight to ensure accountability over the administration of its Revolving Fund.

### ***Dededo Mayor's Office Non-Appropriated Funds***

The audit found that checks and balances over the non-appropriated fund checking accounts managed by the Dededo Mayor's Office were non-existent. The audit

revealed that the Mayor's Office could have collected approximately \$515,940 in additional revenue had laws been adhered to and the proper checks and balances been in place.

As much as \$41,303 in Flea Market collections for FY 2004 may have been under collected or not deposited in the bank, because the Mayor's Office did not follow basic accounting procedures in the receipt, deposit, and reconciliation of Flea Market revenues. When extrapolated over the 39-month audit period, under collected or not deposited Flea Market collections might have amounted to as much as \$134,000.



**Dededo Mayor's Office**

Both the former and the current Dededo Mayors undercharged Flea Market vendors by charging only \$5 per stall per day, instead of the mandated \$20 weekend rate. We estimated that as much as \$381,940 was undercharged during our audit period. In aggregate, the Dededo Mayor's Office could have realized an estimated \$1.3 million from October 1993 through December 2004 had the Mayors charged the mandated \$20 vendor permit fee.

We found that the former Dededo Mayor, Vice-Mayor and Dededo Municipal Planning Council (Dededo MPC):

- Did not submit annual financial reports to the Governor, the Guam Legislature and the Mayors Council, as required by law.
- Were not authorized to open two checking accounts.
- Did not have documentation to support the expenditure of \$216,444 in supplies, equipment and labor.
- Did not issue Form 1099-MISC to individuals who provided services of at least \$600 each fiscal year.
- Did not deposit donations of \$16,900 from daily Flea Market vendors.

In January 2005, the Dededo Mayor segregated accounting duties and assigned one of his employees the responsibility of receiving and depositing payments. However, when that employee was on leave, another employee failed to deposit \$1,000. The incident was detected by other staff members and reported to the Mayor. After the Mayor's investigation, the employee admitted to theft and was subsequently terminated. The Mayor reported the theft to the police and is actively seeking repayment from the former employee.

### ***Chamorro Land Trust Commission (CLTC) Non-Appropriated Funds***

This audit was conducted at the requests of the Commission's previous and current administrative directors and a senator of the 28<sup>th</sup> Guam Legislature.

Our audit found that the CLTC's former and current administrative directors and boards did not provide an effective system of checks and balances to ensure that:

- Commercial licenses of Chamorro homelands were awarded in accordance with rules and regulations;
- Revenues derived from commercial leases and licenses were collected and spent in the



best interest of the Commission's beneficiaries;

- Lessees' loans guaranteed by the Commission were monitored; and
- Financial statements were prepared for the Legislature as required by law.

Although required by Public Law 23-38, the Commission did not establish rules and regulations for commercial leases. Instead of *leases*, the Commission issued commercial *licenses* without any guidelines. Thus, 28 licenses were issued for 1,474,936 square meters at **less than 16 cents per square meter per annum**. This is 42% less than the 27 cents per square meter annually for three commercial leases on 831,074 square meters approved by the Legislature.

We also found that 18 licenses for 369,033 square meters were awarded without Board approvals; another 18 licenses for 1,112,900 square meters were not reviewed by legal counsel, and 13 licenses for 1,026,154 square meters were without appraisal reports.

Favorable terms and conditions may have been granted to some commercial licensees. The largest licensed property (1,011,714 square meters), licensed to a raceway park, generates less than four cents per square meter annually. This is the second lowest rental rate, the lowest being \$0.0033 per

square meter per month. In addition, rental payments were waived for two years and the licensee adhered to an unsigned addendum, resulting in loss of \$89,550 in Commission revenue. Also, the raceway park was allowed to retain \$104,027, or 50%, of the proceeds from the sale of coral from the property.

The second largest property (352,872 square meters), licensed as a privately operated landfill, generates only 15 cents per square meter annually, the third lowest rate. The license was issued on December 31, 2002, just one day prior to the change in administrations. The licensee paid the required \$30,000 sign-up fee. However, since the license failed to specify a time restriction, a balance of \$70,000 remains unpaid. The licensee continues to occupy the land.

The Commission also did not establish a system for monitoring commercial revenues. We estimated that the Commission may not have collected revenues of \$420,345 from October 1, 1999 through September 30, 2004.



**Property map files at the Chamorro Land Trust Commission.**

The Commission did not establish a system of checks and balances over disbursements. As a result, there was a questioned use of \$179,427 spent for unauthorized travel, an

employee party, an unaccounted 10-kilowatt generator and camcorder, and extensive vehicle repairs due to lack of maintenance, as well as for non-competitive procurements. Additionally, the Commission office lease was not advertised or made available for competitive bid and \$42,162 was improperly expended over the life of the lease.

Without a system for monitoring \$6.5 million in loan guarantees, the Commission had to assume a defaulted loan totaling \$72,970, including interest, in 2003. The defaulted borrower continues to occupy the property and has yet to remit any payments. Although it is unlikely that all of the \$6.5 million in loan guarantees will default at the same time, without financial statements, it is difficult to ascertain the Commission's ability to meet these contingent liabilities.

The Commission did not publish its audited financial statements or report its finances to the Legislature as required by law. Proceeds of \$1,692,013 from commercial leases and licenses from October 1, 1999 through September 30, 2004 were not reported.

### ***Judicial Building Fund***

This audit was initiated at the request of the Speaker of the 27<sup>th</sup> Guam Legislature.

Findings from this audit include:

- Non-compliance with Judiciary procurement regulations. The Superior Court did not competitively procure and/or maintain adequate supporting documentation for the procurement of capital outlay, supplies, and services totaling \$999,730. Sole-source procurement without public notification was utilized for 61% of the transactions reviewed.

- Expenditures without Judicial Council Approval. With the exception of a May 2002 approval, the Judicial Council did not approve Judicial Building Fund expenditures prior to FY 2004. Approvals require “a proper and lawful resolution duly raised and voted upon affirmatively by a majority of the members of the Judicial Council.”



- Budget over-expenditures. Over the past five years, JBF expenditures exceeded various line item budget levels approved by Rural Development. In FY 2004, JBF expenditures exceeded the approved budget by \$176,550. Court officials did not seek prior approval from Rural Development, as required, to reprogram line item categories within and among fiscal years. The expenditures reported to Rural Development did not correspond to the audited expenditures reported in the annual financial audits of the Government of Guam for fiscal years 2000, 2001, and 2002.
- Discretionary procurement of lobbying services. \$564,039 from local appropriations was spent to lobby for and against a congressional measure reorganizing Guam’s judiciary. \$479,000 of this amount was spent by the Superior Court to oppose proposed legislation in the US House of Representatives and \$85,039 was spent by the Supreme Court to support it. Although the JBF was not utilized to pay for the lobbying, neither the Superior Court nor the Supreme Court solicited

requests for proposals. Unlike the Executive Branch, the Judiciary’s procurement policy allows for discretionary procurement of professional services and does not require advertisement regardless of the amount.

- Unrealized rental revenues. The Superior Court leased a portion of the old court building for \$1 annually to the Superior Court’s Employees Association, which, in turn, sublet it to concessionaires from November 1992 to January 2005. The Employees Association earned \$245,553 that could have been earned by the Superior Court.

#### **Legislative Mandates and Other Requests**

During 2005, the OPA performed services that expanded its role to include observing the procurement of fire trucks for the Guam Fire Department.

#### ***Guam Fire Department Procurement of Fire Trucks***

In December 2003, the Fire Chief requested and received an emergency declaration for the purchase of three fire trucks. Within two days, \$734,913 was awarded to a vendor for the emergency purchase. However, another local fire truck distributor protested the emergency purchase and a lawsuit followed. In March 2004, the Superior Court issued a preliminary injunction in favor of the plaintiff.

The Court ruled that “the written determination of emergency by the General Services Administration and GFD failed to comply with requirements of 5 G.C.A. §5425.” for the procurement, GSA was enjoined from taking any actions to procure the fire trucks.



Enactment of Public Law 27-99, mandated OPA as an observer, waived all procurement requirements for the emergency procurement of two fire trucks by GFD and GSA.

In September 2004, GSA issued requests for quotations to three local vendors, but allowed only four days for them to respond to over 100 pages of specifications. Only one vendor, the same one originally awarded, submitted a price proposal in time. In October 2004, GSA awarded the vendor \$551,944 for the purchase of two fire trucks.

As observer, we determined that the four days allotted to respond to 100 pages of specifications was unreasonably short. Additionally, GSA should have taken a more active role to ensure an independent procurement process and review was conducted and should have obtained price comparisons from other sources, such as the Federal GSA.

Although P.L. 27-99 addressed GFD's need for fire trucks, the waiver of procurement regulations is not good procurement policy and we discourage such practice. Further, P.L. 27-99, which voided the court's preliminary injunction, could be viewed as an intrusion upon judicial authority, possibly undermining the separation of powers. It is unknown whether the Legislature would have passed Bill 295 had senators known about the court injunction. In failing to

disclose this information, the Fire Chief was less than forthright.

### **Indictments and Convictions**

Based on our audits, several cases of official misconduct were brought to light and a multitude of indictments followed. Four government officials entered into plea agreements, two were found guilty at trial, three were indicted and two were re-indicted. Several officials are awaiting trial.

- The GMTA Director & GIAA Deputy Director entered into plea agreements for credit card abuse.
- The former Assistant Recreation Administrator entered into a plea agreement for misapplication of entrusted funds.
- The former Deputy Director of CLTC entered into plea agreement for official misconduct and misapplication of entrusted funds.
- The former Deputy Director of GMTA was convicted of fraudulent use of a credit card and official misconduct.
- The former GIAA Executive Manager was convicted of fraudulent use of a credit card and official misconduct. This case is pending a motion to void the jury's verdict.
- The former Retirement Director's initial indictment was dismissed, but he was subsequently re-indicted for theft by deception, conspiracy, and official misconduct, and is awaiting trial.
- A former Governor of Guam's initial indictment was dismissed, but he was subsequently re-indicted for theft by deception, conspiracy, and official misconduct. This case is awaiting trial.
- A former Governor's Chief of Staff was indicted for theft by deception,



conspiracy, and official misconduct, and is awaiting trial.

- A former Deputy Administrator of Guam Memorial Hospital was indicted for official misconduct and improper influence over notary. This case is awaiting trial.
- A GMH employee was indicted for official misconduct and unlawful exercise of notary function. This case is awaiting trial.

### Financial Audits

Title 1 G.C.A. §1908 requires the annual audit of all Government of Guam departments, agencies, and instrumentalities. Financial audits are conducted in order to provide reasonable assurance that the financial statements of the government, as a whole, present fairly its financial position, the results of its operations, and its cash flows in conformity with *Generally Accepted Accounting Principles* and *Government Auditing Standards*.

OPA's policy is that the financial audits of the Government of Guam and autonomous agencies be conducted by independent CPA firms under OPA oversight. The Public Auditor and her staff work closely with the contracted firms to ensure that the financial audits are informative, comprehensive, and in compliance with *Government Auditing Standards*.

The OPA's review of these financial audits is a key element in the review of government entities. Through these reviews and analyses, OPA is able to convey accurate and relevant information to the people of Guam. Additionally, through questionnaires and interviews, the OPA is able to scrutinize the various Government of Guam entities to a greater degree than in the past. During 2005, 26 financial audits were issued and had 236 findings and identified



\$2.1 million in questioned costs. In 2004 and 2003, there were 25 and 14 audits issued with 485 and 260 findings and \$13.1 million and \$22.4 million in questioned costs, respectively. See **Appendix C** for a listing of financial audits.

All financial audits are procured through a Request for Proposal (RFP). The OPA, pursuant to 1 G.C.A. § 1908, has the authority to select the independent auditor for the engagement. The OPA encourages all CPA firms willing and capable of conducting governmental financial audits to submit proposals.

### *Timely Completion of Audits*

It is the Public Auditor's express goal to complete all audits so that the information contained is timely, pertinent, and useful to administrators, policy makers, and the public. Financial audits are required by law,<sup>1</sup> to be issued no later than nine months after the end of the fiscal year or by June 30<sup>th</sup> of the following year.

Since this position has become elected, we have seen more and more agencies completing their financial audits by the June

<sup>1</sup> 1 G.C.A. §1909(a).

30<sup>th</sup> deadline. For FY 2004, only two entities, GMH and GVB, missed the deadline. Nine agencies, which met the deadline, were the Guam Telephone Authority, the Guam International Airport Authority, Port Authority of Guam, the Guam Educational Telecommunications Corp. (KGTF), the Guam Power Authority, the Guam Economic Development and Commerce Authority, the Guam Public School System, the University of Guam, and the Government of Guam Retirement Fund. Five other entities released their reports by August 1<sup>st</sup>. They were the Guam Waterworks Authority, the Guam Community College, the Guam Housing and Urban Renewal Authority, the Guam Housing Corporation, and the Government of Guam Basic Financial Statements and Single Audit Reports.

Untimely completion of audits has consequences at the federal level.

### ***Consequence of Untimely Audits***

The Office of Management and Budget (OMB) Circular A-133, which sets standards for consistency and uniformity for audits, also sets a threshold of expenditure of \$500,000 for an audit to be required.<sup>2</sup>

Government agencies that expend more than \$500,000 of federal funds in a fiscal year are required to comply with the Single Audit Act of 1968, which states that audits are to be completed no later than June 30<sup>th</sup> of the following year. Failure to comply can result

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<sup>2</sup> OMB Circular No. A-133 was issued pursuant to the Single Audit Act of 1984 as amended, P.L. 98-502, and the Single Audit Act Amendments of 1996, P.L. 104-156. It sets forth standards for obtaining consistency and uniformity among federal agencies for the audit of states, local governments, and non-profit organizations expending federal awards. Subpart B of A-133 sets a threshold amount of \$500,000 (effective December 31, 2003) for federal monies that are expended during a year to be audited.

in a federal declaration of the agency as a “high risk grantee,” meaning it will be subject to special conditions, depending on the situation. The Guam Public School System was declared a high risk grantee by the US Department of Education for its failure to submit financial audits for fiscal years 1998, 1999, 2000, and 2001. GPSS has made improvements in the timely submission of its audits for FY 2003 and 2004, however, the audits are still qualified due to the inability to ensure the physical presence of recorded fixed assets. In FY 2004, GPSS had 21 audit findings and \$364,480 in questioned costs. GPSS remains a high risk grantee.

### ***Audits Pending Completion***

As mentioned previously, the financial audits of GMH and GVB were not completed and issued as of December 31, 2005. Unlike federal law, Guam law does not impose penalties for the failure to submit timely financial audits.

With the ongoing involvement of the OPA and stressing the importance of timely audits, the OPA will continue to work with government entities to meet the June 30<sup>th</sup> deadline, as prescribed by the Federal Single Audit Act and 1 GCA § 1908.

### ***FY 2004 Financial Audit Highlights***

The Government of Guam FY 2004 audit was issued to the Federal Clearinghouse on July 29, 2005, less than one month behind the June 30 deadline. This is the earliest that such annual reports have been issued. This audit rendered a qualified opinion in only two areas: (1) inability to audit tax related balances, and (2) two autonomous agencies, GMH and GVB, were unable to present audited financial statements.

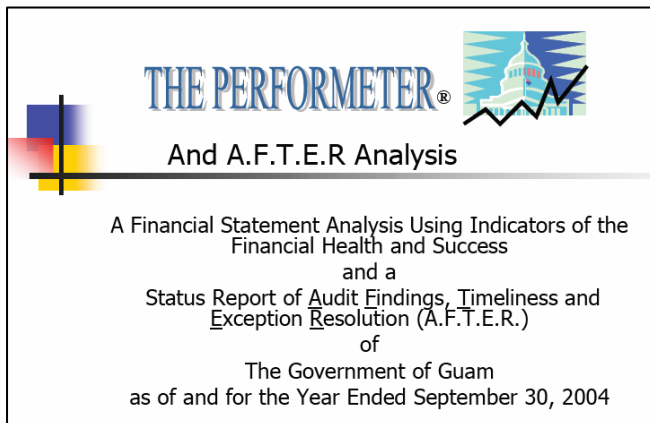
Questioned costs from the General Fund audits have been dropping significantly. In

2001, questioned costs totaled \$9.9 million. In 2002, they dropped to \$4.3 million. In 2004, they fell to \$514,000. In FY 2004, the Government of Guam had 11,229 employees with \$499 million dollars in salaries, wages, and benefits.

### ***Performer and After Analysis***

The Performer and A.F.T.E.R. Analysis is “an analysis that takes the government’s audited financial statements and converts them into useful measures of financial performance.” However, the Performer should not be used as the only source of financial information to evaluate GovGuam’s performance and condition. This analysis was developed by Crawford & Associates P.C. of Oklahoma City. Crawford & Associates also serve as consultants to the OPA.

Based on the financial ratios presented and a copyrighted analysis methodology, an overall rating on a scale of 1 to 10 is arrived for the Government of Guam. Guam has three years of audited financial data (FY 2002, FY 2003, and FY 2004) that has been analyzed and a rating assigned each year based on the Performer. Based on a scale of 1 to 10, the Government of Guam’s financial condition achieved ratings of 2.04 (FY2002), 2.21 (FY 2003), and 2.86 (FY 2004), respectively.



Although the Government of Guam has made marginal improvements over the last three years. The biggest factor affecting the government’s poor performance is the deficit, which has now grown to over \$314 million.

### **OPA Recognized Opposition Towards Authority**

In the past, OPA experienced opposition and resistance to its authority to oversee the procurement, selection of independent auditors, and the review of audits. The Guam Housing and Urban Renewal Authority, in 2005, became the last entity to express opposition. Since then, however, GHURA has collaborated with OPA. Now all entities have been brought together under OPA’s review and oversight.

### **Department of Interior Review of Internal Operations**

The OPA is committed to maintaining, fostering, and improving its audit capabilities and technical skills. To this end, the Public Auditor asked Mr. Earl Devaney, the Department of Interior’s Inspector General, for a quality assurance review of OPA’s audit operations and procedures. In response, Elaine Weistock, the Inspector General’s Director of Quality Assurance Review, and Management Analyst, Ron Malone, conducted their three-week review from February 23 through March 11, 2005.

Overall, the IG team found that Guam OPA complied with Generally Accepted Government Auditing Standards (GAGAS) and internal audit guidance in performing its audits. Improvements in certain areas of performance, however, were noted. These included:

- (1) reviewing and revising the Guam OPA audit manual to identify and eliminate



unnecessary or excessive documentation requirements;

- (2) augmenting the audit manual with guidance, requiring auditors to prepare summary work papers for audit findings;
- (3) developing sufficient steps for determining the causes to mitigate or remedy adverse conditions and for reviewing internal controls;
- (4) recording CPE credits only for training supported by training certificates or other valid documentation; and
- (5) tightening information technology security.



**DOI/OIG Reviewers.** Left to Right: (Sitting) Lourdes R. Perez, Elaine Weistock, Doris Flores Brooks, Ron Malone, and Yuka Cabrera. (Standing) Theresa Gumataotao, Anne Camacho, Rodalyn Marquez, Angela Quinto, Maripaz Perez, Arnold Duarte, Llewelyn Restuvog, and Vincent Duenas.

We have already taken steps to implement the IG's recommendations to develop guidance on our audit operations, audit planning and execution, reporting, employee training, quality controls, and standards of audit performance.

We again express our appreciation to Inspector General Earl Devaney of the Department of Interior for providing this assistance to our office.

### **UOG Internship Program**

OPA continued its partnership with the University of Guam's Accounting Internship Program. In 2005, Yvonne Larie Patnude and Jacqueline "Jackie" Potter Mesa interned with OPA and were exposed to the different aspects of government auditing. Both successfully completed the program in May. Shortly after her graduation, Jackie became the third UOG intern to be hired as a full time employee by OPA. The first two were Rodalyn Marquez and Llewelyn Restuvog.



**UOG Interns.** Seated: Yvonne Patnude and Jacqueline Potter Mesa, Interns Standing: Lou Perez, Theresa Gumataotao, Doris Flores Brooks, Rodalyn Marquez, and Yuka Cabrera

### **Certified Public Accountant in Training**

In May 2005, OPA and the Department of Administration entered in to a Memorandum-of-Understanding (MOU) to provide training and experience to government employees on detail assignment. Joseph P. Claveria, a longtime DOA employee, was the first to be trained under the MOU.

After passing all four parts of the Certified Public Accountant (CPA) exam, Joseph was detailed to OPA for one year to fulfill his licensing requirement to work under a licensed CPA. While with OPA, he underwent extensive training, having

attended the 16<sup>th</sup> Annual Association of Pacific Island Public Auditors (APIPA) Conference in Palau and participated in OPA's Team Developed Audit Reports and



Ethics Standards Update and Review for Guam CPAs in Public Practice. Aside from the required training, Joseph was detailed to the Guam Visitors Bureau Credit Card Audit and performed financial analysis on the University of Guam's FY 2004 audit.

Joseph's experience, as a DOA employee for more than 20 years, has been beneficial to OPA. He has assisted greatly on matters relating to the Department of Administration and its AS400 Financial Management System. When his on-the-job training is complete, DOA should be proud to welcome a licensed CPA.

### **Staff Training**

According to 5 G.C.A. §20304, OPA must provide continuing education opportunities to its staff auditors. Continuing professional education (CPE) is mandatory for the maintenance of professional competence. *Government Auditing Standards (GAS)*, more commonly known as the Yellow Book, also requires that all auditors performing audit work under GAS complete 80 hours of CPEs every two years, of which 24 must be government related.

### **DOI Training Grant**

In October 2003, David B. Cohen, the Department of Interior's Assistant Secretary for Insular Affairs, approved a \$38,100 reimbursable training grant for auditor

training. An additional \$19,050 was approved for Investigator-related training in July 2004. A third increase of \$95,200 for On-the-Job Training at DOI-OIG Field Offices was approved in November 2004, bringing our training grant total to \$152,350. Additionally, the grant period was extended to September 30, 2006.

The grant is a joint initiative with the Department of Interior Office of the Inspector General (DOI-OIG), DOI Office of Insular Affairs, and OPA. The grant provides for reimbursement of auditor training at the Inspector General Academy, On-the-Job Training at IG offices, and other related training.

We wish to express our appreciation to DOI-OIG Insular Area Liaison Ben Privitt, who was instrumental in the development of the training grant; to Inspector General Earl Devaney for providing the On-The-Job-Training at the various offices; and to Assistant Secretary David Cohen for providing the funding.

### ***DOI-OIG Field Office Training***

Funded by the On-the-Job Training grant, management analysts Franklin Cooper-Nurse, in January 2005, and M. Angela Quinto, in May 2005, participated in a two month-long training session at the Interior



**Franklin Cooper-Nurse poses with Audit Team.** Left to Right: Mike Henry, Dave Brentholtz, Joaquin Carney, Greta Davidson, Julene Theis, Patrick Morrissey, Eliece Pizarro, Curtis Cryder, Pat Holloway, and Franklin Cooper-Nurse

Department's IG Field Office in Albuquerque, New Mexico. The program provided hands-on and actual DOI-OIG audit training and allowed the OPA staff members to be "a part of the team." Franklin and Angela also participated in a review of specific programs within the Department of Interior.

We wish to express our heartfelt appreciation to the staff of the DOI-OIG Albuquerque office for the valuable mentorship they provided to Franklin Cooper-Nurse and Angela Quinto. OPA Analyst Vincent Duenas also attended this training between July and September 2004. Auditor Rodalyn Marquez and Analyst Maripaz N. Perez are scheduled to undergo the training in February 2006.



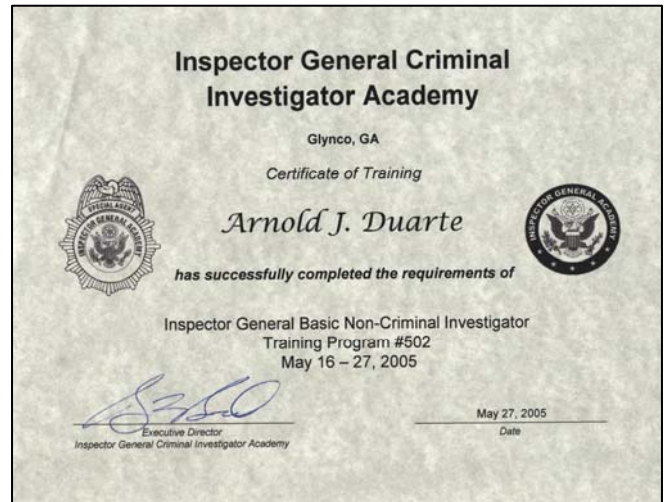
**Angela Quinto poses with Albuquerque DOI-OIG staff.** Left to Right: Auditor Carlene Rathman, OPA Angela Quinto, Field Office Supervisor Julene Theis, Administrative Assistant Mary-Alice Garcia, and Audit Supervisor Joaquin Carney.

### ***Inspector General Academy Training***

In May 2005, OPA Investigator Arnold J. Duarte attended the Inspector General Academy–Federal Law Enforcement Training Center (FLETC) in Glynco, Georgia. FLETC is a federally regulated and secured campus, much like a restricted military base.

The Inspector General Academy – FLETC is an institute of specialized training established by the Treasury Department to hone the skills of investigators and other federal law enforcement officers. The academy is also an excellent training ground for auditors, intelligence analysts, investigative technicians, and other related positions. The Academy employs attorneys and special agents to instruct the majority of classes.

Arnold underwent a two-week Basic Non-Criminal Investigator Program, which included courses on interviewing, evidence collection, computer-related investigations, legal matters pertaining to investigations, and other investigative techniques. The advanced training solidified Arnold's background in investigations, having previously worked with the Guam Police Department and Attorney General's Office for over 15 years.



### **Emphasis on Training**

Over the past five years, the Public Auditor has been a strong advocate of continuing professional education. The bulk of the training has been provided by the USDA Graduate School, in conjunction with the



Pacific Islands Training Initiative (PITI) grant.

We again wish to express our appreciation to the Department of Interior Office of Insular Affairs for the continued funding of the PITI and to USDA Graduate School, most especially, Stephen Latimer for being responsive to the training needs of the OPA. In 2005, OPA staff received an average of 90 CPE hours after attending some of the following courses:

- Government Financial Management and Control
- Application and Implementation of Internal Controls
- Procurement Policies and Procedures
- Accounting and Reporting Standards Annual Update and Review
- Grants Management
- Certified Government Financial Management Review Training
- Team Developed Audit Reports
- Ethics Standards Update and Review for Guam CPA's in Public Practice
- Service Efforts and Accomplishment and Reporting
- Basic Non-Criminal Investigator Training Program

### ***2005 APIPA in Koror, Palau***

The OPA is a member of the Association of Pacific Island Public Auditors (APIPA). The association was formed in 1988 and now consists of twelve members: the Public Auditors of the Commonwealth of the Northern Mariana Islands (CNMI), American Samoa, Guam, the Republic of Palau, the Republic of the Marshall Islands (RMI), the Federated States of Micronesia (FSM) National Government, the FSM states of Pohnpei, Yap, Chuuk and Kosrae, Western Samoa, and the Virgin Islands.

APIPA conducts training conferences annually, rotating the location among its

members. The conferences are made possible through PITI.

In July, the Public Auditor, along with Joseph Claveria, Auditor Llewelyn Restuvog, and Management Analyst Vincent Duenas traveled to Koror, Palau, to participate in the 16<sup>th</sup> Annual APIPA conference sponsored by the Palau OPA. Public and private sector auditors and accountants throughout Micronesia attended the five-day training conference.

The Palau conference offered several training tracks (auditor, finance, and supervisor), with courses ranging from GASB Updates, Attributes of an Audit Finding, Assessing Controls, Interviewing Techniques for Auditors, Analyzing Financial Statements, Federal Grants Management to Fraud and Government.

The conference afforded the OPA staff the opportunity not only to earn CPE credits towards meeting the requirements of the Government Auditing Standards, but also to meet their counterparts in government auditing from around the region.

The 2006 APIPA Conference is scheduled to



**16th Annual APIPA Conference in Palau.** (Left to Right): Joseph P. Claveria, Doris Flores Brooks, Llewelyn Restuvog and Vincent Duenas at the Ngarachamayong Cultural Center.



be hosted in Pohnpei by the National Office of Public Auditor of the Federated States of Micronesia.

### **New Certified Internal Auditor and Certified Fraud Examiner**

The Public Auditor supports personal professional development and encourages staff to earn nationally recognized certifications, such as the Certified Public Accountant (CPA), the Certified Internal Auditor (CIA), the Certified Government Financial Manager (CGFM), and the Certified Fraud Examiner (CFE).

In 2005, Auditor Yuka Cabrera completed the CIA testing requirements and was issued her certificate by the Institute of Internal Auditors (IIA). Nationwide, there are only 55,000 Certified Internal Auditors. Yuka is also a CPA.



In August 2005, OPA hired its first CFE, Zeny Asuncion-Nace. Zeny is one of only 35,000 CFE's dedicated to providing anti-fraud education and training. The goal of the Association of Certified Fraud Examiners is to reduce fraud worldwide and to inspire public confidence in the integrity and objectivity of the profession. As a CFE, Zeny is required to take 20 hours of CPE's, of which 10 hours must be directly related to

the detection and deterrence of fraud. Zeny is also a CPA and CGFM.



**Zeny Asuncion-Nace (holding red book) along with fellow CFE's at a conference in Hong Kong, November 2005**

### **Masters in Organizational Management**

In December 2005, OPA Management Analyst Maripaz Nogoy Perez received her Master of Arts in Organizational Management from the University of Phoenix.



As an incentive, staff who obtain a national certification or advanced degree are awarded a meritorious increase in salary.

### **Certified Government Financial Management (CGFM) Training in Saipan**

At the Public Auditor's encouragement and to further strengthen the credibility of the OPA, five staff members attended the Certified Government Financial Management Review Training in Saipan in January and May 2005. They were Auditor Llewelyn Restuvog and Analysts Franklin Cooper-Nurse, Angela Quinto, Theresa Gumataotao, and Vincent Duenas. We are grateful to the Public Auditor of CNMI, Michael Sablan, who hosted the CGFM

training and invited Guam OPA staff to attend.

Established over a decade ago, the CGFM certification covers the entire field of government financial management, federal, state, and local. It measures a wide range of knowledge and skills that a government professional should have to succeed in the federal, state, or local government environment.



**CGFM Training in Saipan** (Top to Bottom): Theresa Gumataotao, Pete Rose-Instructor, Angela Quinto, Llewelyn Restuvog, Rose, and Franklin Cooper-Nurse.

### **Investigative Unit**

OPA's Investigations Division is headed by Investigator Arnold J. Duarte, who came on board in May 2004. Arnold addresses complaints and investigates tips received through the OPA Hotline. He coordinates with the Attorney General's Office for indictments and prosecution resulting from our audits.

His previous experience as a Guam police officer and an investigator with the Attorney

General's Office makes Arnold a valuable asset in the OPA.

### **Procurement Appeals Function Added**

The Fiscal Year 2006 budget act increased OPA's duties and responsibilities by appointing her office the Procurement Appeals Hearing Officer. OPA is now responsible for reviewing and deciding properly submitted procurement appeals submitted to OPA. OPA has the power to compel any government employee, including those of the autonomous agencies and public corporations, to appear, give testimony and produce any documents necessary.

To attend to this responsibility, OPA received a budget of \$100,000 to hire a Procurement Hearings Officer.

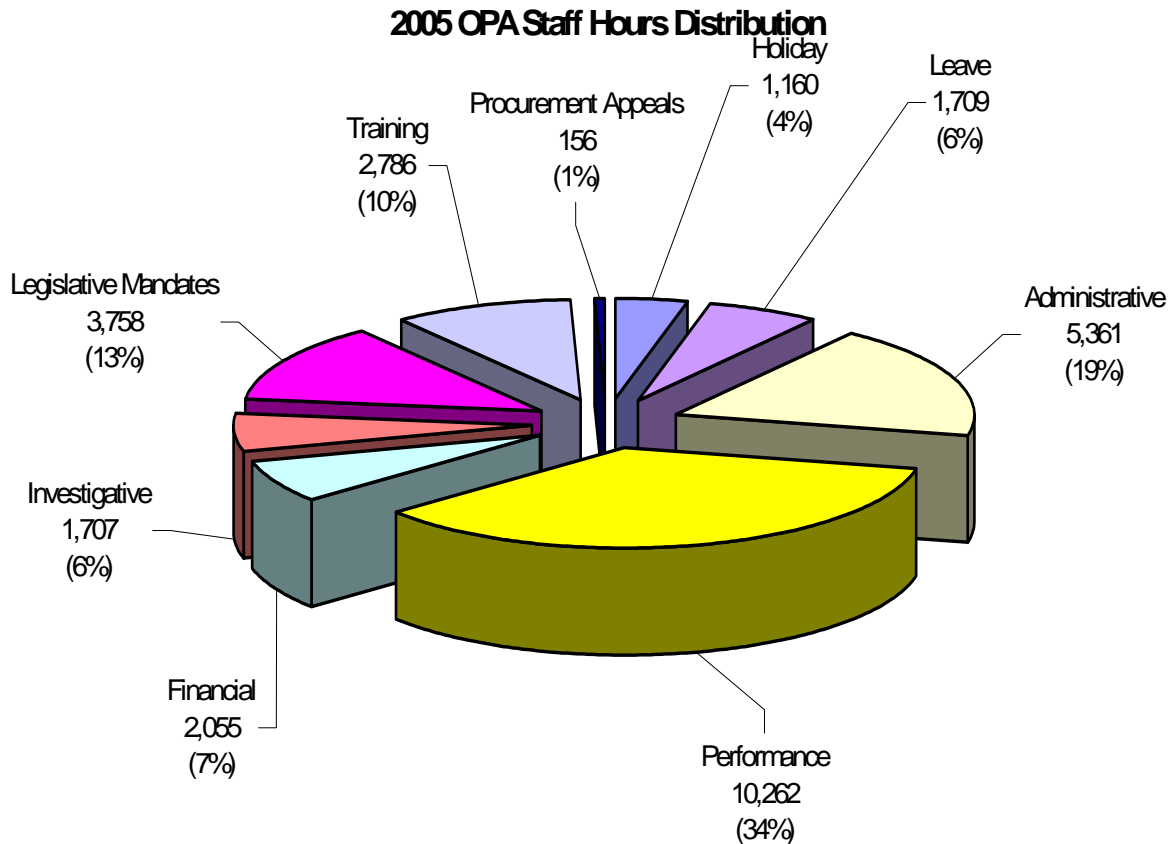
### **Ethics Training**

With the passage of Public Law 28-76, OPA was also given the responsibility to develop ethical standards for elected and appointed government officials. Some of the topics to be addressed include Guam statutes concerning ethics, lobbying, group participation in discussing, analyzing and solving ethics dilemmas, Guam procurement laws and regulations, parliamentary procedure, fiduciary responsibility, personnel policy, government finance, and the Sunshine Reform Act of 1999.

The first ethics training for elected and appointed government officials was held in April 2006. The session included group participation in discussing, analyzing, and solving ethics dilemmas.

### **Staff Hours**

At the start of 2005, OPA had employed a staff of 14 with some turnover during the year. A supervisor and three auditors were hired to fill vacant positions. By year's end,



OPA had 16 employees. See **Appendix D** OPA's Organizational Chart.

Of the 16 employees, three are CPAs, one CPA candidate, two CGFMs, two CGFM candidates, one CFE, one CIA, and three CIA candidates. OPA employees also hold master's degrees in Business Administration, Accountancy, and Organizational Management. Five non-accounting staff members hold degrees in Political Science, Public Administration, Finance and Economics, International Business, and Business Administration.

In 2005, OPA employees cumulatively spent almost 62% or 18,000 out of 28,954 available man-hours on Performance, Financial, and other audits.

#### OPA Budget

For FY 2006, OPA's budget was increased to \$950,000. The Public Auditor's salary, which has remained the same since 1994,

increased from \$82,250 to \$100,000 per annum. The budget act also eliminated the elected Public Auditor's term limitation.

#### OPA Hotline

The OPA receives many tips about possible misconduct and questions or concerns from citizens about puzzling practices of Government of Guam agencies. Information from the public is a crucial element in the audit process. It helps the OPA assess risks within the different areas of the government and where to focus its limited resources.

Pursuant to 1 G.C.A. § 1909.1(b) and (d), information received by the OPA alleging criminal activity or wrongful use of government funds or property is privileged. Disclosing privileged communication or information is a third degree felony.

In 2005, OPA received 116 tips and concerns. We addressed over 93% of them, either by forwarding them to independent



auditors, following up with appropriate authorities, initiating an audit, or determining that the information was insufficient to act on.

In the previous year, OPA received 177 tips and cleared 80% of them. See **Appendix E** for the number of Hotline calls logged in 2001 through 2005.

The OPA thanks all those citizens who took the initiative to contact our office and share information with us. Concerned citizens who wish to submit a tip or express a concern may do so by:

- Calling our office Hotline, 47AUDIT (472-8348),
- Faxing sufficient and relevant information to our office at 472-7951;
- Logging onto our website, [www.guamopa.org](http://www.guamopa.org), or
- Speaking to any of the employees or the

Public Auditor by phone or in person. Our phone number is 475-0390.

### OPA Website Gets a New Look

The OPA website gained a new look in December 2005. Our new home page is now more colorful and user-friendly. The website offers the public convenient access to audits and other information on Government of Guam autonomous and line agencies at the click of a button. In addition to viewing audit reports, the OPA website also provides a hotline tip submission form, contact information, and links to other websites related to the mission of the office. Along with the new look, our website features snippets of audit findings or quotes from issued OPA reports. There are over 150 different quotes embedded in our website for viewers to see. Vincent Duenas is the coordinator of our website and works



New OPA Website Design

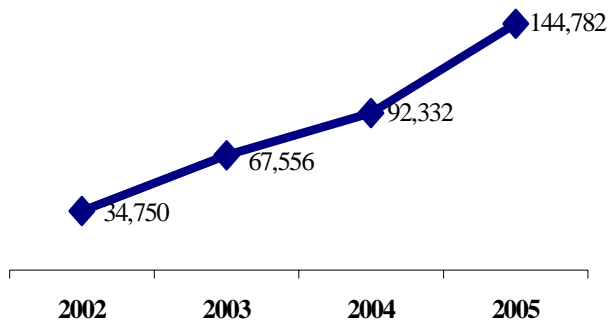


with iCon, our webmaster, on content and design. Through creative innovation, iCon Corporation continues to provide an appealing, technologically advanced website.

### OPA Website Statistics

When OPA established its website, [www.guamopa.org](http://www.guamopa.org), in January 2002, it became the “virtual office” for relevant Government of Guam agencies and professionals in the accounting and auditing fields.

Since its inception, OPA website “hits” have expanded almost five times, indicating a growing interest in our work and in the quality and importance of the information we provide. Website hits have steadily increased five-fold from its launch in 2002. More and more people utilize our website for general information on the government’s finances. The people’s appetite for transparency and accountability continues to grow and we welcome and encourage their participation and feedback.



Total Website Hits by Calendar Year

### Website Releases

In 2005, we posted 47 audits and information releases on the website. See **Appendix F** for a complete listing of releases.

### Meeting with DOI Inspector General

In November 2005, Public Auditor Doris Flores Brooks, Audit Supervisor Zeny Asuncion-Nace, and Investigator Arnold J. Duarte met with Department of Interior Inspector General Earl Devaney in Orlando, Florida, for the 5<sup>th</sup> Annual DOI-OIG Western Pacific Public Auditors Conference. The IG paid the cost of airfare, hotel, and per diem. Present at the meeting were the Public Auditors of Guam, CNMI, Republic of the Marshall Islands, FSM, American Samoa, the Republic of Palau, and the Virgin Islands.

The emphasis of the conference was for the Public Auditors and Investigators of the Pacific Islands to discuss their accomplishments, concerns, and the issues they face in the islands. Public Auditor Brooks appreciates the Inspector General’s continuing “commitment to assist and support the island public auditors.”

### Other OPA Mandates

In addition to the OPA’s oversight responsibility of audit activities, the office has received several requests or legislative mandates to partake in or review other government-related activities. OPA’s responsibilities have been expanded with over 30 public laws affecting the duties of this office. The office appreciates the trust and confidence of those making the requests or mandates. Despite our limited resources, we will continue to do our best to respond effectively. **Appendix G** lists the additional requests and mandated activities the OPA must accommodate.

### Inauguration of the Public Auditor

In January 2005, Doris Flores Brooks took the oath of office for her second term as Guam’s elected Public Auditor. Running unopposed in November 2004, she retained the trust and confidence of the people of

Guam and renewed her commitment to “Auditing for Better Government.” She credits her success to her staff for their continued professionalism, commitment, and hard work.



**Chief Justice Philip Carbullido swearing Public Auditor Doris Flores Brooks in January 2005**

### **Other Organizational Activities Community Service**

Despite a hectic schedule, OPA staff found time to contribute to our community by participating in the Lieutenant Governor’s Na’ La Bonita Island-wide Beautification Project in November 2005. OPA, along with other government departments and agencies, helped clean up the Paseo De Susana in Hagatña.



**OPA Staff and family at the Island-wide Beautification Project in November 2005**

In December, OPA staff joined the Association of Government Accountants (AGA) at the Guam Premium Outlets and at K-Mart for the Salvation Army’s annual Christmas Bell-ringing Fund Drive.

### **AGA Guam Chapter**

Most OPA employees are active members of the Association of Government Accountants (AGA), an organization dedicated to “advancing government accountability.”

Two OPA staff members currently serve as officers in this organization: Rodalyn Marquez is the Treasurer and Maripaz N. Perez is the Secretary. Three other OPA staff members, Theresa Gumataotao, Zeny-Asuncion Nace, and Angela Quinto, hold important roles as committee chairpersons.

### **2005 AGA Professional Development Conference**

In July 2005, two OPA staff won the annual local raffle to attend the 2005 AGA Professional Development Conference (PDC) held in Orlando, Florida, sponsored by the Guam Chapter of AGA. Rodalyn Marquez and Maripaz Perez represented Guam at the 54th annual conference.



**2005 AGA PDC Conference in Orlando, Florida: (Left to Right) Maripaz Perez, Rodalyn Marquez, Randall Wiegand, Mizpah Wiegand, John Phillips, and Herminia**

## JAS Company Tour

In November, members of the University of Guam's Junior Accountant Society (JAS) took a tour of the Public Auditor's office. OPA employees explained their individual functions and provided information to questions raised during the tour.



JAS company members on OPA tour

## Junior Achievement Mentorship

Junior Achievement (JA), a not-for-profit organization with chapters located worldwide, is funded by businesses, individuals, and foundations. JA's vision is to "Educate and inspire young people to value free enterprise, business, and economics to improve the quality of their lives." Its



**Junior Achievement Mentorship.** Front Row (L-R): Student members Jeremy Terlaje, Ashley Pierce, Jennifer Lizama, and Kebor Kerradel. Back Row (L-R): Francis Quinto (Advisor, University of Guam), Anita Enriquez (JA Board Member), Zeny Nace (Advisor, OPA), and Angela Quinto (Advisor, OPA).

mission is to ensure that every child has a fundamental understanding of the free enterprise system.

OPA's Angela Quinto and Zeny Nace served as volunteer advisors for Wrapped Up, a JA company sponsored by Deloitte and Touche and AGA Guam Chapter. Wrapped Up was a packaging company, which specialized in gift items that were sold in trade fair events. Students gained first-hand experience on entrepreneurship by engaging in activities relevant to the capitalization, production, sales, and liquidation processes. In summary, the JA program allows students to engage a business from its inception to its closure.

## OPA Recognition

### Audit Abstracts Published in Local Government Auditing Quarterly

In September, summaries of various OPA reports and activities were featured in the *Local Government Auditing Quarterly*, a publication of the National Association of Local Government Auditors (NALGA). The abstracts featured were the Guam Office of the Public Auditor Annual Report, Calendar Year 2004, the Guam Council on the Arts and Humanities Agency Non-Appropriated Funds (June 2005), Department of Administration Dededo Buffer Strip Revolving Fund (December 2004), and Guam Fire Department Emergency Procurement of Fire Trucks (May 2005).

### Marine Drive Magazine

The November 2005 issue of *Marine Drive Magazine* featured a profile of Public Auditor Doris Flores Brooks. The interview focused on her work and her thoughts on what it takes to be Guam's Public Auditor. See **Appendix H** for the featured article.

## Appendix A

### Waste, Abuse, and Other Questionable Amounts Identified in 2005

Auditee / Report Title	Amount	Waste/Abuse Identified
Council on the Arts and Humanities Agency's Non-Appropriated Funds	\$ 63,978	<ul style="list-style-type: none"> <li>• \$53,564 in expenditures made without Board approval.</li> <li>• \$10,414 in expenditures without supporting documentation.</li> </ul>
Guam Economic Development and Commerce Authority's Credit Card Program and Travel Related Expenditures	\$340,005	<ul style="list-style-type: none"> <li>• \$206,549 in questionable and abusive costs from credit cardholders for charges related to local restaurants and entertainment, travel related charges in addition to receiving advanced per diem or without a supporting travel authorization, and miscellaneous charges.</li> <li>• \$115,858 that would have been saved had GEDCA travelers traveled economy class rather than business class.</li> <li>• \$17,598 in unsupported costs related to procurement documentation or the lack of expense reports or supporting receipts.</li> </ul>
Dededo Mayor's Office Non-Appropriated Funds	\$2,466,807	<ul style="list-style-type: none"> <li>• \$1,300,000 in lost revenue for failing to charge the mandated \$20 vender fee permit.</li> <li>• \$314,807 in procurement exceptions.</li> <li>• \$134,000 in un-reconciled cash collections.</li> <li>• \$718,000 in unsupported revenues because of the lack of prepared financial reports and checking accounts.</li> </ul>
Port Authority of Guam Goodwill and Morale Association	\$40,317	<ul style="list-style-type: none"> <li>• \$6,567 in cost exceptions related to miscellaneous purchases and the improper use of public funds.</li> <li>• \$33,750 in unsupported costs from officers, members, and non-members.</li> </ul>
Superior Court of Guam's Judicial Building Fund	\$1,985,872	<ul style="list-style-type: none"> <li>• \$999,730 in JBF expenditures not in compliance with procurement regulations.</li> <li>• \$176,550 in budget over expenditures by line items and over expenditures in one year.</li> <li>• \$564,039 in lobbying expenditures.</li> <li>• \$245,553 in lost revenue to the Court Employees' Assoc.</li> </ul>
Chamorro Land Trust Commission Non-Appropriated Funds	\$2,291,785	<ul style="list-style-type: none"> <li>• \$420,345 in lost revenue.</li> <li>• \$72,970 in cost exceptions due to the lack of monitoring loan guarantees.</li> <li>• \$106,457 in cost exceptions.</li> <li>• \$1,692,013 in unreported revenues because of the lack of required financial reports and audits.</li> </ul>
<b>TOTAL</b>	<b>\$7,188,764</b>	



### Waste, Abuse, and Other Questionable Amounts Identified in 2004

Auditee / Report Title	Amount	Waste/Abuse Identified
Government of Guam Retirement Fund's FY 2000 and FY 2001 Report on Compliance and Internal Control	\$361,374	<ul style="list-style-type: none"> <li>• Annuity of the former Governor was enhanced by \$33,458 per year from 1/1/00 through 12/31/2003 (report date is 2/2004) for total of \$100,374.</li> <li>• \$90k overpayment of disability annuities.</li> <li>• \$171k in enhanced annuities.</li> </ul>
Department of Administration's Bounced Checks	\$4,390,933	<ul style="list-style-type: none"> <li>• \$2,782,840 in unreconciled bounced checks balance between DOA and DRT.</li> <li>• \$1,211,567 in return fee and treble damages not assessed.</li> <li>• 2,453 checks totaling \$359,990 uncollected for more than four years.</li> <li>• \$13,184 in the Miscellaneous bounced check account that cannot be substantiated.</li> <li>• \$11,730 in bounced check fees assessed by the bank.</li> <li>• \$11,622 for 16 bounced checks that cannot be located at the AG's office.</li> </ul>
Department of Administration's Special Revenue Funds Part I	\$618,653	<ul style="list-style-type: none"> <li>• \$618,653 in remaining fund balances should be transferred to General Fund</li> </ul>
Department of Administration's Dededo Buffer Strip Revolving Fund	\$1,336,591	<ul style="list-style-type: none"> <li>• \$8,591 in commercial lease rent owed to Dededo and Yigo MPC Revolving Funds.</li> <li>• Estimated \$328,000 (over four years) in Flea Market vendor permits not reported to the MCOG as required.</li> <li>• Estimated loss of \$1 million (over 11 years) in lost rents to the Municipality of Dededo.</li> </ul>
Department of Chamorro Affairs Non-Appropriated Funds	\$831,224	<ul style="list-style-type: none"> <li>• Unknown and unaccounted cash deposits of \$84,996, and unsupported and unauthorized disbursements of \$471,704.</li> <li>• \$240,000 in-kind contributions available through a qualifying certificate since 1997, which have not been utilized.</li> <li>• A 50% advance of \$6,270 was paid to a contractor for financial services not rendered.</li> <li>• Professional services of \$28,254 was disbursed to a vendor for a Chamorro-English/English-Chamorro dictionary but DCA did not receive a draft of the dictionary.</li> </ul>
Chamorro Village's Non-Appropriated Funds	\$218,674	<ul style="list-style-type: none"> <li>• \$11,041 variance between Commercial Lease Agreements and actual receipts. \$3,201 variance in Wednesday Night Market revenues.</li> <li>• 35 POs, totaling \$95,962 issued without sufficient quotes and 1 PO totaling \$43,500 for painting services was not advertised.</li> <li>• \$4,550 in lost revenues from Special Agreements.</li> <li>• \$3,791 for the cost of marketing plan prepared by University of Guam students not utilized by Chamorro Village.</li> <li>• Six entertainers paid \$30,478 in excess of the average paid to other entertainers. \$1,151 was spent on incidentals such as food, phone cards, and cigarettes.</li> </ul>

- \$25,000 improperly deposited into the Department of Chamorro Affairs primary account instead of the Guam Public Market Revolving Fund.

General Services Agency's Small Purchases Procurement Function	\$1,114,090	<ul style="list-style-type: none"> <li>• \$819,489 to three vendors consistently called upon for office supplies without a bid.</li> <li>• Multiple POs totaling \$294,601 issued to the same vendor on the same day.</li> </ul>
General Services Agency's Blanket Purchase Agreement Procurement Function	\$2,531,985	<ul style="list-style-type: none"> <li>• 3 contracts for \$137,120 issued as BPAs that circumvented proper issuance of contracts and POs.</li> <li>• Incomplete documentation of BPAs for 32 Pos, totaling \$864,443.</li> <li>• 5 POs lacked running balance logs and resulted in the over-payment of \$130,697.</li> <li>• 52 POs, totaling \$779,948, were issued in the amount of \$14,999 each in a short period of time for the same type of items to avoid bidding.</li> <li>• 8 POs, totaling \$460,100, were issued three days prior to the end of the fiscal year to the same vendor.</li> <li>• One vendor received \$84,681 more than the original awarded; 6 POs, totaling \$74,996, was awarded to this same vendor and there was no written documentation to justify the selection.</li> </ul>
General Services Agency's Competitive Sealed Bidding, Sole Source, and Emergency Procurement Functions	\$12,345,544	<ul style="list-style-type: none"> <li>• Improper payments of \$3,061,846 for POs citing existing territorial contracts.</li> <li>• \$2,978,805 in improper payments of expired copier bids/contracts for FY 2000 and FY 2001.</li> <li>• Payments totaling \$699,825 for 57 sole source purchase orders the validity of the sole source were not independently verified.</li> <li>• \$4,107,806 for 331 ratified unauthorized purchases</li> <li>• 13 POs totaling \$129,125 did not have three solicited quotes documented within the procurement files.</li> <li>• \$1,368,137 for 7 POs where GSA provided less than the minimum 15-day bidding time requirement.</li> </ul>
<b>TOTAL</b>	<b>\$23,749,068</b>	

## Waste, Abuse, and Other Questionable Amounts Identified in 2003

Auditee/ Report Title	Amount	Waste/Abuse Identified
General Services Agency's Tendan Gobetnu	\$ 671,000	<ul style="list-style-type: none"> <li>• \$183,000 of loss from operations.</li> <li>• \$488,000 in inventory loss and obsolescence.</li> </ul>
Guam Fire Department's E-911 System	\$ 1,136,000	<ul style="list-style-type: none"> <li>• \$166,000 in expenditures on a non-beneficial E-911 consulting contract.</li> <li>• \$970,000 in unremitted revenues from GTA and other private subscribers.</li> </ul>
Supplemental to Guam International Airport Authority's FY 2002 Report on Compliance and Internal Control	\$ 8,462,000	<ul style="list-style-type: none"> <li>• Improper procurement and expenditure of:               <ul style="list-style-type: none"> <li>○ \$1,000,000 for the Mama Bear Theme Park</li> <li>○ \$1,660,000 for Birdman Rally-related construction</li> <li>○ \$565,000 for the Aviation Park construction</li> <li>○ \$3,185,000 for the Aviation Museum Plan, VIP Lounge construction, and Governor Statues, which were abandoned</li> <li>○ \$456,000 for a sponsored Golf Tournament.</li> </ul> </li> <li>• \$860,000 Chinese Art Exhibition/Terra Cotta Warrior Statues</li> <li>• \$165,000 for a consulting contract with no formal agreements.</li> <li>• \$571,000 in excessive travel expenditures on the 1<sup>st</sup> Quarter of FY 2003.</li> </ul>
Guam Memorial Hospital's Radiology Equipment Purchase	\$ 1,500,000	<ul style="list-style-type: none"> <li>• \$1,500,000 in improper procurement involving Radiology equipment.</li> </ul>
Guam Police Department's Asset Forfeiture	\$ 939,000	<ul style="list-style-type: none"> <li>• \$849,000 in unaccounted disbursements of Safe Streets Foundation Fund.</li> <li>• \$90,000 in firearms training target ruined due to poor storage facilities.</li> </ul>
Guam Waterworks Authority's Typhoon Chata'an Expenditures	\$ 27,000	<ul style="list-style-type: none"> <li>• \$27,000 in questionable incurrence of overtime after typhoon Chata'an and Halong in 2002.</li> </ul>
Liberation Day Committee	\$ 2,195,751	<ul style="list-style-type: none"> <li>• People Helping People underreported \$424,950 in donations received from the Liberation Day Committee in its 2000 and 2001 financial statements filed with the DRT.</li> <li>• Liberation Day Committee underreported \$484,622 in revenues and \$172,377 in expenses.</li> <li>• \$10,000 paid to Manenggon Memorial Foundation, which was cashed by the Foundation president instead of the organization.</li> <li>• \$5,000 from Department of Education was paid for DOE's 2002 Liberation Queen Candidate. The DOE General Fund was reimbursed.</li> <li>• 28 bids totaling \$988,433 out of 33 bids for gambling activities and sale of alcoholic beverages lacked the non-profit status certification from DRT.</li> <li>• 10,950 unaccounted raffle booklets worth \$52,950.</li> <li>• \$20,791 of raffle proceeds were made payable to individuals instead of the appropriate organizations supporting the candidate.</li> <li>• \$4,000 Chamorro Land Trust Commission (CLTC) check was written to a former acting CLTC director and claimed to have been used for a 2001 Liberation float.</li> <li>• \$32,628 paid to 3 individuals without supporting documentation.</li> </ul>

Office of the Attorney General's Child Support Enforcement Program	\$ 6,208,000	<ul style="list-style-type: none"> <li>\$5,400,000 in undistributed, unreconciled child support collections.</li> <li>\$345,000 in renovation costs not procured in accordance with procurement law due to transfer of Child Support Office.</li> <li>\$170,000 in additional least cost due to transfer of Child Support Office.</li> <li>\$293,000 in federal penalties due to failure to meet federal certification deadline of APASI Child Support System.</li> </ul>
<b>TOTAL</b>	<b>\$21,138,751</b>	

### Savings Identified in 2003

Auditee / Report Title	Amount	Savings Identified
Office of the Attorney General's Child Support Enforcement Program	\$ 207,000	<ul style="list-style-type: none"> <li>\$207,000 in unused funds from a dormant Child Support bank account.</li> </ul>
Department of Corrections Overtime Practices	\$ 2,817,755	<ul style="list-style-type: none"> <li>In FY 2004, DOC was able to reduce overtime expenditures by 78% from FY 2002.</li> </ul>
<b>TOTAL</b>	<b>\$ 3,024,755</b>	

### Waste, Abuse, and Other Questionable Amounts Identified in 2002

Auditee / Report Title	Amount	Waste/Abuse Identified
Department of Corrections Overtime Practices	\$ 4,000,000	<ul style="list-style-type: none"> <li>Estimated dollar value of unaccounted hours at DOC could be as high as \$4 million. Overtime has been reduced by over 70% since the release of our interim report.</li> </ul>
Department of Land Management Permit for Use of the Matapang Beach Park	\$ 1,563,000	<ul style="list-style-type: none"> <li>\$1.5 million rent not collected by DPR (\$91,000/year)</li> <li>\$63,000 not collected by DPW</li> </ul>
Department of Parks and Recreation Revolving Fund	\$ 100,000	<ul style="list-style-type: none"> <li>\$100,000 missing from the Parks and Recreation Revolving Fund</li> </ul>
Guam International Airport Authority's Credit Cards and Travel	\$ 1,205,500	<ul style="list-style-type: none"> <li>\$1.05 million in total travel costs over 24 months.</li> <li>\$144,000 in travel costs by Executive Manager over 24 months.</li> <li>\$11,500 abuse by Deputy Executive Manager (\$8,000 recovered).</li> <li>Credit cards cancelled at GIAA.</li> </ul>
Guam Mass Transit Authority's Credit Card	\$ 21,000	<ul style="list-style-type: none"> <li>\$15,000 abuse by Assistant General Manager</li> <li>\$6,000 abuse by General Manager</li> </ul>
Guam Memorial Hospital Authority	\$ 450,000	<ul style="list-style-type: none"> <li>\$150,000 wrongful death settlement paid to a high-ranking GMHA official.</li> <li>\$300,000 settlement paid to a physician who claimed her rights had been violated by GMHA due to disciplinary actions taken against her.</li> </ul>
Southern High School's Non-Appropriated Funds	\$ 106,000	<ul style="list-style-type: none"> <li>\$102,000 in undocumented expenditures and \$4,000 in funds not reimbursed to SHS Close-Up Fund.</li> </ul>
University of Guam	\$ 1,700,000	<ul style="list-style-type: none"> <li>\$1.7 million wasted on an energy project, which was abandoned.</li> </ul>
Department of Parks and Recreation Employees Association	\$ 29,900	<ul style="list-style-type: none"> <li>\$29,900 paid to DPR employees and family</li> </ul>
<b>TOTAL</b>	<b>\$ 9,175,400</b>	



### Savings Identified in 2002

Auditee / Report Title	Amount	Savings Identified
Guam Mass Transit Authority	\$ 13,500	• \$13,500 saved by rolling audit into GPFS.
Supreme Court of Guam	\$ 8,000	• \$8,000 saved by rolling audit into GPFS.
<b>TOTAL</b>	<b>\$ 21,500</b>	

### Waste, Abuse, and Other Questionable Amounts Identified in 2001

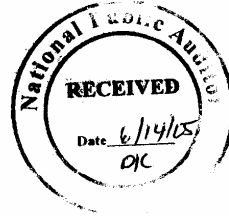
Auditee / Report Title	Amount	Waste/Abuse Identified
Mayors' Offices of Barrigada, Chalan Pago, and Inarajan	\$276,649	<ul style="list-style-type: none"> <li>• \$77,437 was spent by three Mayors, which is more than one-fourth of the sum disclose or appropriated for an entire fiscal year.</li> <li>• The three village Mayors transferred assets totaling \$31,127 before the end of their administration. This does not include items for which a value was "unknown" but still disclosed as transferred.</li> <li>• \$147,387 for projects related to construction, road repair, and beautification were not properly procured.</li> <li>• A single signature both approved and acknowledged receipt of work performed for equipment rental and roadwork totaling \$2,515.</li> <li>• Government vehicles were used for private purposes and \$395 was paid for private fuel purchases.</li> <li>• The Mayors' Offices negotiated and contracted business with an unlicensed vendor to perform jobs costing \$9,680.</li> <li>• \$8,108 of cash advances were unsupported because invoices to support the expenditures were not sufficient.</li> </ul>
Department of Parks & Recreation	\$25,221	<ul style="list-style-type: none"> <li>• \$22,021 was diverted into the DPR Employees' Association checking account instead of being deposited into the DPR Revolving Fund.                             <ul style="list-style-type: none"> <li>○ \$7,858 was paid to the Assistant Recreation Administrator and his family.</li> <li>○ \$6,110 was paid to other DPR employees, which were for personal use of the employees.</li> </ul> </li> <li>• \$3,200 paid to Assistant Recreation Administrator, but was not deposited into the DPR Revolving Fund.</li> </ul>
<b>TOTAL</b>	<b>\$301,870</b>	

Appendix B  
Peer Review Report



## ASSOCIATION OF PACIFIC ISLANDS PUBLIC AUDITORS

May 31, 2005



Ms. Doris Flores Brooks, CPA  
Public Auditor  
Office of the Public Auditor  
Government of Guam  
238 Archbishop Flores Street  
Suite 401, Pacific News Building  
Hagåtña, Guam 96910

Dear Ms. Brooks:

We have completed an external quality control review of the Office of the Public Auditor, Government of Guam for audits issued during the period November 1, 2002 through April 30, 2005. In conducting our review, we followed the standards and guidelines contained in the *APIPA Quality Control Review Guide* published in September 1995 by the Association of Pacific Island Public Auditors (APIPA).

As prescribed by the APIPA Guide, we reviewed the internal quality control system of your audit organization and tested a sample of audits conducted by your office for compliance with Government Auditing Standards issued by the Comptroller General of the United States. Due to variance in individual performance and judgment, compliance does not imply adherence to standards in every case, but does imply adherence in most situations.

We have concluded from our review that your system of internal quality control was suitably designed and provided reasonable assurance that applicable Government Auditing Standards were followed in your audit work. We have also concluded from the sample of audits tested that your quality controls were working effectively and that audits were conducted in conformance with applicable standards during the period under review.

In our opinion, the Office of the Public Auditor, Government of Guam was in compliance with Government Auditing Standards during the period November 1, 2002 through April 30, 2005.

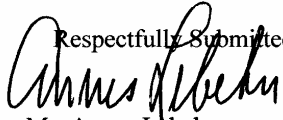
We have also prepared a separate letter to management, which offers suggestions for further strengthening your internal control system. The management letter should be considered an integral part of this report.

Members  
Office of the Public Auditor  
of  
Territory of American Samoa. Commonwealth of the Northern Marianas Islands.  
Republic of the Marshall Islands. Federated States of Micronesia. Republic of Palau.  
Phonpei State. Yap State. Territory of Guam. Chuuk State. Kosrae State.

## Peer Review Report

It is recommended that this report, and the accompanying management letter, be made available to the public.

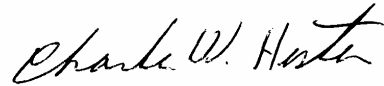
Respectfully Submitted,



Mr. Annes Lebehn  
Public Auditor, Pohnpei State  
Federated States of Micronesia  
APIPA QCR Team Leader



Mr. Haser Hainrick  
National Public Auditor  
Federated States of Micronesia  
APIPA QCR Team Member



Mr. Charles W. Hester  
APIPA QCR/Peer  
Review Consultant



## ASSOCIATION OF PACIFIC ISLANDS PUBLIC AUDITORS

May 31, 2005

Ms. Doris Flores Brooks, CPA  
Public Auditor  
Office of the Public Auditor  
Government of Guam  
238 Archbishop Flores Street  
Suite 401, Pacific News Building  
Hagåtña, Guam 96910

Dear Ms. Brooks:

We have completed an external quality control review of the Office of the Public Auditor, Government of Guam for audits issued during the period November 1, 2002 through April 30, 2005. We have issued a report stating our opinion concerning your organization's overall level of compliance with government auditing standards. We are issuing this companion letter to management to offer suggestions for improvement. This letter should be read in conjunction with our opinion report.

The following suggestions are made for the purpose of strengthening your internal quality control systems:

**Personal Impairment Statements.** Government Auditing Standards (Chapter 3) states in part that "In all matters relating to the audit work, the audit organization and the individual auditor... should be free both in fact and appearance from personal, external, and organizational impairments to independence." To assure compliance with this Standard your Office adopted the policies and procedures in its Audit Manual (Part III, Chapter 1, Part 1.4). The Manual requires that each staff member complete a Personal Impairment Statement (Exhibit III-1) to ensure that the assigned individuals are free from personal impairments. Our review of the working papers for 5 audits disclosed that these Statements were not always completed prior to the start of the audit. In some cases, the Statements were not completed until close to or after the audit reports were issued. None of the Statements disclosed impairments; however, we suggest that steps be taken to ensure that these Personal Impairment Statements are completed at the initiation of all future audits.

**Prior Year Findings and Recommendations.** For all performance audits that are conducted in accordance with the *Yellow Book*, the auditors should design their audit procedures to include review of prior audit findings and recommendations. The benefit of an audit is realized when the auditee takes

Members  
Office of the Public Auditor

2 of 9<sup>f</sup>

Territory of American Samoa. Commonwealth of the Northern Mariana Islands.  
Republic of the Marshall Islands. Federated States of Micronesia. Republic of Palau.  
Phonpei State. Yap State. Territory of Guam. Chuuk State. Kosrae State.



## Peer Review Report

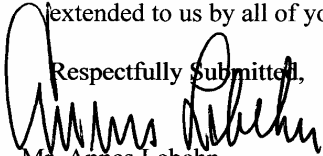
appropriate action steps to implement the audit recommendations. One way to evaluate the auditee's reception of, and deriving the benefits from an independent audit, is to evaluate and determine whether the auditee implements corrective actions as recommended in its audits. Therefore, the current and subsequent audits must discuss the status of prior audit findings and recommendations as a mean of determining and evaluating whether the auditee is receiving the benefits that should be derived from its independent audits and reviews.

We found that on 2 of the 5 audits reviewed, although prior audit findings and recommendations were noted in the current audits, there was no discussion regarding the status of those prior audit findings and recommendations. We suggest that on all future audits where prior findings and recommendations are identified, steps be taken to determine the status and whether corrective actions were implemented.

The above suggestions were discussed with Ms. Brooks during the exit conference conducted on May 13, 2005. The Public Auditor concurred with our suggestions and has taken steps to effectively address both issues.

In closing we would like to thank your Office for the warm reception and cooperation extended to us by all of your staff during our review.

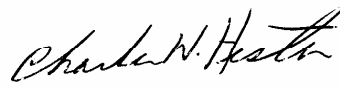
Respectfully Submitted,



Mr. Annes Lebehn  
Public Auditor, Pohnpei State  
Federated States of Micronesia  
APIPA QCR Team Leader



Mr. Haser Hainrick  
National Public Auditor  
Federated States of Micronesia  
APIPA QCR Team Member



Charles W. Hester  
APIPA QCR/Peer Review  
Technical Consultant

## Management Response



OFFICE OF THE PUBLIC AUDITOR

May 25, 2005

Mr. Annes Lebehn  
Public Auditor, Pohnpei State  
Federated States of Micronesia  
P.O. Box 370  
Pohnpei, FSM 96941

Dear Mr. Lebehn:

We have reviewed the draft report on the external Quality Control Review of the Guam Office of the Public Auditor (OPA) and the draft management letter accompanying the report. In the draft management letter, the team made suggestions to further strengthen our internal quality control system in the areas of (1) personal impairment statements and (2) prior year findings and recommendations.

First, we agree that personal impairment statements were not always completed prior to the start of the audit and that in some cases, these statements were either completed close to or after the audit reports were issued. Guam OPA will ensure compliance with Government Auditing Standards relating to personal impairments and has begun the steps to ensure that personal impairment statements are completed at the initiation of all future audits.

Second, we agree that the benefit of an audit is realized when the auditee has taken the necessary action to implement the audit recommendations and that in some cases, the status of prior audit findings and recommendations were not discussed in the audit reports. Guam OPA will ensure that steps will be taken to determine the status of prior audit findings and whether corrective actions were implemented on all recommendations made by Guam OPA. The responsibility for tracking and resolving prior audit findings is that of the auditee and not that of Guam OPA. However, Guam OPA will ensure that steps are taken by its staff to ask audited entity officials to identify previous financial audits, attestation engagements, performance audits, or other studies related to the objective of the audit being undertaken and to identify corrective actions taken to address significant findings and recommendations that would affect the audit.

We would like to thank you and your team for performing the review and ensuring that Guam OPA continues to improve its quality control system and compliance with Government Auditing Standards.

Senseramente,

Doris Flores Brooks, CPA, CGFM  
Public Auditor

Suite 401, Pacific News Building  
238 Archbishop Flores Street, Hagåtña, Guam 96910  
Tel (671) 475-0390 • Fax (671) 472-7951  
www.guamopa.org • Hotline: 47AUDIT (472-8348)

## Transmittal Letter to the Governor of Guam



OFFICE OF THE PUBLIC AUDITOR

June 24, 2005

Honorable Felix P. Camacho  
Governor  
Office of the Governor  
P.O. Box 2950  
Hagatna, Guam 96932

Dear Governor Camacho:

As required by Government Auditing Standards (GAS), audit organizations performing audits must undergo an independent external peer review every three years. As part of the Guam Office of the Public Auditor's efforts to ensure compliance with GAS, the Public Auditor contracted with the Association of Pacific Islands Public Auditors (APIPA) to perform the external peer review. The APIPA quality control review team consisted of team leader Mr. Annes Lebehn, Public Auditor of Pohnpei State, team member Mr. Haser Hainrick, National Public Auditor of the Federated States of Micronesia and Mr. Charles W. Hester, a former GAO Regional Director, now APIPA QCR consultant. The team conducted and completed its review in May 2005 of audits issued by the Guam OPA during the period November 1, 2002 through April 30, 2005.

We are pleased to announce that the Guam Office of the Public Auditor received a peer review rating of full compliance, the highest of three levels of compliance with GAS, given to audit organizations.

Enclosed is a copy of the APIPA Quality Peer Review final report and management letter. For your convenience, you may also view and download the reports in their entirety at [www.guamopa.org](http://www.guamopa.org).

*Senseramente,*

Doris Flores Brooks, CPA, CGFM  
Public Auditor

Enclosures (4):

- APIPA Letter to Governor Camacho
- APIPA Quality Peer Review Report
- APIPA Quality Peer Review Management Letter
- Guam OPA Response to APIPA Management Letter



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Transmittal Letter to the Speaker of the Guam Legislature



ASSOCIATION OF PACIFIC ISLANDS  
PUBLIC AUDITORS

June 15, 2005

The Honorable Mark Forbes, Speaker  
The Twenty-Eighth Guam Legislature  
155 Hesler Place  
Hagåtña, Guam 96910

Dear Speaker Forbes:

Attached for your reference is the final report of the Government of Guam's Office of the Public Auditor pursuant to a Quality Control Review done by our team of auditors from the Association of Pacific Island Public Auditors (APIPA). External quality control reviews of all audit offices issuing audit reports guided by Government Auditing Standards (GAS) are required at least every three years. Because of this requirement, your Public Auditor initiated and contracted with APIPA.

Your Public Auditor's office was determined to be fully in compliance with Government Auditing Standards for the period reviewed. Fully compliance is the highest of three possible ratings issued in an external quality control review. The report now becomes public information and may be made accessible to any interested person(s). The working papers and other supporting documentation accumulated during our review will be maintained by the Public Auditor's office.

For your information, the expenses of the Quality Control Review were borne by the U.S. Department of Interior's Office of Insular Affairs.

It was a privilege working with the staff of the Public Auditor's office, most especially Ms. Brooks, the Public Auditor. Each member of Ms. Brooks' office was most cooperative and helpful to the team and exemplifies the highest standards of the auditing profession.

Respectfully Submitted,  
Mr. Annes Lebehrr  
Public Auditor, Pohnpei State  
Federated States of Micronesia  
APIPA QCR Team Leader

Mr. Haser Hainrick  
National Public Auditor  
Federated States of Micronesia  
APIPA QCR Team Member

Mr. Charles W. Hester  
APIPA QCR/Peer Review  
Consultant

Attachment

Cc: Ms. Doris Flores Brooks, CPA  
Public Auditor, Office of the Public Auditor  
Government of Guam

Members  
Office of the Public Auditor  
of  
Territory of American Samoa. Commonwealth of the Northern Marianas Islands.  
Republic of the Marshall Islands. Federated States of Micronesia. Republic of Palau.  
Phonpei State. Yap State. Territory of Guam. Chuuk State. Kosrae State.  
Samoa, Virgin Islands



**Appendix C**  
**Financial Audits Issued in 2005**

**Financial Audits Issued in Calendar Year 2005**

<b>Auditee</b>	<b>Report Year</b>	<b>Issue Date</b>	<b># of Findings</b>	<b>Questioned Costs</b>	<b>Number of Employees</b>	<b>Salaries and Wages</b>	<b>Auditing Firm</b>
Guam Telephone Authority	FY 2004	25-Jan-05	12	\$ -	347	\$ 13,221,036	Ernst & Young
Guam Economic Development and Commerce Authority	FY 2003	30-Jan-05	0	\$ -	27	\$ 2,012,032	Deloitte Touche Tohmatsu
Guam International Airport Authority	FY 2004	01-Feb-05	4	\$ 153,558	219	\$ 7,770,401	Deloitte Touche Tohmatsu
Tourist Attraction Fund	FY 2002	09-Feb-05	3	\$ -	0 (1)	\$ -	Deloitte Touche Tohmatsu
Tourist Attraction Fund	FY 2003	09-Feb-05	3	\$ -	0 (1)	\$ -	Deloitte Touche Tohmatsu
Territorial Highway Fund	FY 2002	14-Feb-05	2	\$ -	63	\$ 2,835,610	Deloitte Touche Tohmatsu
Territorial Highway Fund	FY 2003	14-Feb-05	2	\$ -	63	\$ 2,655,131	Deloitte Touche Tohmatsu
Guam Community College	FY 2003	24-Mar-05	2	\$ -	180	\$ 11,263,056	Deloitte Touche Tohmatsu
Port Authority of Guam	FY 2004	06-Apr-05	1	\$ -	331	\$ 14,214,857	Deloitte Touche Tohmatsu
Guam Educational Telecommunications Corp. (KGTF)	FY 2004	05-May-05	1	-	10	\$ 427,338	Burger & Comer
Guam Power Authority	FY 2004	06-Jun-05	14	\$ 11,956	509	\$ 26,714,161	Deloitte Touche Tohmatsu
Guam Economic Development and Commerce Authority	FY 2004	08-Jun-05	0	\$ -	21	\$ 1,282,715	Deloitte Touche Tohmatsu
Guam Memorial Hospital Authority	FY 2003	09-Jun-05	45	\$ 872,724	817	\$ 2,043,818	J. Scott Magliari and Co.
Guam Visitors Bureau	FY 2002	21-Jun-05	6	\$ -	39	\$ 1,531,821	Slater, Nakamura, & Co. LLP
Department of Education	FY 2004	22-Jun-05	21	\$ 364,480	3,868	\$ 150,063,057	Deloitte Touche Tohmatsu
University of Guam	FY 2004	27-Jun-05	7	\$ 935	390	\$ 22,439,764	Deloitte Touche Tohmatsu
Government of Guam Retirement Fund	FY 2004	30-Jun-05	4	\$ -	42	\$ 1,378,147	Burger & Comer
Guam Waterworks Authority	FY 2004	01-Jul-05	19	\$ 115,000	242	\$ 12,918,917	Deloitte Touche Tohmatsu

### Financial Audits Issued in Calendar Year 2005

Auditee	Report Year	Issue Date	# of Findings	Questioned Costs	Number of Employees	Salaries and Wages	Auditing Firm
Guam Community College	FY 2004	07-Jul-05	2	\$ -	193	\$ 11,327,315	Deloitte Touche Tohmatsu
Guam Housing and Urban Renewal Authority	FY 2004	08-Jul-05	27	\$ 33,646	105	\$ 4,596,744	J. Scott Magliari and Co.
Guam Housing Corporation	FY 2004	26-Jul-05	20	\$ 45,584	23	\$ 985,802	J. Scott Magliari and Co.
Government of Guam General Purpose Financial Statements & Single Audit Reports	FY 2004	01-Aug-05	30	\$ 514,486	4023 (4)	\$ 225,277,870	Deloitte Touche Tohmatsu
Guam Telephone Authority	FY 2005 (2)	29-Aug-05	0	\$ -	347	\$ 7,849,199	Ernst & Young
Territorial Highway Fund	FY 2004	18-Oct-05	4	\$ -	65	\$ 3,028,480	Deloitte Touche Tohmatsu
Tourist Attraction Fund	FY 2004	19-Oct-05	1	\$ -	0 (1)	\$ -	Deloitte Touche Tohmatsu
Guam Visitors Bureau	FY 2003	22-Dec-05	6	\$ -	34	\$ 1,360,835	Grant Thornton
<b>TOTAL</b>			236	\$ 2,112,369	11,229 (3)	\$499,051,257 (3)	

- (1) Tourist Attraction Fund accounted for by the Department of Administration
- (2) Special Audit for Three Months Ended December 31, 2005 due to the sale of GTA
- (3) The number of employees and amount of salaries and wages were derived from all FY 2004 audits and FY 2003 audits from GVB and GMH.
- (4) Adjusted for the Department of Education and Guam Educational Telecommunications Corp. (KGTF)

### Financial Audits Issued in Calendar Year 2004

Auditee	Report Year	Issue Date	# of Findings	Questioned Costs	Auditing Firm	
Tourist Attraction Fund	FY 2001	16-Jan-04	6	\$ -	Ernst & Young	
Government of Guam General Purpose Financial Statements & Single Audit Reports	FY 2002	27-Jan-04	113	\$ 4,258,861	Deloitte Tohmatsu	Touche
Guam Waterworks Authority	FY 2002	15-Feb-04	24	\$ -	Deloitte Tohmatsu	Touche
Territorial Highway Fund	FY 2001	19-Feb-04	4	\$ -	Deloitte Tohmatsu	Touche
Port Authority of Guam	FY 2002	24-Feb-04	11	\$ -	Deloitte Tohmatsu	Touche
Guam International Airport Authority	FY 2003	18-Mar-04	9	\$ 3,217,419	Deloitte Tohmatsu	Touche
Department of Education	FY 2002	01-Apr-04	28	\$ 894,428	Deloitte Tohmatsu	Touche
Guam Educational Telecommunications Corp. (KGTF)	FY 2003	02-May-04	2	\$ -	Burger & Comer	
Guam Telephone Authority	FY 2002	06-May-04	50	\$ -	Ernst & Young	
Guam Visitors Bureau	FY 1999	12-May-04	6	\$ -	Deloitte Tohmatsu	Touche
Guam Visitors Bureau	FY 2000	12-May-04	7	\$ -	Deloitte Tohmatsu	Touche
Guam Visitors Bureau	FY 2001	12-May-04	9	\$ -	Deloitte Tohmatsu	Touche
Government of Guam Retirement Fund	FY 2002	13-May-04	10	\$ -	Burger & Comer	
Guam Housing Corporation	FY 2002	09-Jun-04	11	\$ -	J. Scott Magliari and Co.	
Department of Education	FY 2003	30-Jun-04	25	\$ 705,419	Deloitte Tohmatsu	Touche
University of Guam	FY 2003	06-Jul-04	5	\$ -	Deloitte Tohmatsu	Touche
Guam Telephone Authority	FY 2003	10-Aug-04	43	\$ -	Deloitte Tohmatsu	Touche
Guam Power Authority	FY 2003	14-Sep-04	20	\$ -	Deloitte Tohmatsu	Touche
Port Authority of Guam	FY 2003	27-Oct-04	7	\$ -	Deloitte Tohmatsu	Touche
Guam Housing Corporation	FY 2003	18-Nov-04	19	\$ 11,237	J. Scott Magliari and Co.	
Guam Waterworks Authority	FY 2003	19-Nov-04	20	\$ 930,560	Deloitte Tohmatsu	Touche
Government of Guam General Purpose Financial Statements & Single Audit Reports	FY 2003	22-Nov-04	30	\$ 1,243,982	Deloitte Tohmatsu	Touche

<b>Auditee</b>	<b>Report Year</b>	<b>Issue Date</b>	<b># of Findings</b>	<b>Questioned Costs</b>	<b>Auditing Firm</b>
Guam Memorial Hospital Authority	FY 2002	24-Nov-04	24	\$ 1,811,359	J. Scott Magliari and Co.
Guam Community College	FY 2002	29-Nov-04	1	\$ -	Deloitte Touche Tohmatsu
Government of Guam Retirement Fund	FY 2003	16-Dec-04	1	\$ -	Burger & Comer
<b>TOTAL</b>			<b>485</b>	<b>\$ 13,073,265</b>	



### Financial Audits Issued in Calendar Year 2003

Auditee	Report Year	Issue Date	# of Findings	Questioned Costs	Auditing Firm
Government of Guam General Purpose Financial Statements	FY 2001	30-Jan-03	0	\$ -	Deloitte Touche Tohmatsu
<b>Government of Guam Single Audit Reports</b>	<b>FY 2001</b>	<b>12-Feb-03</b>	<b>109</b>	<b>\$ 9,875,246</b>	<b>Deloitte Touche Tohmatsu</b>
Guam Memorial Hospital Authority	FY 2001	18-Feb-03	10	\$ 1,224,089	Deloitte Touche Tohmatsu
Guam Telephone Authority	FY 2001	1-Apr-03	9	\$ -	Deloitte Touche Tohmatsu
Port Authority of Guam	FY 2001	3-Apr-03	6	\$ 39,322	Deloitte Touche Tohmatsu
Guam Waterworks Authority	FY 2001	8-May-03	24	\$ -	Deloitte Touche Tohmatsu
Guam Educational Telecommunications Corp. (KGTF)	FY 2002	18-Jun-03	2	\$ -	Burger & Comer
Guam International Airport Authority	FY 2002	5-Aug-03	17	\$ 3,180,944	Deloitte Touche Tohmatsu
Guam Power Authority	FY 2002	7-Aug-03	8	\$ -	Deloitte Touche Tohmatsu
Guam Community College	FY 2001	26-Sep-03	1	\$ 53,424	Deloitte Touche Tohmatsu
Government of Guam Retirement Fund	FY 2000	15-Oct-03	21	\$ -	Burger & Comer
Government of Guam Retirement Fund	FY 2001	15-Oct-03	24	\$ -	Burger & Comer
Tourist Attraction Fund	FY 2000	28-Oct-03	3	\$ -	Ernst & Young
Department of Education * Schedule of Federal Award Expenditures	FY 2001	28-Nov-03	21	\$ 397,550	Deloitte Touche Tohmatsu
Schedule of Federal Award Expenditures	FY 1998	28-Nov-03	0	\$ 1,692,928	Deloitte Touche Tohmatsu
Schedule of Federal Award Expenditures	FY 1999	28-Nov-03	0	\$ 3,468,809	Deloitte Touche Tohmatsu
Schedule of Federal Award Expenditures	FY 2000	28-Nov-03	0	\$ 2,007,474	Deloitte Touche Tohmatsu
Schedule of Federal Award Expenditures	FY 2001	28-Nov-03	0	\$ 397,550	Deloitte Touche Tohmatsu
University of Guam	FY 2002	11-Dec-03	5	\$ 17,999	Deloitte Touche Tohmatsu
<b>TOTAL</b>			<b>260</b>	<b>\$ 22,355,335</b>	

### Financial Audits Issued in Calendar Year 2002

Auditee	Report Year	Issue Date	# of Findings	Questioned Costs	Auditing Firm
Government of Guam Retirement Fund	FY 1998 FY 1999	27-Mar-02	42	\$ -	Burger & Comer
Territorial Highway Fund	FY 2000	17-Jun-02	9	\$ -	Deloitte Tohmatsu Touche
Guam Memorial Hospital Authority	FY 2000	17-Jul-02	10	\$ -	Deloitte Tohmatsu Touche
Port Authority of Guam	FY 2000	14-Jun-02	9	\$ -	Deloitte Tohmatsu Touche
Government of Guam Single Audit Reports	FY 2000	18-Jan-02	87	\$10,062,663	Deloitte Tohmatsu Touche
Government of Guam General Purpose Financial Statements	FY 2000	12-Feb-02	0	\$ -	Deloitte Tohmatsu Touche
Northern and Southern Community Health Centers	FY 2000	25-Apr-02	2	\$ -	Deloitte Tohmatsu Touche
Guam Educational Telecommunications Corp. (KGTF)	FY 2001	5-Jun-02	4	\$ -	Burger & Comer
University of Guam	FY 2001	27-Aug-02	4	\$ 17,999	Deloitte Tohmatsu Touche
Guam Power Authority	FY 2001	7-Jun-02	0	\$ -	Ernst & Young
Guam International Airport Authority	FY 2001	18-Jun-02	0	\$ -	Deloitte Tohmatsu Touche
Guam Economic Development Authority	FY 2001	20-Aug-02	0	\$ -	Deloitte Tohmatsu Touche
Guam Housing Corporation	FY 2001	29-Aug-02	12	\$ -	Burger & Comer
Guam Rental Corporation	FY 2001	16-Sep-02	2	\$ -	Burger & Comer
<b>TOTAL</b>			<b>181</b>	<b>\$10,080,662</b>	

### Financial Audits Issued in Calendar Year 2001

Auditee	Report Year	Issue Date	# of Findings	Questioned Costs	Auditing Firm
Guam International Airport Authority	FY 2000	January-01	0	\$ -	Deloitte Tohmatsu Touche
Guam Community College	FY 2000	July-01	2	\$ 14,594	Deloitte Tohmatsu Touche
Guam Community College Foundation	FY 2000	July-01	0	\$ -	Deloitte Tohmatsu Touche
Guam Economic Development Authority	FY 2000	July-01	1	\$ -	Deloitte Tohmatsu Touche

Auditee	Report Year	Issue Date	# of Findings	of Questioned Costs	Auditing Firm
Guam Educational Telecommunications Corporation-KGTF	FY 1998	March-01		\$ -	Burger & Comer, P.C.
Guam Housing Corporation	FY 2000	September-01	14	\$ -	J. Scott Magliari & Co.
Guam Mass Transit Authority	FY 2000	July-01	5	\$ -	Deloitte Touche Tohmatsu
Guam Rental Corporation	FY 2000	September-01	5	\$ -	J. Scott Magliari & Co.
Guam Telephone Authority	FY 2000	July-01	10	\$ -	Deloitte Touche Tohmatsu
Guam Waterworks Authority	FY 2000	May-01	0	\$ -	Deloitte Touche Tohmatsu
University of Guam	FY 2000	August-01	2	\$ -	Deloitte Touche Tohmatsu
<b>TOTAL</b>			<b>39</b>	<b>\$ 14,594</b>	

**Appendix D  
OPA Organizational Chart**

**Office of the Public Auditor  
December 31, 2005**

Public Auditor  
DFB

**Ethics Training**

Administrative  
Officer  
AC

**Performance Audits and Financial Reviews**

**Procurement  
Appeals**

**Investigations  
and Hotline**

Attorney IV  
TMT

Auditor III  
LRP

Auditor III  
ZN

Auditor II  
YC

Investigator III  
AD

Auditor I  
RM

Auditor I  
LR

Auditor I  
JM

M. Analyst I  
VD

M. Analyst I  
TG

M. Analyst I  
MP

Auditor I  
OS

Auditor I  
PG

M. Analyst I  
FC

M. Analyst I  
MQ



## Appendix E

### Hotline Calls Logged in 2001 through 2005

Agencies or Programs	2005	2004	2003	2002	2001	TOTAL
Guam International Airport Authority	2	10	13	12	22	59
Guam Public School System	14	9	11	13	13	60
Department of Public Works		3	10	11	14	38
Guam Power Authority	3	3	10	11	14	41
Department of Corrections	2	2	2	11	10	27
Guam Memorial Hospital Authority	7	4	1	11	8	31
Government of Guam Retirement Fund	1	15	1	6	0	23
Department of Administration	2	4	5	6	5	22
Mayors Council of Guam	9	4	6	2	7	28
Guam Housing and Urban Renewal Authority	6	10	3	2	3	24
Guam Waterworks Authority	12	4	7	4	3	30
Guam Fire Department	1	6	4	3	4	18
Guam Mass Transit Authority	1	3	5	5	4	18
Department of Public Health and Social Services	4	5	0	4	8	21
Guam Telephone Authority	1	9	3	3	1	17
Office of the Attorney General	3	4	9	1	0	17
Guam Police Department	0	2	3	3	5	13
Guam Visitors Bureau	3	5	1	1	5	15
Superior Court of Guam	4	4	2	4	2	16
University of Guam	0	4	3	3	2	12
Port Authority of Guam	3	3	4	1	3	14
Department of Land Management	1	3	0	1	4	9
Office of the Governor	0	4	3	1	0	8
Department of Parks & Recreation	1	1	1	1	5	9
Department of Labor	0	2	3	2	1	8
Guam Economic Development and Commerce Authority	0	2	4	0	1	7
General Services Agency	1	3	3	0	1	8
Other Agencies and Programs	35	49	27	23	18	152
<b>Total</b>	<b>116</b>	<b>177</b>	<b>144</b>	<b>145</b>	<b>163</b>	<b>745</b>

## Appendix F

### OPA Website in Review

**January 7, 2005**

The Public Auditor was sworn in for her second term on January 3, 2005 at the Guam Judicial Center in Hagatna

- [Inaugural Remarks](#)
- [Inaugural Program](#)
- [Photo Gallery](#)



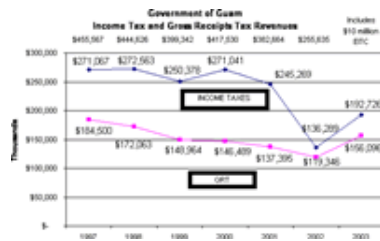
**January 11, 2005**

The Office of the Public Auditor is seeking applications from qualified persons for the position of:

Auditor II, Auditor III, Senior Auditor, or Audit Supervisor

This announcement is open from January 10, 2005 through February 11, 2005

- [For more information, please click here.](#)



**January 17, 2005**

Public Auditor writes letter on Bill 22 Regarding the Exemption of Medicine, Medical Supplies, and Medical Services from the Gross Receipts Tax

- [Read the letter](#)

**January 25, 2005**

The Office of the Public Auditor has released the Guam Telephone Authority FY 2004 Financial Statements and Reports on Compliance/Internal Controls

- [Financial Highlights](#)
- [2004 Report on Compliance/Internal Controls](#)
- [2004 Financial Statements](#)



**January 30, 2005**

The Office of the Public Auditor has released the Guam Economic Development and Commerce Authority's FY 2003 Financial Statements and Management Letter

- [Financial Highlights](#)
- [2003 Financial Statements](#)
- [Management Letter](#)



## February 1, 2005

The Office of the Public Auditor has released the Guam International Airport Authority's FY 2004 Financial Statements and Reports on Compliance/Internal Controls.



- [Financial Highlights](#)
- [2004 Report on Compliance and Internal Controls](#)
- [2004 Financial Statements](#)
- [2004 Management Letter](#)

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## February 9, 2005

The Office of the Public Auditor has released the Tourist Attraction Fund FY 2002 and FY 2003 Financial Statements and Reports on Compliance/Internal Controls.



- [Financial Highlights](#)
- [2002 Report on Compliance and Internal Controls](#)
- [2002 Financial Statements](#)
- [2003 Report on Compliance and Internal Controls](#)
- [2003 Financial Statements](#)

## March 23, 2005

The Public Auditor submitted testimonies on bills relating to the elimination of annual leave for elected officials (Bill 44), the establishment of a surcharge on Commercial Mobil Radio Service Accounts (Bill 76), the request by the Public Utilities Commission to be paid for financial analysis costs (Bill 77), and the change in legislation seeking to have the Public Auditor and Attorney General be elected by a majority of votes (Bill 82).



- [Testimony on Bills 76 and 77](#)
- [Testimony on Bills 44 and 82](#)

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## March 24, 2005

The Office of the Public Auditor has released the Guam Community College FY 2003 Financial Statements and Reports on Compliance/Internal Controls



- [Financial Highlights](#)
- [2003 Financial Statements](#)
- [2003 Report on Compliance and Internal Controls](#)

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## April 6, 2005

The Office of the Public Auditor has released the Port Authority of Guam FY 2004 Financial Statements and Reports on Compliance/Internal Controls



- [Financial Highlights](#)
- [2004 Financial Statements](#)
- [2004 Report on Compliance/Internal Controls](#)
- [Management Letter](#)

## April 20, 2005

The Public Auditor submitted testimony on H.R.1595, Guam World War II Loyalty Recognition Act to the Chairman on the Committee on Resources, US House of Representatives.

➤ [Testimony on HR 1595](#)



## April 21, 2005

University of Guam students complete Spring 2005 Accounting Internship Program with the Guam Office of the Public Auditor.

Front row (seated from left to right): Student Interns Yvonne Larie Patnude and Jacqueline Potter Mesa. Back row (standing from left to right): Lourdes R. Perez, audit supervisor, Theresa Gumataotao, lead auditor/mentor; Doris Flores Brooks, Guam Public Auditor; Rodalyn May G. Marquez, lead auditor/mentor; and Yuka Cabrera, audit supervisor.



## April 25, 2005

The Office of the Public Auditor is seeking applications from qualified persons for the position of:

Auditor I, Auditor II, Auditor III, or Audit Supervisor.

This announcement is open from April 25, 2005 through May 20, 2005.

➤ [Please click here for more info](#)



## May 2, 2005

The Office of the Public Auditor has released OPA Report 05-01 - Guam Fire Department's Emergency Procurement of Fire Trucks Pursuant to Public Law 27-99.

➤ [Executive Summary](#)

➤ [Full Report](#)

## May 5, 2005

The Office of the Public Auditor has released the Guam Educational Telecommunications Corporation FY 2004 Financial Statements and Report on Compliance/Internal Controls

➤ [Financial Highlights](#)

➤ [2004 Financial Statements and Report on Compliance/Internal Controls](#)





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## May 11, 2005

The Office of the Public Auditor has released its 2004 Annual Report

- [2004 OPA Annual Report](#)



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## June 1, 2005

The Office of the Public Auditor has released OPA Report 05-02 - Guam Council on the Arts and Humanities Agency's Non-Appropriated Funds.

- [Executive Summary](#)
- [Full Report](#)



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## June 6, 2005

The Office of the Public Auditor has released the Guam Power Authority FY 2004 Financial Statements and Reports on Compliance/Internal Controls

- [Financial Highlights](#)
- [2004 Financial Statements](#)
- [2004 Report on Compliance and Internal Controls](#)



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## June 8, 2005

The Office of the Public Auditor has released the Guam Economic Development and Commerce Authority's FY 2004 Financial Statements, Report on Compliance and Internal Controls, and Management Letter

- [Financial Highlights](#)
- [2004 Financial Statements and Report on Compliance and Internal Controls](#)
- [Management Letter](#)



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## June 9, 2005

The Office of the Public Auditor has released the Guam Memorial Hospital Authority FY 2003 Financial Statements and Reports on Compliance/Internal Controls

- [Financial Highlights](#)
- [Financial Statements](#)
- [Compliance and Internal Controls](#)
- [Total Revenues v. Total Expenses FY 98-FY 03\(000's\)](#)



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## June 13, 2005

The Office of the Public Auditor is seeking applications for a part-time position as an Administrative Aide. This announcement is open until June 17, 2005.

➤ [For more information, please Click Here.](#)

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## June 21, 2005

The Office of the Public Auditor has released the Guam Visitors Bureau FY 2002 Financial Statements and Reports on Compliance/Internal Controls

- [Financial Highlights](#)
- [Financial Statements and Report on Compliance and Internal Controls](#)

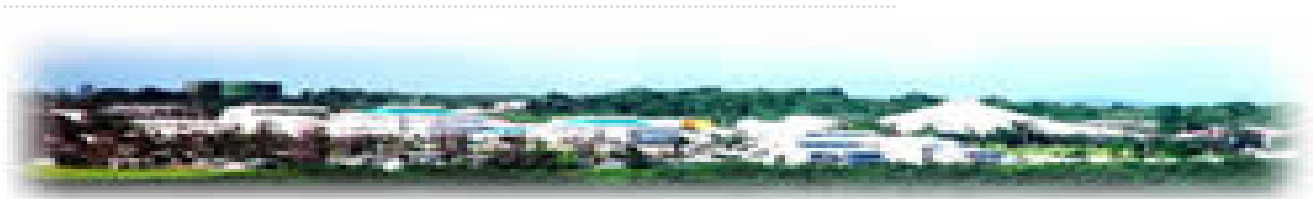


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## June 22, 2005

The Office of the Public Auditor has released the Department of Education FY 2004 Financial Statements and Reports on Compliance/Internal Controls

- [Financial Highlights](#)
- [Financial Statements](#)
- [Compliance and Internal Controls](#)



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## June 27, 2005

The Office of the Public Auditor has released the University of Guam FY 2004 Financial Statements and Reports on Compliance/Internal Controls

- [Financial Highlights](#)
- [Financial Statements](#)
- [Compliance and Internal Controls](#)
- [Management Letter](#)

**June 28, 2005**



Guam OPA Receives Full Compliance Rating for 2005 Quality Control Review

- [News Release](#)
- [Letter to the Governor](#)
- [Letter to the Speaker](#)
- [Peer Review Report](#)
- [Management Response](#)

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**June 30, 2005**

The Office of the Public Auditor has released the Government of Guam Retirement Fund FY 2004 Financial Statements and Reports on Compliance/Internal Controls

- [Financial Highlights](#)
- [Financial Statements](#)
- [Compliance and Internal Controls](#)

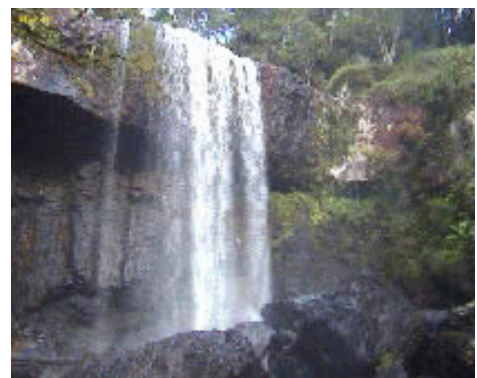


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**July 1, 2005**

The Office of the Public Auditor has released the Guam Waterworks Authority's FY 2004 Financial Statements, Report on Compliance and Internal Controls, and Management Letter

- [Highlights](#)
- [2004 Financial Statements](#)
- [2004 Report on Compliance/Internal Controls](#)
- [Management Letter](#)



## July 7, 2005

Guam Community College FY 2004 Financial Statements and Reports on Compliance/Internal Controls

- [Highlights](#)
- [Financial Statements](#)
- [Compliance and Internal Controls](#)
- [Management Letter](#)



## July 8, 2005

The Office of the Public Auditor has released the Guam Housing and Urban Renewal Authority's FY 2004 Financial Statements and Reports on Compliance/Internal Controls

- [Financial Highlights](#)
- [2004 Financial Statements](#)
- [2004 Report on Compliance/Internal Controls](#)



## July 26, 2005

The Office of the Public Auditor has released the Guam Housing Corporation 2004 Financial Statements and Reports on Compliance/Internal Controls

- [Highlights](#)
- [2004 Financial Statements](#)
- [2004 Report on Compliance/Internal Controls](#)



## August 1, 2005

The Office of the Public Auditor has released the General Purpose Financial Statements and Single Audit Reports of the Government of Guam for the fiscal year ended September 30, 2004

- [Highlights for the General Purpose Financial Statements](#)
- [Highlights for the Single Audit Reports](#)
- [2004 General Purpose Financial Statements](#)
- [Management Letter](#)
- [2004 Single Audit Reports](#)



## August 5, 2005

The Office of the Public Auditor announces the Requests for Proposals of the Guam Power Authority (GPA) from a nationally recognized U.S. Certified Public Accounting Firm to audit GPA's financial operations for FY 2005 - FY 2007, including the Single Audit Act Provision. You may click the following links to download the RFP or pick up an RFP Package at:

Guam Power Authority  
Materials Management Office  
Harmon, Guam

- [GPA RFP Notice](#)
- [GPA Amendment #1](#)
- [GPA RFP \(Audit Services\)](#)



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## August 29, 2005

The Office of the Public Auditor has released the Guam Telephone Authority's Financial Statements and Reports on Compliance/Internal Controls for the three months ended December 31, 2004

- [Highlights](#)
- [December 31, 2004 Report on Compliance/Internal Controls](#)
- [December 31, 2004 Financial Statements](#)
- [Management Letter](#)



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## August 31, 2005

The Office of the Public Auditor has released OPA Report 05-03 - Guam Economic Development and Commerce Authority's Credit Card Charges and Related Travel Expenditures

- [Executive Summary](#)
- [Full Report](#)



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## September 7, 2005

Due to non-submission of proposals, the Office of the Public Auditor announces the re-request of proposals on behalf of the Guam Power Authority (GPA) from a nationally recognized U.S. Certified Public Accounting Firm for an audit (to include the Single Audit Act Provision) of GPA's financial operations for FY 2005 - FY 2007. You may click the following links to download the RFP or pick up an RFP Package at:

Guam Power Authority  
Materials Management Office  
Harmon, Guam

- [GPA RFP Notice](#)
- [GPA RFP-05-014 \(Audit Services\)](#)



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## September 21, 2005

The Office of the Public Auditor announces the request of proposals on behalf of the Guam Waterworks Authority (GWA) from a nationally recognized U.S. Certified Public Accounting Firm for an audit (to include the Single Audit Act Provision) of GWA's financial operations for FY 2005 - FY 2007. You may click the following links to download the RFP or pick up an RFP Package at:

Guam Waterworks Authority  
Procurement & Supply Warehouse  
578 N. Marine Drive, Upper Tumon.

- [GWA RFP Notice](#)
- [GWA 2005-04 \(Audit Services\)](#)





## September 29, 2005

The Office of the Public Auditor has released OPA Report 05-04 - Dededo Mayor's Office Non-Appropriated Funds.

[Executive Summary](#)

[Full Report](#)



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## October 11, 2005

The Office of the Public Auditor is seeking applications from qualified persons for the position of: Attorney II, III, or IV. For more information, please Click Here. This announcement is open from October 11, 2005 through November 11, 2005

[Announcement](#)

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## October 17, 2005

The Office of the Public Auditor is pleased to release the Performeter and A.F.T.E.R. Analysis, a synopsis of the Government of Guam's financial condition

[Summary of the Performeter](#)

[Performeter and AFTER Analysis](#)



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## October 18, 2005

The Office of the Public Auditor has released the Territorial Highway Fund FY 2004 Financial Statements and Reports on Compliance/Internal Controls

[Financial Highlights](#)

[Financial Statements](#)

[Compliance and Internal Controls](#)



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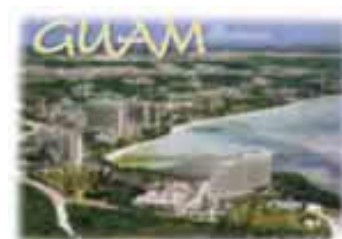
## October 19, 2005

The Office of the Public Auditor has released the Tourist Attraction Fund FY 2004 Financial Statements and Reports on Compliance/Internal Controls

[Financial Highlights](#)

[Financial Statements](#)

[Compliance and Internal Controls](#)



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### October 31, 2005

The Office of the Public Auditor has released OPA Report 05-05 - Analysis of Leases of the Government of Guam

- [Executive Summary](#)
- [Full Report](#)



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### December 1, 2005

The Office of the Public Auditor has released OPA Report 05-06 - Investigative Audit of the Port Authority of Guam Goodwill and Morale Association.

- [Executive Summary](#)
- [Full Report](#)



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### December 15, 2005

The Office of the Public Auditor has released OPA Report 05-07 - Analysis of the Government of Guam's Salary Increments.

- [Executive Summary](#)
- [Full Report](#)



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### December 19, 2005

The Office of the Public Auditor has released OPA Report 05-08 - Performance Audit of the Superior Court of Guam's Judicial Building Fund

- [Executive Summary](#)
- [Full Report](#)



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### December 21, 2005

The Office of the Public Auditor has released OPA Report 05-09 - Performance Audit of the Chamorro Land Trust Commission's Non-Appropriated Funds.

- [Executive Summary](#)
- [Full Report](#)



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### December 22, 2005

The Office of the Public Auditor has released the Guam Visitors Bureau FY 2003 Financial Statements and Reports on Compliance/Internal Controls

- [Financial Highlights](#)
- [Financial Statements and Compliance Reports](#)



## **Appendix G Legislative Mandates**

- P.L. 25-119 requires the Public Auditor to conduct an annual audit of the Municipal Litter and Defacement Fund of each municipality.
- P.L. 25-143 requires that in the absence of audited financial statements for the Guam Educational Radio Foundation (KPRG-FM 89.3), an audit will be performed by OPA. KPRG FM-89.3 is to provide a full accounting of the funds appropriated by P.L. 25-143.
- P.L. 25-164 requires an audit of the Village Streets Fund (VSF). The VSF is administered by the Mayor's Council of Guam.
- P.L. 26-70 required the OPA to be an observer in the government's attempt to sell the Guam Telephone Authority. Representatives from the OPA were present during the privatization process of GTA.
- P.L. 28-85 created a Line of Credit Repayment Fund that shall be under the Public Auditors purview.
- P.L. 26-116 opens all records relative to the recovery from Typhoon Chata'an and Typhoon Halong to the Public Auditor for auditing.
- P.L. 26-120 requires the Guam Police Department to furnish the OPA with detailed financial reports of its asset forfeiture fund.
- P.L. 26-144, an act requiring the Guam Waterworks Authority to outsource the maintenance and operation of the water wells, booster pump stations, meters, etc., requires the Public Auditor to be an observer throughout the outsourcing process.
- P.L. 26-169 established the Guam State Clearinghouse under the Office of the Lieutenant Governor. The Advance Federal Funding Work Group was also created to advise the Lieutenant Governor in matters pertaining to federal grants. The Public Auditor is a member of the Work Group.
- P.L. 26-170 requires the Child Mental Health Initiative Grant Fund to be annually audited by OPA.
- P.L. 27-01 authorizes the OPA to assess transactions of Typhoon Pongsona-related expenditures incurred by GovGuam.
- P.L. 27-06 requires the Executive Branch to furnish OPA with a written report of expenditures of general fund emergency appropriations.
- P.L. 27-22 requires that expense reports of a \$9 million appropriation related to Supertyphoon Pongsona be submitted to the OPA.
- P.L. 27-10 appoints the Public Auditor (or designee) as a member of the newly created Cost Reduction Task Force, whose purpose is to determine the most effective means by which to consolidate the purchasing power of the entire Government of Guam.
- P.L. 27-27 requires the Public Auditor to receive an annual financial audit of the "exempted funds" (authorized to be retained by the Guam Baseball Federation, to include stadium

sponsorship revenues, and the Municipal Stadium Operations Fund.

- ❑ P.L. 27-35 requires the Public Auditor to certify \$3,323,763 which is to be paid to DOC, DPW, GEPA, and GFD, for past due employment compensation. The funding for compensation shall be taken from the Community Advancement Fund.
- ❑ P.L. 27-37 requires the Municipal Recycling Program Fund to be annually audited by the Public Auditor.
- ❑ P.L. 27-45 requires the Public Auditor to receive a detailed report of all transfers, expenditures and reimbursement directly related to Super Typhoon Pongsona. This report shall list detail for all and any departments or agencies to include the Mayor's Council.
- ❑ P.L. 27-47 requires the Public Auditor to receive an expenditure and progress report of all funds appropriated to the Guam System of Care Council (GSOCC) by P.L. 27-47. The GSOCC is mandated to submit reports biannually.
- ❑ P.L. 27-58 requires the Public Auditor to receive an annual report of the activities of the Guam Board of Accountancy. This report shall include a listing of all current licensees.
- ❑ P.L. 27-85 requires the Public Auditor to receive an annual copy of the financial statements issued by the Guam Football (Soccer) Association.
- ❑ P.L. 27-86 requires the Public Auditor to receive a detailed report of the authorized expenditures from the Sports

Tourism Committee of the Guam Visitors Bureau.

- ❑ P.L. 27-99 waived procurement requirements outlined in the Guam Procurement Law for a period of 180 days, appropriated \$600,000 to the Guam Fire Department (GFD), and required OPA to be an observer throughout the emergency procurement of fire trucks and related equipment.
- ❑ P.L. 27-148 authorizes OPA to audit the Guam Recycling Fund. This fund is administered by the Guam Environmental Protection Agency.
- ❑ Executive Order 2003-19 requires the OPA to inspect documentation related to the procurement of legal representation pursuant to the designation of 8,000 acres of federal land.
- ❑ P.L. 28-44 requires the Public Auditor to receive an annual report detailing receipts, collections, and amounts of the Commercial Mobile Radio Service accounts and the Enhanced 911 Emergency System surcharges.
- ❑ P.L. 28-68 requires the Public Auditor (1) to audit the net proceeds received by the sponsoring organization of the Liberation Day carnival, (2) receive quarterly reports of the receipt, expenditure, and application of non-appropriated funds handled by each Mayor, (3) to audit the Chamorro Land Trust Operations Fund, (4) to conduct an audit for regulatory compliance every two years, (5) receive quarterly reports of the Guam Medical Referral Offices specifically funded by P.L. 28-68, (6) shall hear and decide all appeals of decisions that arise under Chapter 5 GCA Section 5425, formerly heard by

the Procurement Appeals Board, (6) shall submit quarterly reports, in written and electronic format, containing full disclosure of all funds under its purview and administration for the preceding quarter, (7) submit quarterly reports required by P.L. 28-68, (8) develop standards for the “ethics in government” program until the Guam Ethics Commission is appointed and functioning, and (9) receive a quarterly report from the office of Veteran’s Affairs describing the solicitation, acceptance, utilization, and administration of gifts, bequests, and donations.

- In September 2002, the OPA was asked to participate in the Department of Public Health evaluation of request for proposals on the economic impact of Community Health Centers’ fee schedule increases.
  
- The aftermath of Typhoon Chata’an and Halong in July 2002 necessitated federal assistance amounting to millions of dollars. The Guam Legislature outlined the reporting requirements of these emergency funds. The legislation opened these records to the Public Auditor for auditing.





## Doris Flores Brooks Public Auditor

by: Christine Rosalin-Martinez

**MDM:** When does the average day start for you? How many hours would you say you work a week?

**DFB:** "Our office hours are a little bit different; 8:30 a.m. to 5:30 p.m. Many times myself and my staff don't leave until after 6 or 6:30 p.m. or so on the average. At least for me, it's close to a 50-hour work week"

**MDM:** What is the favorite part of your job?

**DFB:** "My favorite part of the job is that each day is very different. I don't know what to expect. Of course, we do have our audits that we do, but sometimes issues come up that are very unexpected. I'll give you an example: I got a call this afternoon from an auditor from a partner of another firm concerning an issue with Guam Memorial Hospital. All of a sudden, I had to get into gear and talk to them, get the information, and then I had to set up a meeting for tomorrow to go over this very important issue. It has to deal with the Medicare situation and a potential loss of \$8 million. I think that the nice part about the job is that from a professional development aspect, I get to see almost every aspect of the government of Guam. Probably next to the governor of Guam, I see just about everything that's happening, more from a financial perspective as opposed to a policy perspective. I have a better understanding of the day-to-day financial operations of the government of Guam."

**MDM:** Any dislikes?

**DFB:** "Because I'm an elected official, we do our best to remain fair and unbiased and to render fair and impartial reports. But because I'm an elected official there's that thought that I'm only going after Democrats, or only going after certain people and don't look at the work trying to be fair and even-handed. In the first several years when we first started, audits tend to look at the past. The previous governor was in there for eight years so naturally, we were looking at things under his watch. Now, this is a little over the second year of the current governor and we're now looking at things happening under his watch. So there's still a perception on the part of certain people who feel that I'm against Democrats or I'm not fair or unbiased. The hallmark of any auditor is independence and impartiality and this is what we strive for in this office."

**MDM:** How many hours a day do you spend on the phone?

**DFB:** "One thing I do try to do is make sure that phone calls are returned. If you try to call me at my extension, and I'm here, I will pick up the phone. We don't have a receptionist who screens the calls. We're a very small operation, everybody has a direct line... but one of things I have said, not just for me but for my entire staff, we do our best to return every phone call because we have a hotline, 47AUDIT. On the hotline we tell you at the beginning do not leave your name unless you want to. We say, make sure you give us enough information so we can go from there. To give you an example, when we first inaugurated our hotline, the very first tip happen to do with the Guam Mass Transit Authority. The hotline tip was very credible, in that, it said Who, What,

Where, When, and How. And when people answer those questions, that's enough information for us to go forward. On many occasions, we get phone calls from people who just to, pardon the expression, vent. There's various ways to communicate with our office: there's a hotline; you can call direct; you can e-mail and the way we've structured our e-mail, we don't know who sent it to us unless you put it in the body of the report. We juggle so that we will not be able to do a reply. Your e-mail cannot be traced because we do a scramble. Again, that's to protect the anonymity of the individual."

**MDM:** Since you have become PA, what is your next goal?

**DFB:** "Up until the re-passage of the new act, I was term limited. My 2004 election would have been my last term. There was a public hearing on the bill, Senator Ray Tenorio introduced. The public hearing was in September when I was off-island. I submitted testimony and several people submitted testimony in support of the elimination of the term limitation. That did happen with the passage of the FY '06 Budget Act. Besides God willing, the people of Guam will decide. And if we continue to do the best work we can to render fair and impartial audit reports and do the work to continue planting the seeds of transparency and accountability, maybe I will run for a third term. We've also been given, with the budget act, additional responsibilities, for example, regarding procurement appeals, that has been put upon us by the legislature. I want to echo to the senators and thank them for the trust and confidence that they have bestowed upon the Office of the Public Auditor. We will do our best to be fair and impartial to everyone who comes before this office who has a complaint about whether the procurement was done fair and properly."

Courtesy of Marine Drive Magazine

**Do you suspect fraud, waste, or abuse in a government agency or department? Contact the Office of the Public Auditor:**



- Call our HOTLINE at 47AUDIT (472-8348);
- Visit our website at [www.guamopa.org](http://www.guamopa.org);
- Call our office at 475-0390;
- Fax our office at 472-7951;
- Or visit us at the PNB Building, Suite 401  
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**All information will be held in strict confidence.**