

Office of the Public Auditor

**Annual Report
Calendar Year 2007**

April 2008



OFFICE OF THE PUBLIC AUDITOR

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Distribution:

Governor of Guam
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OFFICE OF THE PUBLIC AUDITOR

Message from the Public Auditor

In my 8th year as your elected Public Auditor, I present our 7th annual report, as required by law.

Calendar Year 2007 was full of challenges for OPA staff. The challenges began in May with a 13% budget cut. The reduction of \$144,646 for audits and \$17,759 for procurement appeals was one of the highest percentage cuts of any government agency. It resulted in the retirement and resignation of five staff: one investigator, two auditors, the procurement Hearing Officer and her assistant.

Given the General Fund deficit of over half a billion dollars, we recognized that everyone had to contribute to alleviating the deficit. We expressed no objection to the initial proposed reduction of 5%. However, a 13% cut with only five months¹ remaining in the fiscal year amounted to a 26% annual cut.

In August, \$149,206 was restored to our budget -- \$133,038 to audits and \$16,168 to procurement appeals. Despite the restoration, we were unable to hire new personnel to replace lost staff as the Department of Administration brought forth additional concerns about OPA's personnel.

With the approval of the Civil Service Commission's (CSC) legal counsel, the Public Auditor's staff has been hired in the unclassified service since 2001. DOA processed all OPA personnel actions as such until January 2006.



Doris Flores Brooks, CPA, CGFM
Public Auditor

When personnel matters were transferred from the CSC to DOA, DOA no longer accepted the CSC's interpretation that OPA personnel were unclassified positions. In an August 2006, memorandum the DOA Director acknowledged that CSC verbally informed her that the Public Auditor could set staff salaries between steps 1 through 20 of the current pay plan. See [Appendix 1](#). Due to inconsistencies in law² the DOA Director requested clarification from the Attorney General on whether or not OPA staff positions are unclassified.

Since DOA's revised interpretation, we have sought a change in OPA's enabling law to grant the elected Public Auditor authority to set salary levels within prescribed guidelines and to allow OPA staff to remain unclassified. Unfortunately, we have not yet been successful. Until legislation is passed to clarify the classification and hiring of OPA

¹ May thru September 2007

² Section 1900 of Chapter 19, Title 1 of Guam Code Annotated states that the Office of the Public Auditor (OPA) is independent of the executive, legislative, and judicial branches; however, Section 1907 of the same Chapter further states that the salaries of the staff of the Public Auditor shall be fixed by the Director of Administration (originally, Civil Service Commission) in accordance with the methodology recommended by the Hay Study adopted by the Legislature.

staff, DOA will not process pay adjustments, promotions, or new staff.

Another challenge has been the requirement in the Fiscal Year (FY) 2008 Budget Act to set back to Step 10 those OPA staff hired above Step 10, effective October 1, 2007. Although only two of OPA's three audit supervisors were hired above Step 10, DOA stated that all three were subject to the mandatory salary reduction. No other government entity was similarly affected by this amendment. We have taken the matter to Superior Court and are awaiting the Court's decision.

We now have only two supervisors; the third resigned rather than accede to the cut. She was subsequently hired by the University of Guam (UOG) at considerably higher pay. The remaining supervisors are the primary breadwinners of their families.

We addressed the salary issue in our 2006 annual report without effect. As a result, certain staff members, including the two supervisors, have not received raises in nearly three years. The very existence of OPA as an independent entity is at stake if remedial legislation to address the various staffing issues is not enacted.

OPA lost seven personnel in 2007, reducing our staff complement from 18 to 11. Despite the loss, OPA continues to perform admirably and produce quality work.

We issued 18 audits, analyses, and other reviews last year. Of these, seven were mandated by law, seven were performed at the request of government officials, and four were initiated by OPA. The reports identified over \$33.3 million (M) in financial impact, \$11.4M questioned costs, waste, and abuse; \$6.5M in foregone revenues; and \$15.4 in revenues diverted from the General Fund for tax credit programs. These reports made 45

recommendations to improve government controls and operations.

The loss of the Procurement Appeals Hearing Officer and her assistant obliged us to contract two attorneys to assume procurement appeal responsibilities. Eleven appeals were filed in 2007. Of these, six were addressed through dismissal or decision. The remaining five will be heard in 2008.

As required by law, we maintain oversight of all financial audits issued. We reviewed and commented on 18 financial audits issued by other independent auditors. These financial audits identified \$4M in questioned costs, 136 audit findings, 66 management letter comments, and contained two qualified opinions: the inability to audit the General Fund's provision for tax refunds and the Guam Memorial Hospital Authority's inadequate accounting records for receivables and capital assets.

For the second consecutive year, the General Fund audit, with all component units, was issued on time on June 30, 2007, nine months after the fiscal year.

In closing, I acknowledge and thank the OPA staff for their commitment and professionalism during these very difficult times. I again respectfully request the Guam Legislature to grant the Public Auditor the flexibility to make salary adjustments for unclassified staff as is afforded other elected officials and other public auditors throughout the United States.

Senseramente,



Doris Flores Brooks, CPA, CGFM



OFFICE OF THE PUBLIC AUDITOR

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Auditing for Better Government



OPA Staff as of 12/31/2007 L-R – Back Row: Rodalyn Marquez, Llewelyn Restuvog, Maripaz Perez, Vincent Duenas, Franklin Cooper-Nurse, Angela Quinto, Theresa Gumataotao, and Anne Camacho Front Row: Yuka Cabrera, Doris Flores Brooks, and Lourdes R. Perez

A Year of Challenges

Budget Cuts

In 2007 OPA's personnel was cut by 40% from a staff of 18 to 11. The enactment of Public Law (P.L.) 29-02 in May reduced our initial budget appropriation by 13%, one of the highest cuts of any government agency. The cut came in the last five months of the fiscal year and affected our ability to pay essential staff. As a result, two auditors, the procurement appeals hearing officer and the assistant to the hearing officer resigned and our sole investigator retired. P.L. 29-02 was followed by P.L. 29-19, which mandated the rollback of three OPA supervisor salaries.

The 13% cut reduced OPA's audit division budget by \$145 thousand (K), from \$1.1M to \$958K, and the procurement appeals division was reduced by \$18K, from \$134K to \$116K. Although our budget was later restored in P.L. 29-03 staff had already left, and since then we have been unable to hire new staff as DOA will not process OPA personnel actions for new hires, promotions, or increments because of the ambiguity of OPA staff as unclassified.



OPA 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.

Consequently, audit work was re-assigned to the remaining audit staff and unfinished investigative work was left unaddressed. One audit staff was re-assigned to handle on-going procurement work, while a search began for a temporary Hearing Officer from the Attorney

General's Office and private attorneys. We also gave up the office space for procurement appeals and re-negotiated our lease agreement to a lower rate.

OPA's staff continues to function despite the increased workload, but may be unable to produce as many audits and investigations as before.

Above Step 10 Roll Back

Section 63 of P.L. 29-19, the FY 2008 Budget Act, mandated the rollback of OPA's unclassified salaries in September. The provision, which only affected the OPA, adversely affected three audit supervisors whose salaries were above Step 10. In compliance, DOA made ready to cut the supervisors' salaries by \$20K, \$17K, and \$11K, respectively.

Distress and financial pressure forced one supervisor to resign in November. She



Zeny A. Nace, CPA, CGFM, CFE pictured with a Certificate of Recognition after two years as audit supervisor with OPA

subsequently was hired at UOG as an unclassified employee with considerably more pay and with no objections.

Only a temporary court order

forestalled the pay cuts of the two other supervisors and we are awaiting the court's decision on this matter.

If the remaining supervisors resign, OPA will be unable to hire replacements as a Step 10 salary is not sufficient to attract qualified professionals for these positions. The same applies to the hiring of an investigator and the Procurement Appeals Hearing Officer, who

must also be qualified and carry experience in their fields.

Overall, Section 63 diminishes OPA's independence by hampering its ability to hire and maintain the qualified professionals necessary to carry out the duties and responsibilities of this office, especially its statutory mandate to annually audit all departments, entities, corporations, authorities, and agencies in all branches of the government of Guam.

OPA Independence in Jeopardy

The hallmark of auditor independence is to be able to function without outside influence or control. Over the last seven years, OPA has had the independence to conduct 13 audits of DOA, its central accounting, procurement, and its human resource operations for line entities. However, the recent removal of personnel functions from the CSC to DOA has provided DOA with the means to affect OPA's independence. As evidenced by the director's August 17, 2006, memorandum. See [Appendix 1](#). DOA has reversed its five-year position from calendar year 2001 and has assumed complete control over the status, recruitment, and promotion of OPA staff, leaving the Public Auditor powerless in this critical area of her office. This situation sets the stage for undue influence and manipulation and must be rectified by lawmakers in some proper manner.

As it stands now, DOA will not process pay adjustments, promotions, or the recruitment of new staff until legislation is enacted to clarify the classification and hiring of OPA staff.

Audit Activities



Despite the challenges and the loss of staff, OPA issued 18 audits, analyses, and other reviews in 2007. These audits identified over \$33.3M in financial impact, \$11.4M in questioned costs, waste, and abuse, \$6.5M in foregone revenues, and \$15.4M in revenues diverted from the General Fund for tax credit programs. See [Appendix 2](#). The reports also made 45 recommendations to the audited government entities to improve accountability and operational efficiency. See [Appendix 3](#) for details of major audit findings and the number of recommendations by audit. Of the 18 audits, analyses, and reviews, seven reports were mandated by public law:

- Guam Public School System (GPSS) FY 2007 Cash Disbursement Schedule
- GPSS Follow-up to the FY 2007 Payroll Analysis
- Government of Guam Quarterly Reporting for FY 2007 (1st – 4th quarter reports)
- A Summary of the 3rd and 4th Quarter Financial Reporting

Seven reports were initiated at legislative and executive branch requests:

- Office of the Attorney General (OAG) Financial Condition and Historical Data
- Retirement Fund Cost of Living Allowance (COLA)
- COLA Fund Transfers
- Debt Ceiling Calculation and Re-Calculation
- Government of Guam Retired Persons (GGARP) / SPIMA Bingo Funds
- Department of Public Works (DPW) Tipping Fees

The other four reports were OPA-initiated:

- Government of Guam Vehicle Fleet Inventory
- Government of Guam Tax Credit Programs
- Department of Administration (DOA) Travel Advances
- Status of OPA’s Audit Recommendations

GPSS Cash Disbursement Schedule

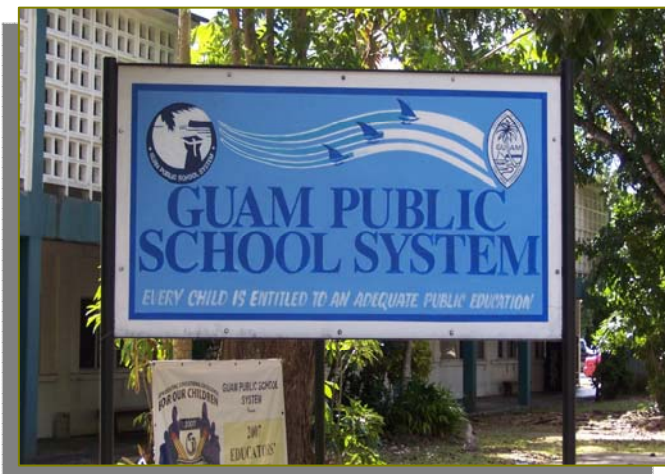
P.L. 28-149 (FY 2007 Budget Act) mandated the Public Auditor to “approve” the FY 2007 projected monthly cash disbursement schedules prepared by the Superintendent of Education for each school, division, and program, by expenditure category. However, *Government Auditing Standards* precludes auditors from making such management decisions.

To satisfy the requirements of P.L. 28-149 OPA conducted a series of analyses to determine the reasonableness of GPSS’s cash drawdown schedules. Of the \$173M appropriated for GPSS operations, OPA estimated that:

- \$120.5M was needed for salaries
- \$31.9M for benefits
- \$12.4M for power
- \$1.7M for water
- \$271,262 for telephone

Only \$6.2M was left for capital outlay, supplies, equipment, travel, and miscellaneous expenditures.

Follow-Up of GPSS Payroll Analysis



GPSS's payroll costs were projected as part of the cash disbursement analyses. As of the pay period ending February 17, 2007, the salaries and benefits of locally-funded GPSS employees was \$58.8M, \$186,051 less than our projection and \$1M less than indicated in the cash disbursement schedule.

FY 2007 Quarterly Reports

The FY 2007 Budget Act required 58 entities to submit various reports manually, electronically, and to be posted on the entity's website, to avoid penalties. In the third quarter, P.L. 29-02 replaced the de-appropriation penalty with a 20% salary reduction for directors, deputies, and CFOs who fail to comply with the reporting requirements. By the fourth quarter, 49 entities or 84% complied with all the reporting requirements, an improvement from 40 entities or 69% in the third quarter. To date, no agency head and related staff has been penalized with a 20% salary reduction for non-compliance in the third and fourth quarters.

OAG Financial Condition and Historical Data

In response to the Attorney General's request to review OAG finances, we found that a higher percentage of federal expenditures were used in the first four months of FY 2007, or 52% compared to 31% of local expenditures. Of \$8.1M in FY 2007 local appropriations, \$2.5M or 31% had been expended by January 31, 2007, leaving \$5.6M for the remainder of the fiscal year. Of \$6.5M in FY 2007 federal appropriations, \$3.4M or 52% been expended by January 31, 2007, leaving \$3.1M for the remaining eight months. Despite the higher expenditure of funds within the first four months, we found nothing to merit further review.

Retirement Fund COLA

At the request of the DOA Director, we compared the COLA calculations of the Retirement Fund, the Governor's Office, and the Superior Court's final settlement order. The \$123.6M COLA amount awarded by the Superior Court was \$27M more than the Retirement Fund's \$96M calculation and \$117M more than the Governor's Office calculation of \$6.6M. The differences stemmed from the inflation rates used. The Retirement Fund used the Guam Department of Commerce's floating base year inflation rates depending on the individual's retirement year. The Governor's Office used Hawaii's floating base year inflation rates depending on the individual's retirement year. The Superior Court used the Guam Department of Commerce's 1988 base year inflation rates regardless of the individual's retirement year. Of 4,877 GovGuam retirees:

- 52% are entitled to COLA awards of \$20,000 or less, consuming 21% of the \$123.6M
- 48% are entitled to COLA in excess of \$20,000, taking up 79% of the entire award
 - Of the 48% entitled to COLA in excess of \$20,000, 61 retirees will

be entitled to awards greater than \$100K each

None of the three calculations deducted the \$76M in supplemental annuities already given to retirees from FY 1991-1995.

COLA Fund Transfers Pursuant to P.L. 28-151

We found that \$9M was transferred to the General Fund to pay annual COLA rather than the court ordered COLA: \$4M from the Tourist Attraction Fund's Construction Fund (TAF), \$4M from the Territorial Highway Fund's Construction Fund (THF) and \$1M from the Guam Telephone Authority Privatization Fund. Pursuant to P.L. 28-150, 6,951 checks, totaling \$7.6M, were issued to retirees on November 1, 2006. The payments were for FY 2007 annual lump-sum COLA and not the court-ordered COLA stipulated in P.L. 28-151. As such, the Attorney General determined that DOA repay the \$8M in distributions to the TAF and THF Constructions Fund's. as they were not in accordance with P.L. 28-151.

Debt Ceiling Calculation and Re-calculation

At the request of the Attorney General (AG) we conducted two separate analyses on the debt ceiling calculation. Our initial calculation of the GovGuam debt ceiling as of October 2006 was \$406.9M but this was re-calculated to \$813.7M as a result of P.L. 29-19, in our second analysis. P.L. 29-19 amended the *assessed value* of property from 35% to 70% of the *appraised value*. The Organic Act debt ceiling is 10% of the assessed value. P.L. 29-19 doubled the amount the government could borrow without a corresponding increase in the real estate tax rate, a concern raised in the U.S. Supreme Court ruling. As of December 31, 2006, the total GovGuam debt subject to the debt ceiling is \$251.6M. The amount available for additional bond borrowing by GovGuam

increased from \$155.2M to \$562.1M as a result of the change in law.

GGARP / SPIMA Bingo Activities

A senator in the 28th Guam Legislature expressed concerns about the accountability, maintenance, and management of bingo funds at the 12 Senior Centers run by the Guam Association of Retired Persons and the Servicio Para I Man Amako (GARP/SPIMA). The Department of Public Health and Social Services did not provide sufficient oversight and GGARP/SPIMA did not establish adequate cash controls over bingo activities which draw an estimated \$2.2M from the 12 centers. Bingo activities grew significantly between 2004 and 2006 without adequate monitoring, oversight, or proper cash reconciliation. We found discrepancies in deposits totaling \$19,667 and \$10,325 in questioned costs and unsupported or unapproved disbursements.

DPW Commercial Tipping Fees



At the Department of Public Works (DPW), commercial tipping fees were not properly applied, billed, and collected. DPW and DOA did not issue timely billing notices or collect on past due accounts. As of January 31, 2007, \$2.4M, or 65%, of the \$3.6M in commercial tipping fee receivables are over 120 days old. Commercial haulers continue to utilize the Ordot dump due to DPW's inability to aggressively collect from delinquent

commercial accounts. We estimated a revenue loss of \$4M due to DPW's inability to provide service to approximately 12,000 residential customers.

Government of Guam Vehicle Fleet Inventory



Government vehicles registered to DPHSS pictured with government plates and no agency logo

No complete and accurate records of the government's general purpose vehicle inventory exist. Significant differences in inventory counts among records held with DPW, the Department of Revenue and Taxation (DRT), DOA, and other agencies were instead found. DPW's vehicle inventory lists 2,269 vehicles while individual agencies report a combined total of 1,383 vehicles. Additionally, staff resources are replicated in the inputting, updating, and tracking of the same vehicle data by these agencies. This is due to DPW's antiquated vehicle inventory software that cannot be electronically read or interfaced with other software.

Physical inspections of government vehicles were also conducted to determine compliance with public identification requirements. Of 40 government vehicles inspected, 26 or 65% did not have an agency logo or name printed on the vehicle as required by law.

Government of Guam's Tax Credit Programs

The government of Guam offers several tax credit programs to taxpayers who contribute property, materials, labor, services, or cash for various government undertakings. We examined nine programs which authorized a minimum of \$23.6M in tax credits.³ Specifically, \$8.2M was offset against companies' taxes for their participation in the Guam Raceway Park (\$6.6M), the Paseo Stadium (\$1.5M), and Soccer Stadium projects (\$566K) and an additional \$13M is pending in other tax programs.

The Guam Economic Development and Commerce Authority (GEDCA), responsible for oversight of these programs, did not authorize credits in accordance with law or in compliance with rules and merely processed the tax credits. Special interest groups were allowed to make key decisions. GEDCA also lacked verification and documentation of \$595,440 for the dollar-for-dollar matching requirement to the Soccer Stadium. These tax credit programs have a higher funding priority than education, health, and safety because they do not compete in the annual budget process and are funded right off the top.



DOA Travel Advances

The continued disregard of travel policies led to increases in travel advances and a failure to

³ Four of the nine programs examined do not limit the amount of allowable tax credits, therefore, the maximum amount of tax credits allowed is not known.

monitor, track, or clear them. As of December 31, 2006, for instance, travel advances of more than \$1M were not cleared, compared to \$113K in 1995. DOA's AS400 system records \$203,000 in travel advances with no specific department identified or travelers no longer on the government payroll. We found outdated travel policies and overdue travel vouchers. We also found that department heads did not monitor travelers and that travel vouchers were not filed within the 15 day requirement upon the traveler's return. Travel advance receivables remain outstanding for an average of 538 days.

Status of OPA Audit Recommendations

From January 2001 through December 2006, OPA issued 64 reports which identified \$46.2M in questioned costs, \$9.6M in unrealized revenue; and \$18.3M in unreconciled differences, unreported amounts, and dormant bank accounts, for a total financial impact of \$74.1M. Our reports made 420 recommendations to improve the processes, oversight, and monitoring of the audited entities. As of July 31, 2007, 301 recommendations or 72% have been closed, while 119 or 28% remain open.

We found that government managers lack an understanding of the importance of implementing effective internal controls, or checks and balances, such as monitoring, separation of duties, establishing a positive control environment, and ensuring accurate and timely recording of transactions.

Several OPA reports also led to indictments, plea agreements, and convictions.

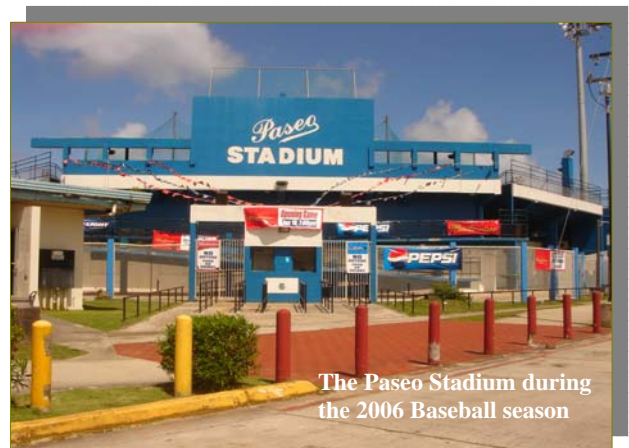
Indictments and Convictions

OPA audits provide recommendations to entities to improve government operations. In several cases, our audits have shed light on

possible official misconduct, fraud, and abuse by government officials.

In 2005, an investigative audit on the Port Authority of Guam's Goodwill and Morale Association (PAGGMA) revealed a lack of supporting documentation. PAGGMA officers and members may have inappropriately received an estimated \$23K of the group's funds. The group's former president and treasurer were indicted and charged with conspiracy and theft as a felony in 2007.

In 2007, legal action was also taken against the former Guam Baseball League



The Paseo Stadium during the 2006 Baseball season

commissioner for misusing Paseo Stadium funds. Our 2006 performance audit of the Department of Parks and Recreation (DPR) Paseo Stadium Lease Agreement cited that DPR did little to protect the Municipal Stadium Operations Fund from loss and misuse.

Based on audits in prior years, four government officials were also indicted. Two indictments were dismissed and two others are still awaiting trial. Four other government officials entered into plea agreements and one was found guilty at trial.



OPA Procurement Appeals Hearings with Public Auditor and OPA Hearing Officer Anthony R. Camacho, Esq. presiding (background). Procurement Appeals Hearings are held on the 6th floor of the DNA building in Hagatna, in the Department of Integrated Services for Individuals with Disabilities conference room (old court room)

Procurement Appeals

Procurement Appeals became fully operational in October 2006, when the rules of procedures were promulgated through the Administrative Adjudication Act. Attorney Therese M. Terlaje served as OPA's first Hearing Officer from March 2006 through July 2007. Ms. Terlaje was instrumental in developing the rules and regulations for the procurement division. However, the budget cuts of P.L. 29-02 did not allow OPA to pay Procurement Appeals salaries beyond August 2007. As a result, the Hearing Officer and her staff assistant resigned.

At the time of their resignations, seven procurement appeals were pending. To handle the backlog, OPA contracted two private attorneys, Robert G.P. Cruz and Anthony R. Camacho, to serve as primary and secondary Hearing Officers, respectively. Contracting two attorneys allows OPA an alternate should one have a conflict of interest with a specific appellant or appellee.

In 2007, 11 appeals were filed and addressed by the OPA. Of the 11, four were dismissed, two were issued decisions, two were heard and are awaiting decisions, and three are awaiting pre-hearings. The 2007 appeals are a 267% increase from the three appeals filed in

2006. See [Appendix 4](#) for details of the 2007 appeals. All procurements appeals filed with OPA and the status of each appeal are available on our website at www.guamopa.org.



Above: Attorney Robert (Bob) G.P. Cruz, Primary Hearing Officer / Legal Counsel for OPA presiding over a pre-hearing conference in OPA's conference room

Pictured: First OPA Hearing Officer, Attorney Therese Terlaje. Atty. Terlaje was instrumental in developing OPA's rules and regulations for the procurement division. After only a year with OPA Ms. Terlaje resigned in July 2007 due to budget cuts



Financial Audits



Chapter 1 G.C.A. § 1909 requires the annual audit of all government of Guam departments, agencies, and instrumentalities be issued no later than nine months after the fiscal year (i.e., June 30th).

In 2007, the OPA conducted oversight of 18 financial audits which contained 136 findings, 66 management letter comments, and \$4M in questioned costs. At \$2.8M, the General Fund audit contained the most questioned costs, followed by the Guam Memorial Hospital Authority (GMHA) with \$608K the Guam Waterworks Authority (GWA) with \$331K and GPSS with \$246K. There were 12 entities with no questioned costs. See [Appendix 5](#) for details by audit.

It is OPA's policy that independent CPA firms under OPA oversight conduct the financial audits of the government of Guam and autonomous agencies. 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*.

Financial audits are a key element in the review of government entities. 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 (GAAP) and *Government Auditing Standards*.

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 and engage the independent auditor. The OPA encourages all CPA firms willing and capable of conducting governmental financial audits to submit proposals.

Timely Completion of Audits

The timely completion of all financial audits has been the Public Auditor's expressed goal since taking office in 2001. The information contained in each report should be timely, relevant, and useful to administrators, policy makers, and the public.

The FY 2006 government of Guam audit was submitted on June 30, 2007, the second timely issuance in the history of our government. The first timely issuance was the FY 2005 audit released in June 2006. In the FY 2006 audit, all component units were included in the government of Guam audit, a true milestone.

While timely issuance of audits was achieved in 2006 and 2007, it continues to be a laborious effort for some government entities as the accounting infrastructure continues to be weak, particularly at GPSS, GMHA, Guam Visitors Bureau (GVB), Guam Education and Telecommunications Corporation (KGTF) and the Guam Housing and Urban Renewal Authority (GHURA). GPSS and GMHA continue to struggle to achieve timely completion of their financial audits and "clean opinions." Additionally, KGTF and GVB lack management oversight and trained accounting

staff and GHURA’s controller position remains vacant.

Consequence of Untimely Audits

The U.S. Office of Management and Budget (OMB) Circular No. A-133 sets standards for consistency and uniformity of financial audits pursuant to the Single Audit Act of 1984 and the Single Audit Act Amendments of 1996.⁴

Local government agencies that expend more than \$500,000 of federal funds in a fiscal year are required to submit audits no later than nine months after the fiscal year. Guam law sets the same standards and deadlines. Failure to comply can result in a loss of federal awards or declaration of the agency as a “high risk grantee,” meaning it will be subject to special conditions, depending on the situation.

In September 2003, the U.S. Department of Education declared GPSS as a high-risk grantee for failing to submit financial audits for five fiscal years – 1998 through 2002. GPSS remains on the high risk status due to weak internal controls; however, it has received unqualified or clean opinions⁵ for the last two years.

General Fund Qualifications

The FY 2006 General Fund audit had two qualifications: (1) the inability to audit the provision of \$272.9M in tax refunds

⁴ 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.

⁵ A clean opinion is issued by the auditor when they are satisfied that the financial statements fairly present the financial position and results of the entity; it is also referred to as an unqualified opinion.

(compared to \$207M in FY 2005) and (2) GMHA’s inadequate accounting records for receivables and capital assets. The qualification on tax-related balances will continue until DRT allows financial auditors access to tax records. GMHA continues to struggle with the reconciliation and collection of its accounts receivable.

OPA’s enabling legislation excludes the audit of income taxes. However, DRT has interpreted this even further by not allowing OPA auditors access to other local taxes, such as gross receipts tax and real property tax.

General Fund Questioned Costs

Questioned costs from the General Fund audit were dropping significantly in prior years, but in FY 2006 questioned costs increased by 375%, from \$584K in FY 2005 to \$2.8M.

General Fund Questioned Costs and Resolution

FY	# of Findings	Current Year	Questioned Costs	
			Cumulative	Resolved
2006	37	\$2,773,997	\$ 5,760,688	\$ 7,522,338
2005	33	584,348	10,509,029	15,212,478
2004	30	514,486	25,137,159	16,977,796
2003	30	1,243,982	41,600,469	10,983,850
2002	109	4,258,861	51,340,337	21,471
Total	239	\$9,375,674	\$134,347,682	\$50,717,933

A majority of the new questioned costs were due to procurement findings.

In FY 2006, DOA resolved \$7.5M in prior year questioned costs. Between FY 2002 and 2006 DOA resolved \$50.7M, leaving \$5.8M in unresolved General Fund questioned costs. We applaud DOA’s continued efforts to resolve questioned costs for all executive branch line agencies.

Questioned Costs of Audited Entities

The OPA tracks financial audit information based on the audits completed during a calendar year. From calendar years 2001 to 2007, a total of 1,525 findings were identified, with over \$56M in questioned costs.

Audit Entities Findings and Questioned Costs

<u>Calendar Year</u>	<u># of Findings</u>	<u>Questioned Costs</u>
2007	136	\$4,057,666
2006	188	4,443,204
2005	236	2,112,369
2004	485	13,073,265
2003	260	22,355,335
2002	181	10,080,662
2001	<u>39</u>	<u>14,594</u>
Total	<u>1,525</u>	<u>\$56,137,095</u>

Other Audited Financial Information

Financial audits provide other useful information about the government of Guam. For example, in FY 2006, the government of Guam and its various components expended over \$303.8M in federal grants. The top five entities were the General Fund reporting \$162.2M in federal expenditures, followed by GPSS at \$54M, GHURA at \$38.6M, UOG at \$24M, and GIAA with \$14.9M. Within the General Fund, the top three entities were the Department of Public Health and Social Services (DPHSS) at \$94.3M, DPW at \$10.9M and the Governor's Office at \$5.9M.

The OPA tabulated the financial audit costs and attorney fees for audits completed in 2007. For the 18 financial audits completed, we estimated that government of Guam spent approximately \$1M for audit fees and over \$2.5M for legal fees. During the year, salaries and wages grew to over \$579M for 11,580 employees. See Appendix 5.

General Fund Deficit at \$524.1 Million

The government's financial position continues to deteriorate as actual expenditures have consistently exceeded actual revenues. In FY 2006, the General Fund deficit grew to an alarming \$524.1M, exceeding actual revenues of \$432.5M. The deficit grew by \$175.7M, or 50.4%, from FY 2005 primarily due to two court orders to pay \$123.6M in Cost of Living Allowance to retirees and \$30M for additional Earned Income Tax Credit. In addition, \$25.1M in expenditures exceeded revenues due to the following:

- \$11.1M shortfall between projected revenues of \$443.6M and actual revenues of \$432.5M.
- \$7.5M of non-appropriated expenditures consisting of \$2M for interest on income tax refunds, \$4.6M for GPSS and GMHA interest-only payments to the Retirement Fund, and \$885K for credit card processing fees.
- \$6.5M GPSS over-expenditure.

The deteriorating condition of the General Fund raises concerns over the government of Guam's financial ability to continue to operate.

Credit Watch for the government of Guam

In March 2007, Standard & Poor's (S&P) downgraded the government of Guam's bond status and placed Guam on a Credit Watch with negative implications. "The action was based on the government's disclosure of the need to borrow up to \$6 million from local banks to meet its current payroll obligation for public school system employees. The liquidity crisis is directly attributed to Guam's long-term structural financial imbalance, with recurring deficits, a large and growing negative general fund balance, and massive long-term liabilities. The Credit Watch placement also reflects the possibility that these challenges will further diminish the

government's ability to meet operational responsibilities, while addressing long-term requirements.

In June 2007, S&P removed the Credit Watch and affirmed the government of Guam's B rating on its General Obligation debt. The "the credit watch action was based on the general government's disclosures that it had to borrow \$6 million from local banks to meet its payroll for public school system employees." The action was no longer required after steps were taken to improve the government's cash flow and reduce the budget gap through cost-containment measures and revisions to the FY 2007 budget along with expectations of military growth.

Performer and A.F.T.E.R. Analysis

In FY 2006 Guam's Performer rating, which communicates a broad assessment of the government's financial health performance, was a 1.32. On a 1 to 10 scale, with 10 being the most favorable, the 1.32 is Guam's lowest score in the five years since the analysis has been performed. Guam's highest score was 2.86, received in 2004, but it dropped to 1.70 in 2005.

The Performer explains that we owe \$1.17 for every \$1 in assets we own, and we have only three cents for every \$1 in obligations to vendors (\$69M), tax refunds (\$267M), and other debts. Our government did not live within its means and brought in 89 cents for every \$1 it spent.

The analysis further explained that the impending military buildup is a catalyst for growth. However, if increased revenues go entirely to fund current operations, leaving little aside to pay past debts, our cash shortfall and deficit will continue to grow. To address and pay down the deficit, our government should increase its revenues and reduce its spending, or both.

There were also favorable results for the resolution of prior year audit findings.

Staff Training

Since taking office, the Public Auditor has been a strong proponent for continuing professional development and compliance with the highest standards of the auditing profession. To this end, she has made every effort to secure training opportunities for the staff.



With the Pacific Islands Training Initiative (PITI) grant, funded by the U.S. Department of the Interior's Office of Insular Affairs, the USDA Graduate School has provided the majority of the continuing professional education (CPE) credits for OPA staff. The Graduate School, which offers training in a wide variety of areas, works to increase the skills sets and expand the knowledge of both experienced and novice auditors. The USDA provides at least 40 hours of audit training annually to Guam OPA and other Association of Pacific Islands Public Auditor (APIPA) audit offices.

Continuing Professional Education credits (CPEs) are mandatory for the maintenance of professional competence. *Government Auditing Standards* ("The Yellow Book") requires auditors to complete 80 hours of continuing professional education credits

(CPEs) every two years, of which 24 must be government-related. 5 G.C.A. §20304 also requires CPEs for all government auditors and accountants.

In 2007, OPA staff received an average of 83 CPE hours after attending some of the following training sessions:

- Professional Ethics, Government Auditing, & AICPA Accounting Standards
- Audit Evidence and Working Papers
- Grantsmanship II: Administrative Requirements and Cost Principles for Grants and Other Agreements
- Auditing and Understanding Revenue
- Certified Government Financial Manager (CGFM) Review Course
- Procurement and Financial Assistance Fraud Investigative Workshop

We thank DOI's Office of Insular Affairs for continued funding of the PITI initiative and the USDA Graduate School for providing the PITI training. In particular, Stephen Latimer and Jason Abuchon with the USDA Graduate School have been most responsive to OPA in its training requirements.

US Department of the Interior Reimbursable Training Grant

The US Department of the Interior's Office of Insular Affairs (DOI-OIA) has approved a \$218,850 reimbursable training grant for OPA over the last five years. The grant was first awarded in October 2003 for \$38,100. Subsequent increases brought the grant total \$218,850. To date, OPA has expended \$193K of the \$219K grant.

This training grant was brought about by the initiative of DOI Inspector General Earl Devaney. Mr. Devaney has been an untiring advocate of strong public auditors and

building capacity within audit offices. DOI Office of Inspector General (OIG) Insular Area Liaison Ben Privitt has also been instrumental in the development of the training grants received. The DOI-OIG's main responsibility is to conduct and supervise audits and investigations relating to programs and operations of the US DOI.

Since 2003, DOI-OIA grants have allowed seven audit staff and the former investigator to attend training at the Inspector General Academy, the DOI Inspector General's offices, and other audit and investigative related training on-site and off-island. OPA Administrative Officer Anne Camacho is directly responsible for coordinating with US DOI-OIA on all grant requirements and reporting.



We extend our heartfelt appreciation to the Office of Insular Affairs and DOI's Inspector General for the continued funding and training at OIG offices.

DOI-OIG Field Office Training

On average, the DOI-OIG training ranges from eight to 10 weeks and costs approximately \$18,000 to \$20,000 per auditor. Without the DOI-OIA training grant, this training would not have been possible.

In April 2007, OPA Management Analyst Theresa Gumataotao and Auditor Llewelyn

Restuvog became the latest of seven other OPA staff to undergo training.

They attended a ten-week training session at OIG's Central Region Audit Office in Lakewood, Colorado. Their training was supervised by Regional Audit manager Jack Rouch, Team Lead and Deputy Regional Audit Manager Louise Nelson, and Team Lead John Illson.



Theresa Gumataotao and Llewelyn Restuvog at US Capitol Building while on DOI-IG training in Washington D.C.

In Lakewood, Theresa and Llewelyn were assigned to audits of the US-DOI's Abandoned Mine Lands and Hurricane Katrina Rebuilding Efforts. Each worked hand-in-hand with audit team members, conducted site-visits, received assignments and met deadlines. Both also spent a week in Washington, D.C., with Assistant Deputy Inspector General of Audits Anne Richards, Audits Chief of Staff Mark Bell, and Program Support Specialist Veralynn Guerrero. Throughout the week, they met with audit and investigative division representatives who shared their responsibilities, challenges, and goals.

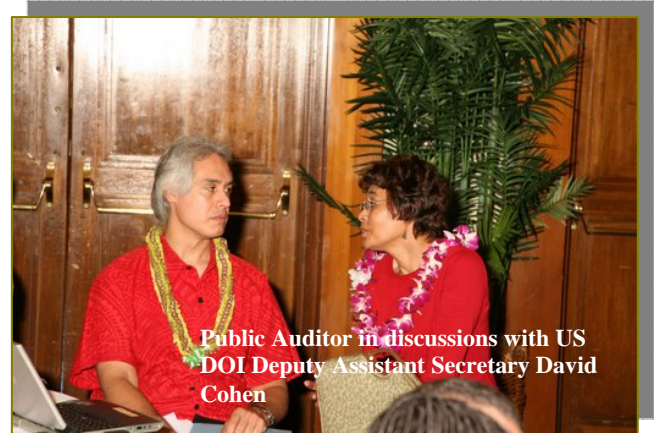
We wish to express our heartfelt appreciation to the staff of the DOI-OIG Lakewood Office for the valuable mentorship they provided Theresa and Llewelyn.

Gratitude for Training and Support

In December 2007, Secretary of the Interior, Mr. Dirk Kempthorne, announced the departure of Deputy Assistant Secretary David B. Cohen, who served in the Office of Insular Affairs for five years and significantly raised the visibility of the insular areas in Washington.

We wish to thank Mr. Cohen for efforts in behalf of the insular areas, particularly for the continued funding of technical assistance grants to help Guam and the other insular areas improve their financial management and audit capabilities.

Before his departure, Deputy Assistant Secretary Cohen reiterated his commitment to the territories' public auditors and expressed that "strong Public Auditor Offices will be a factor in determining discretionary DOI grants."



Public Auditor in discussions with US DOI Deputy Assistant Secretary David Cohen

Aware of Guam OPA's staffing issues, Mr. Cohen also stated that the independence of public auditors should be protected and their offices should be properly funded and staffed with qualified people. He stated, "We simply want to ensure that public auditor's offices are not allowed to fall so far as to become irrelevant, unable to perform their role in any significant fashion."

Along with Mr. Cohen, we also thank Mr. Edgar Johnson, OIA Director of Technical Assistance who retired in 2007, for his support and commitment in securing continued funding of training and technical assistance for Guam.

Staff Achievement

The Public Auditor encourages her staff to strive for 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). Four OPA employees achieved such career milestones last year.

Certified Government Financial Managers (CGFM)



OPA management analysts Maripaz Perez and Theresa Gumataotao and Audit Supervisor Yuka Cabrera became Certified Government Financial Managers, after successfully completing the financial, operational, and compliance examinations administered by the Association of Government Accountants (AGA).

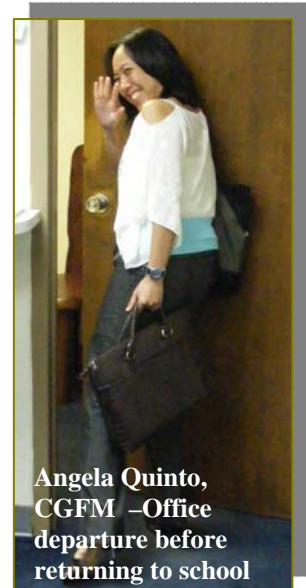
Maripaz, who has served with the OPA since November 2004, earned her Bachelor degree in International Business from the University of Guam in 2002 and Master's in Organizational Management from the University of Phoenix in 2005. Theresa, has

served with the OPA since September 2003. She earned her Bachelor degree in Political Science and Economics from Gonzaga University in 2003.

Yuka, has been with the OPA since 2001, is a CPA and a CIA and has been an audit supervisor since 2004. She earned her Bachelor degree in Accounting from the University of Guam in 2001 and was the first participant of the AGA CGFM Review Course to pass all three parts of the exam at one time.

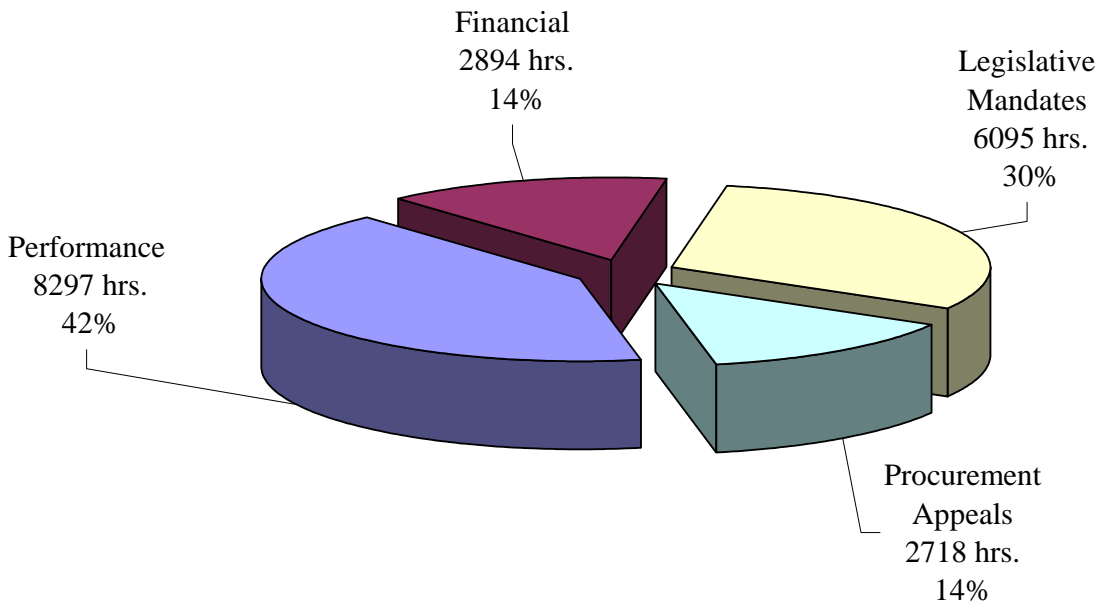
New CPA Candidate

OPA Management Analyst Angela Quinto took a leave of absence from August to December to further her education and qualify for the CPA examination. Ms. Quinto enrolled in six upper division accounting courses at UOG and earned 18 credit hours in the Fall 2007 term. Ms. Quinto is a 2003 UOG graduate, and holds a Bachelor degree in Finance and Economics and is also a CGFM.



Staff Composition

All of OPA's 11 employees are college graduates holding a bachelor or master degree, or both. Additionally, six staff have at least one certification and are CGFMs. Of the six, three staff hold additional certifications such as CPA, CIA or both. Several employees are also qualified CPA, CGFM, and CIA candidates and two are graduate students. See [Appendix 5](#) for OPA's Organizational Chart.



Staff Hours

Sixty-five percent of OPA’s 31,288 available man hours was spent on performance and financial audits, legislative mandates, and procurement appeals. Approximately, 20,000 man hours were spent in these areas (see pie chart). The remaining hours were primarily spent on administrative duties, investigations auditor training, and personal / holiday leave.

OPA Budget

We are proud of the high caliber of the OPA staff, but are also painfully aware of the financial and administrative constraints upon us. In FY 2006, the government of Guam’s total revenues topped \$1.2 billion, but OPA’s FY 2007 budget remained constant at \$1.1 million from FY 2006.

At only one-third the size of the government of Guam, the government of the Commonwealth of the Northern Marianas (CNMI) netted \$345M in FY 2006 and budgeted \$3M for its Public Auditor with 30 employees. The contrast is disappointing,

especially after having to take a 13% cut, which was later restored, and losing seven employees.

The Procurement Appeals division’s budget was increased from \$100K to \$134K for FY 2007.

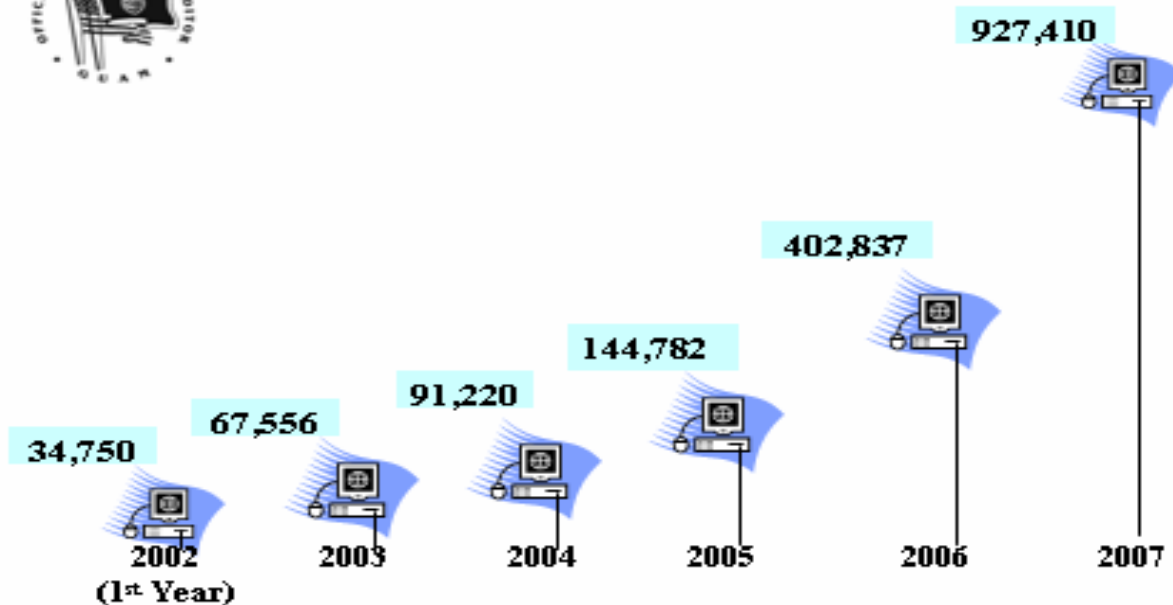
For FY2008 we requested and received a slight increase to \$1.2M for audits and \$173K for procurement appeals. However, due to our severe reduction in staff and our inability to hire or give salary increments, we project a \$270K lapse in personnel costs, which will be returned to the General Fund for FY 2008.

OPA Hotline

The OPA receives many tips, questions, and/or concerns from residents about possible government misconduct, fraud, and abuse. Information from the public is a crucial element in the audit process. Tips help OPA assess risks in the different areas of the government and where to focus its limited resources.



OPA Website Hits / Visits



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. We assure the public that any and all information provided to OPA is held in the strictest confidence.

OPA received 157 tips and concerns last year, but nearly 98% of them went unaddressed. The retirement of our sole investigator in May left a gaping hole in our operations. Until we can recruit a new investigator, other OPA staff have been assigned additional duties to handle the HOTLINE tips and to follow-up and coordinate with the Attorney General's Office for indictment and prosecution.

In 2006, OPA received 112 tips and cleared 85% of them. See [Appendix 7](#) for the number of Hotline calls logged from 2001 through 2007. The OPA thanks all those who took the initiative to contact our office and share information with us. Anyone who wishes 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, or
- Contacting any OPA employee by phone or in person. Our phone number is 475-0390.

OPA Website

When OPA established its website, www.guamopa.org, in January 2002, it became the “virtual office” for relevant government agencies and professionals in the accounting and auditing fields, and provided much-needed public access to the overall finances of our government. In addition to performance and financial audit information, the OPA website contains budget, expenditure, and staffing patterns required by the various budget acts. In 2007, we posted 57 audits and information releases.

The public's appetite for government transparency and accountability is evident in the number of "hits" to the OPA website. Hits have increased steadily every year since its inception, from 34,750 in 2002 to 927,410 in 2007. More and more people are visiting our website for general information on the government's finances, expressing interest in our work, and relying on the quality and importance of the information we provide.

We welcome the public's interest and encourage suggestions to improve the website. See [Appendix 8](#) for OPA's 2007 website in review.

Other OPA Mandates

In addition to the OPA's oversight responsibility of financial audit activities, the office has received several requests and legislative mandates to partake in or review other government-related activities. OPA's responsibilities have been expanded with over 34 public laws affecting its primary duties.

Notably, a great deal of audit time has been absorbed in conducting the compliance reviews of quarterly reporting requirements enacted by the annual Budget Act. In FY 2007, the reporting requirements set by the Budget Acts changed and required OPA to report on the manual, electronic, and website compliance of all reports due, to include quarterly financial, staffing pattern, prior year obligation, and other special reports. Due to this requirement, two audit staff are assigned to review the reporting requirements set by the most current budget act and report compliance every three months. This mandate has been assigned to OPA since FY 2006 and each year reporting requirements continue to increase, which leaves little staff resources to conduct other audits.

Despite our limited resources, we continue to do our best to attend to all our duties. [Appendix 9](#) lists OPA's mandated activities.

Other Organizational Activities

Association of Pacific Island Public Auditors (APIPA)

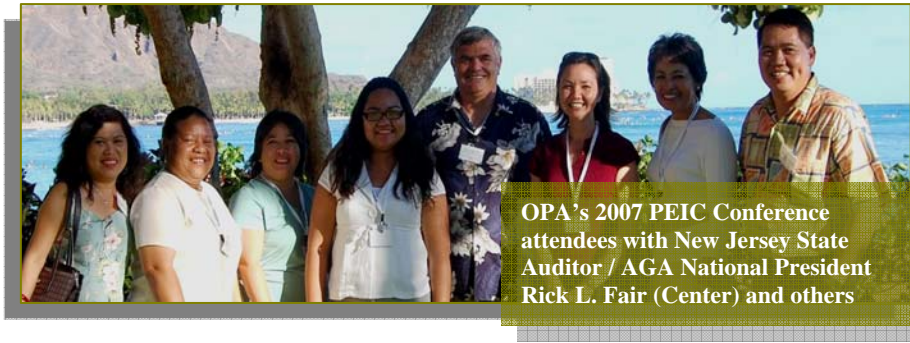
Guam OPA is a member of the Association of Pacific Island Public Auditors (APIPA). Other members include the public auditors of the Federated States of Micronesia (Pohnpei, Yap, Chuuk, Kosrae, Republic of Palau, CNMI, American Samoa, Republic of the Marshall Islands, the Virgin Islands, and American Samoa. Each year, an APIPA member hosts an annual conference. The conference provides the opportunity to earn up to 40 hours for continuing professional education credits or CPE's. Guam OPA will host the annual APIPA conference in 2009.

APIPA - 18th Annual Conference, American Samoa

In August, the Public Auditor and Audit Supervisor Yuka Cabrera participated in APIPA's 18th Annual Conference in Pago Pago, American Samoa. The conference was hosted by American Samoa's acting territorial auditor, Francis Sefo, and the USDA Graduate School.



Public Auditor and Audit Supervisor Yuka Cabrera with American Samoa Public Auditor Frances Sefo (far right) and other APIPA attendees



OPA's 2007 PEIC Conference attendees with New Jersey State Auditor / AGA National President Rick L. Fair (Center) and others

departments and other members of local IG Offices.

Pacific Emerging Issues Conference (PEIC)

The 14th biennial Pacific Emerging Issues Conference was held in August at the Sheraton Waikiki Hotel. The

Just under 100 participants attended the conference. First-class instructors conducted a range of financial and auditing courses which allowed each participant to find great value in their time on American Samoa.

We congratulate and sincerely thank Acting Territorial Auditor Sefo and his staff on the success of the conference and for their warm hospitality.

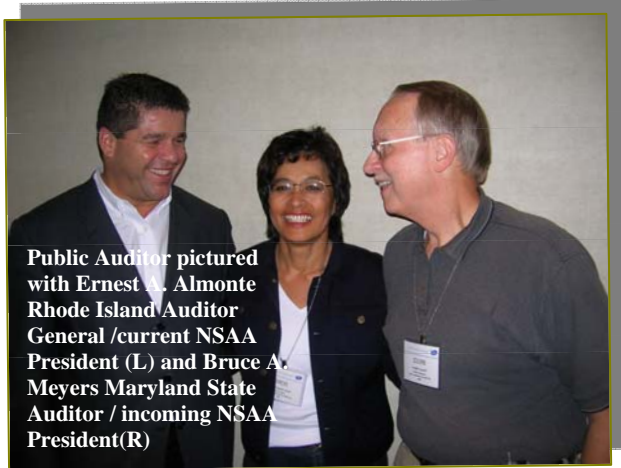
Ms. Cabrera and the Public Auditor also attended the Western Intergovernmental Audit Forum (WIAF) and the AGA Pacific Emerging Issues Conference (PEIC) in Honolulu, Hawaii, the week following the 18th Annual APIPA Conference. OPA audit supervisors Zeny Nace and Lourdes Perez and Auditor Llewelyn Restuvog also attended the WIAF and PEIC conferences through funding provided by the AGA Guam Chapter.

Western Intergovernmental Audit Forum

The Western Intergovernmental Audit Forum, is a two-day forum annually sponsored by the Government Accountability Office. This year's forum included key speakers such as Hawaii State Auditor, Marion Higa and Honolulu City Auditor, Leslie Tanaka. Each offered plenary sessions on "Accountability Issues Facing Hawaii" and "Emerging Issues in the Accountability Community," respectively. In attendance were Inspector General's from US HUD and Transportation

conference attracted a record turnout of 300 plus registrants and hosted 53 local, regional and national speakers who made presentations on the latest issues and developments affecting government financial management. OPA employees Llewelyn Restuvog and Yuka Cabrera, Lourdes Perez, Zeny Nace, and the Public Auditor were all in attendance through funding made available by the AGA Guam Chapter and the US DOI-OIA offices.

National Association of State Auditors, Comptrollers, and Treasurers (NASACT)



Public Auditor pictured with Ernest A. Almonte Rhode Island Auditor General /current NSAA President (L) and Bruce A. Meyers Maryland State Auditor / incoming NSAA President(R)

As its name describes, the National Association of State Auditors, Comptrollers and Treasurers is an alliance of the state officials who deal with government financial management. NASACT's membership includes both elected and appointed state and territorial auditors, comptrollers, and treasurers. NASACT sponsors the annual National State Auditors Association (NSAA) meeting. Public Auditor Doris Brooks



Public Auditor and Audit Supervisor Yuka Cabrera pictured with Island Government Finance Officers' Association 2007 Fall Meeting, Honolulu, Hawaii

attended this meeting in Providence, Rhode Island, in June.

2007 NSAA Annual Meeting

The NSAA annual meeting provides a forum for sharing the technical and management innovations implemented by state audit organizations. It also provides the opportunity for state auditors to network, establish contacts, and communicate with their counterparts on the struggles and triumphs of their respective organizations, as well as on routine aspects, such as report writing and electronic work paper processes.

Public Auditor Brooks is an active member of NSAA and attended the annual meeting for the past three years. She has served on NSAA's Excellence in Accountability Award Program Committee since 2006 and is now the committee's vice chair.

7th Annual DOI-OIG with APIPA members

Public Auditor Brooks and Audit Supervisor Cabrera also attended the DOI Inspector General's annual meeting in Hawaii in December.

Inspector General Devaney, who is a tireless advocate of strong public auditor offices sponsors the annual meeting to apprise audit officials from the insular areas on OIG audit issues and trends in auditing and

accountability training. Each island office is also afforded the opportunity to discuss their particular successes and struggles. In addition to Guam's participants, public auditors and staff from American Samoa, the FSM, CNMI, VI, Marshall Islands, and Palau also attended. While in Hawaii in December, Brooks and Cabrera took the opportunity to also attend the annual meeting of the Island Government Finance Officers' Association (IGFOA).

Island Government Finance Officers' Association (IGFOA) Annual Meeting

At the IGFOA meeting, Audit Supervisor Cabrera participated in a panel discussion on *Best Practices in How Public Auditors and Finance Offices Can Work Together*. The discussion was quite lively and panelists shared many ideas and opinions on how to work together to achieve greater results.

IGFOA was established in 1999 to promote improved financial management in the insular area governments.

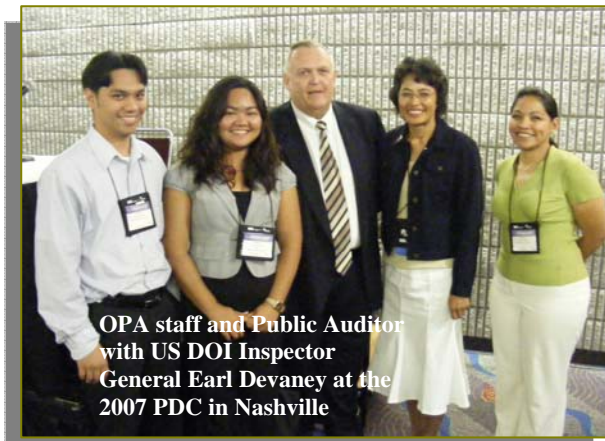
Association of Government Accountants (AGA) Guam Chapter

Most OPA employees are active members of the Guam Chapter of the Association of Government Accountants. AGA is a national professional organization dedicated to advancing government accountability. AGA's local chapter is comprised of over 100

members. Accounting, auditing, and financial management employees with the University of Guam, Port Authority of Guam, Department of Administration, Guam Waterworks Authority, and Guam Power Authority, and private firms such as Deloitte and Touche all hold active memberships.

OPA's Auditor Rodalyn Marquez and Management Analyst Maripaz Perez were elected as President-Elect and Secretary, respectively, for the 2007-2008 AGA year. Five other OPA staff members, Lourdes Perez, Yuka Cabrera, Vincent Duenas, Theresa Gumataotao, and Llewelyn Restuvog are committee chairpersons. The Public Auditor also serves as the chapter's Regional Vice-President, encompassing the regions of the Hawaii, Guam, CNMI, and Japan AGA Chapters.

AGA's 2007 Professional Development Conference



OPA staff and Public Auditor with US DOI Inspector General Earl Devaney at the 2007 PDC in Nashville

The AGA's Professional Development Conference took place in Nashville, Tennessee. The theme of the conference was "Creating Exceptional Value in a Changing World" and drew over 1,000 participants to hear agency managers, directors, and inspectors general speak about innovative ways to produce more accountability for better results.

DOI-OIA training grants provided for audit staff Llewelyn Restuvog and Theresa Gumataotao to attend, while auditor Vincent Duenas won a free ticket to the conference in AGA Guam Chapter's annual raffle. All three joined the Public Auditor and other Guam attendees in Nashville.

UOG Internship Program



UOG Intern Sabino Malicdem (second from left) pictured with Public Auditor and Lourdes Perez, Audit Supervisor, and Omar Santos Intern's Lead Auditor

OPA's participation in the University of Guam's Accounting Internship Program paid off once more as another student was introduced to the auditing profession. UOG Graduate Sabino Malicdem, with a major in Accounting completed 120 hours of on-the-job training with the OPA. Sabino was exposed to different aspects of governmental auditing and was assigned to assist auditors and completed ongoing audit assignments.

OPA values its partnership with UOG's Internship Program and enjoys providing the annual opportunity for the students selected.

Community Service

Junior Accountants Society (JAS) Company Tour

Each year members of the UOG JAS organization schedule annual company tours with various accounting departments, OPA, and other private accounting firms. The tour allows JAS members to view professional environments and ask future employers

specific questions about their jobs and duties. In September OPA welcomed nearly 30 JAS members to visit and meet staff to learn about current auditor duties. A majority of JAS members are accounting or finance and economic majors with UOG.

OPA Guest Speakers for Career Day



In February, Audit Supervisor Lourdes Perez and auditors Rodalyn Marquez and Vincent Duenas were Career Day speakers at F.B. Leon Guerrero Middle School. They spoke with students about the mission of the office and the day-to-day activities of an auditor.

Salvation Army Bell-Ringing

In December, OPA staff joined other



members of AGA Guam Chapter at the Micronesia Mall, the Agana Shopping Center, and the Guam Premium Outlets to participate in the Salvation Army's annual

Christmas Bell-Ringing Red Kettle Campaign. Annually, OPA also participates in the island-wide Na La Bonita Clean-up along with other government agencies.

OPA Recognition and Citizen Testimonials

The release and results of OPA audits have always been deemed newsworthy by Guam's news media. Whether in print, broadcast, or via the Internet, audit reports prompt numerous inquiries from island residents. They call, send emails, and write letters to offer their thanks and congratulations for the work we performed and made public.

The recognition and accolades, and citizen testimonials we receive buoy our efforts and encourage us to continue to "audit for better government." Our mission remains to serve the public interest by providing the Governor, the Legislature and the people of Guam with reliable and unbiased analysis and recommendations to improve government operations in support of the fiscal well-being of our island and our people. Citizen testimonials follow:

"There are, in my opinion, few GovGuam agencies that are managed and operate in a truly professional and efficient manner. The Office of Public Auditor is at the top of my list of those that do."

"I really believe in the mission of the OPA. Since Ms. Brooks has held the position we have seen more accountability in how government funds are spent. Her team offers the check and balance that is so critical to government operations. As a vendor I am also glad they moved the procurement protest process under the OPA's purview. I feel as a vendor that the OPA would give all sides of the dispute equal weight and review the facts."



Felix P. Camacho
Governor
Kaleo S. Moyian
Lieutenant Governor

GOVERNMENT OF GUAM
(GUBETNAMENTON GUAHAN)
DEPARTMENT OF ADMINISTRATION
(DIPATTAMENTON ATMENESTRASION)

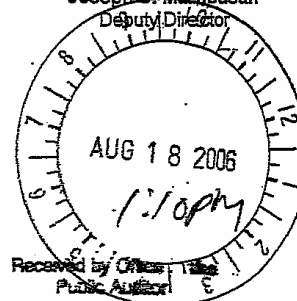
HUMAN RESOURCES DIVISION
(Dibision Inadilanto Yan Guinaha Para Taotao)
Post Office Box 884 * Hagåtña, Guam 96932
TEL: (671) 475-1120/1265 * FAX: (671) 477-7100



Lourdes M. Perez
Director
Joseph C. Manibusan
Deputy Director

HRD NO.: 06-0911

AUG 17 2006



MEMORANDUM

To: Public Auditor, Office of the Public Auditor
From: Director, Department of Administration
Subject: Pay Policy Issues
RE: Public Auditor Staff

Buenas yan Háfa Adai! This memo has reference to the issue on pay regarding the Staff of the Office of the Public Auditor.

Section 1900 of Chapter 19, Title 5 of Guam Code Annotated states that the Office of the Public Auditor (OPA) is independent of the executive, legislative and judicial branches. Section 1907 further states that the salaries of the staff of the Public Auditor shall be fixed by the Director of Administration in accordance with the methodology recommended by the Hay Study adopted by *Lihestratura* and effective October 1, 1991.

For the record, at the inception of the elected Public Auditor, our office processed the salaries of the OPA's Staff consistent with unclassified pay policies as established by the Civil Service Commission. An appointing authority had the option to set salaries of their staff occupying unclassified positions anywhere between steps 1 through 10. This particular policy was authorized pursuant to Public Law 21-59. However, on or about the year 2003, verbal clarification regarding the salaries of the Public Auditors Staff was received from the CSC. The CSC verbally informed our office that the Public Auditor may set the salaries of his/her staff anywhere between steps 1 through 20 of the current pay plan. Our office up until about two months ago continued to process Request for Personnel Actions from the OPA utilizing the pay policy received verbally from CSC.

Currently, it has been brought to our attention that the OPA's Staff should only be receiving salaries consistent with the policy for unclassified appointments as stipulated in CSC Memorandum No. 92-006 dated October 3, 1991 which states that unclassified appointments will be made within the first ten (10) steps of the assigned grade, subject to the discretion of the appointing authority (Pursuant to PL 21-59).

Page 2— Pay Policy Issues RE: Public Auditor's Staff

In reviewing, the two sections of the enabling legislation of the OPA and salaries of staff, clarification of the legislation is required. Section 1900 indicates that the OPA is independent of the three branches of government but Section 1907 stipulates that the Director of Administration in accordance with the Hay Methodology shall fix the salaries of the OPA Staff. Please note that positions within the executive and judicial branches both utilize pay policies consistent with the provisions as set forth in PL 21-59. It is for this requirement that, the Hay Methodology be applied in fixing OPA Staff's salaries, that this office uses the Hay Pay Policy in setting OPA employees' salaries at step 1 through 10. Our office appreciates that clarification of the above sections be made so that we may be able to further assist the OPA.

Should you have any questions, please contact the Classification and Pay Branch at 475-1201 or 1265. Dángkolo na Agradesimiento!


LOURDES M. PEREZ

APPENDIX 2: Waste, Abuse, and Questionable Amounts identified in 2007

OPA Report No.	Report	Questioned Costs	Diverted from General Fund	Unrealized Revenue
		\$ 797,867	\$ 2,301,077	\$-
07-15	Government of Guam Tax Credit Programs	-	Tax Credits Not Yet Applied	-
			13,059,643	
		-	Future Tax Credits to be Claimed	-
07-14	Department of Administration's Travel Advances Analysis	1,128,737	-	-
07-09	Department of Administration's Fund Transfers Pursuant to P.L. 28-151	9,000,000	-	-
07-08	Department of Public Works Commercial Tipping Fees	484,816	-	6,480,579
07-06	Department of Public Health and Social Services GovGuam Association of Retired Persons Servicio Para I Man'Amko (GGARP / SPIMA) Bingo Activities	29,992	-	-
TOTAL		\$ 11,441,412	\$ 15,360,720	\$ 6,480,579

APPENDIX 3: Major Audit Findings and Number of Recommendations

OPA Report No.	Report	Type	Findings	No. of Recommendations
07-01	FY 2007 Cash Disbursement Schedule for the Guam Public School System	Mandated by Law	<ul style="list-style-type: none"> Total GPSS appropriations for FY 2007 was \$184.3M. The OPA-prepared FY 2007 Monthly Cash Disbursement Schedule for operations estimates that \$120.5M will be needed for salaries, \$31.9M for benefits, \$12.4M for power, \$1.7M for water, \$271,262 for telephone, and \$6.2 for others, to include travel, supplies, equipment, miscellaneous and capital outlay, for a total of \$173M. The remaining balance of the \$184.3M was allotted for specific programs. 	0
07-02	Office of the Attorney General's Financial Condition and Historical Data	Legislative OR Executive Branch Request	<ul style="list-style-type: none"> For FY 2007, OAG had \$8.1M in total local appropriations. Of this amount \$2.5M or 31 percent had been expended as of January 31, 2007 leaving about \$5.6M available for the remainder of the fiscal year. For federal appropriations in FY 2007, OAG had \$6.5M of which \$3.4M was expended as of January 31, 2007 leaving about \$3.1M or only 48 percent for the remaining eight months. Thus, a higher percentage of federal expenditure was used in the first four months compared to local expenditures. With the exception of federal expenditures, nothing came to our attention to indicate that the trend analysis for prior year local appropriations had any significant variances that warranted further review. 	0
07-03	Guam Public School System's Follow Up of FY 2007 Payroll Analysis	Mandated by Law	<ul style="list-style-type: none"> As of pay period ending February 17, 2007, GPSS costs for salaries and benefits of locally funded employees in FY 2007 were \$58.8 million. This amount is \$186,051 less than the OPA calculated projection of \$58.9 million. The actual payroll costs are also \$1 million less than the total salaries and benefits of \$59.8 million indicated in the cash disbursement schedule submitted by GPSS on October 12, 2006. 	0

APPENDIX 3: Major Audit Findings and Number of Recommendations

OPA Report No.	Report	Type	Findings	No. of Recommendations
07-04	Submission of FY 2007 1st Quarter Financial Reports for the three month period ended December 31, 2007	Mandated by Law	<ul style="list-style-type: none"> Compliance with the FY 2007 Budget Act varied considerably among the 56 government agencies. Submissions of general and special reporting requirements were inconsistent, stemming from the lack of understanding by the entities of what was required of them or when the reports were due. More often than not, entities failed to meet all three reporting conditions: (1) manual submission, (2) electronic submission, and (3) posting on the web, by the due date, for each reporting requirement. The most common non-compliance requirement was the non-submission of an electronic version of the report to the Legislature and OPA. Based on the various reporting requirements, all 56 agencies may be subject to five percent de-appropriation or more, or a penalty subject to a sum equal to five percent of an agency's current fiscal year revenues. 	0
07-05	Retirement Fund COLA	Legislative OR Executive Branch Request	<ul style="list-style-type: none"> Of the 4,877 retirees in the COLA class, we found that 52% or 2,559 retirees who are entitled to COLA of \$20,000 and below expect to receive \$25.5M, or 21% of the \$123.6M COLA award. In contrast, a larger percentage, 79% or \$98.1M, in COLA will go to a smaller number of retirees (2,318 or 48%) who are entitled to COLA in excess of \$20,000. We also found 61 retirees with COLA amounts in excess of \$100,000. These 61 retirees expect to receive a total of \$7.3M under the Superior Court ordered calculation, compared to \$3.4M under the Retirement Fund calculation; a difference of \$3.9M. 	0

OPA Report No.	Report	Type	Findings	No. of Recommendations
07-06	Department of Public Health and Social Services GovGuam Association of Retired Persons Servicio Para I Man'Amko (GGARP / SPIMA) Bingo Activities	Legislative OR Executive Branch Request	<ul style="list-style-type: none"> • GGARP/SPIMA did not establish adequate control procedures over the cash derived from bingo activities and DPHSS did not provide sufficient oversight to ensure that GGARP/SPIMA's controls are adequate. • DPHSS failed to monitor revenues derived from bingo activities on a regular basis and did not take proactive measures to ensure effective administration and the proper handling of cash generated from bingo games. • GGARP/SPIMA failed to adequately account for gross bingo revenues. GGARP/SPIMA does not reconcile the gross cash collected from bingo games to the number of bingo cards being played to determine whether the gross amount collected is correct. • Between February 2004 and September 2006, the 10% bingo and miscellaneous cash recorded in the collection logs totaled \$297,924; however, bank deposits reflected only \$278,257, a difference of \$19,667 over a 32-month period. • Basic accounting and internal control policies and procedures for the bingo revenues, such as the reconciliation of bingo revenues collected to bingo cards played, segregation of duties, regular financial reporting, periodic bank reconciliation, and record keeping were insufficient or at times nonexistent. As a result, there is an increased risk of record keeping errors and possible misappropriation and theft in accounting for the \$2.2M cash receipts handled over the last three years. 	5

APPENDIX 3: Major Audit Findings and Number of Recommendations

OPA Report No.	Report	Type	Findings	No. of Recommendations
07-07	Submission of FY 2007 2nd Quarter Financial Reports for the three month period ended March 31, 2007	Mandated by Law	<ul style="list-style-type: none"> • We saw a dramatic improvement to almost full compliance among the 58 entities that submitted their reports either by the April 30 due date or by the May 15th grace period and meeting all three reporting conditions. The only exception was the Guam Preservation Trust (GPT), which submitted their report in June 2007. • We continued to note that presentation of such financial information was inconsistent among the 58 entities; 39 entities or 67% used either the budget digest (24 entities) or financial statement format (15 entities); and 19 entities or 33% did not comply with the reporting format and presented their financial information using single lump sum totals for appropriations, expenditures, and encumbrances. These 19 entities may be penalized the 20% salary reduction for the third quarter should they continue to report their financial information by lump sum totals. 	0
07-08	Department of Public Works Commercial Tipping Fees	Legislative OR Executive Branch Request	<ul style="list-style-type: none"> • Commercial tipping fees were not properly applied, billed, and collected. DPW and DO did not issue timely billing notices or collect on past due accounts. Although DOA attempted to establish a memorandum of understanding outlining billing and collection fees responsibilities, the agreement was not finalized. DPW and DOA each assumed the other was collecting commercial tipping fees. • As many as 43 business days lapsed between DPW 's issuance of a field invoice to a commercial hauler and its delivery of the field invoice to DOA for data-entry into the AS400 system for billing. Because of billing and collection deficiencies at DPW and DOA, delinquent commercial haulers have continued to utilize the Dump to the detriment of the government of Guam's fiscal condition. 	9

APPENDIX 3: Major Audit Findings and Number of Recommendations

OPA Report No.	Report	Type	Findings	No. of Recommendations
07-08 (con't)	Department of Public Works Commercial Tipping Fees (con't)	Legislative OR Executive Branch Request	<ul style="list-style-type: none"> • Since DPW’s weigh scale broke down in December 1997, commercial haulers have been charged tipping fees based on volume instead of weight. Despite being required by the Guam Environmental Protection Agency to obtain a weigh scale in 1999 and again in 2005, DPW continues to charge tipping fees in this inefficient manner. We were unable to determine government revenues due to an inoperable weigh scale. • We estimate that between October 2003 and January 2007, \$4M in government revenues was lost due to non-collection of residential tipping fees. Approximately 12,000 residential customers either were not billed, do not pay, or were not provided service. • Due to the lack of coordination between DPW and DOA, past due commercial tipping fees receivables amounted to \$3.6M million as of January 31, 2007, of which \$2.4M million or 65% were over 120 days past due. Billing notices were not timely issued to commercial haulers, and neither DPW nor DOA made efforts to collect past due accounts. 	9
07-09	Department of Administration's COLA Fund Transfers Pursuant to P.L. 28-151	Legislative OR Executive Branch Request	<ul style="list-style-type: none"> • During the first week of November 2006, \$9M was transferred to the General Fund from the following funds: \$4M from the TAF Construction Fund; \$4M from the THF Construction Fund, and \$1M from the GTA Privatization Fund. On November 1, 2006, 6,951 checks, totaling \$7,620,2504, were issued to pay retirees for FY 2007 annual lump-sum COLA pursuant to P.L. 28-150, and not the court ordered COLA stipulated in P.L. 28-151. 	0

APPENDIX 3: Major Audit Findings and Number of Recommendations

OPA Report No.	Report	Type	Findings	No. of Recommendations
07-09 (con't)	Department of Administration's COLA Fund Transfers Pursuant to P.L. 28-151 (con't)	Legislative OR Executive Branch Request	<ul style="list-style-type: none"> • Of the \$9M transferred into the General Fund, the remaining \$1,379,750 appears to have been used to pay for operational expenses, such as payroll and vendor payments. We recommend the Attorney General examine the tax implications in this matter. 	0
07-10	Government of Guam Debt Ceiling Calculation	Legislative OR Executive Branch Request	<ul style="list-style-type: none"> • Based on our calculation, the government of Guam debt ceiling as of October 2006 is \$406.9M. As of December 31, 2006, the total government of Guam debt subject to the debt ceiling is \$251.6M. Therefore, the amount available for additional bond borrowing is \$155.2M. 	0
07-11	Submission of FY 2007 3rd Quarter Financial Reports for the period between April 1, 2007 and June 30, 2007	Mandated by Law	<ul style="list-style-type: none"> • Of the 58 entities, 40 or 69% complied with all of their reporting requirements, i.e., general, special, non-appropriated funds, and non-profit organization reports. The most common non-compliance was the submittal of Prior Year Obligation reports and the missing of various reporting requirement deadlines. 	0
07-12	Government of Guam Vehicle Fleet Inventory	OPA Initiated	<ul style="list-style-type: none"> • DPW does not maintain a current, accurate, and complete general purpose inventory of government vehicles, as required by law. • DPW, DRT, DOA, and other government agencies maintain vehicle records under separate directives. Each wastes resources by unnecessarily duplicating staff time to input vehicle records into separate, incompatible databases. Each entity has significant differences in their inventory count. 	6

APPENDIX 3: Major Audit Findings and Number of Recommendations

OPA Report No.	Report	Type	Findings	No. of Recommendations
07-12 (con't)	Government of Guam Vehicle Fleet Inventory (con't)	OPA Initiated	<ul style="list-style-type: none"> • DPW utilizes antiquated software to track the government’s vehicle inventory. DPW utilizes REFLEX software that is supported by an aged Microsoft Disk Operating System or MS DOS. As a result, the software cannot be electronically read and cannot interface with software used by DRT or DOA. • Of the 40 vehicles we physically inspected, 26 vehicles or 65% did not have any agency logo or name and the reasons offered for non-compliance were not supported by law. 	6
07-13	Government of Guam Debt Ceiling Recalculation per Public Law 29-19	Legislative OR Executive Branch Request	<ul style="list-style-type: none"> • Based on our re-calculation, the government of Guam debt ceiling as of October 2006 is \$813.7M. As of December 31, 2006, the total government of Guam debt subject to the debt ceiling is \$251.6M million. Therefore, the new amount available for additional bond borrowing by the government of Guam is \$562.1M million as of December 31, 2006. 	0
07-14	Department of Administration's Travel Advances Analysis	OPA Initiated	<ul style="list-style-type: none"> • A continued disregard of the travel policies and a concomitant rise in uncleared travel advances. These advances have been steadily increasing at an average annual rate of 30.3% per year over the last five years with a balance of \$1.1M million as of December 31, 2006, of which only \$63,000 pertained to 2006 transactions. • DOA was unable to enforce the required 15-day travel advance clearance. As of December 2006, travel advances remained an outstanding receivable for an average of 538 days, with a peak of 1,035 days in CY 2003. 	10

APPENDIX 3: Major Audit Findings and Number of Recommendations

OPA Report No.	Report	Type	Findings	No. of Recommendations
07-15	Government of Guam Tax Credit Programs	OPA Initiated	<ul style="list-style-type: none"> • GEDCA did not ensure that the applicable laws, rules, and regulations were followed before authorizing tax credits totaling \$8.2M of the \$10.5M allowed by law: \$6.6M for the development of the Guam Raceway Park (Raceway Park), \$1M for the Paseo Stadium, and \$566K for the Soccer Stadium. • We found a lack of public announcements inviting companies to participate in the tax credit programs which allowed groups to select favored companies. • \$231,377 in excess tax credits was authorized by GEDCA and granted to one company that charged a 17% overhead rate for construction of the Raceway Park, although P.L. 25-27 allowed only 5%. • Lack of detailed inspection reports and independent certification of invoices and expenditures for Raceway Park tax credits as required by P.L. 25-27. Although we were provided with three months of dated photos of the construction in progress, they were not sufficient for an appropriate assessment. • Lack of verification and documentation of the dollar-for-dollar matching requirement paid by Guam Football Association amounting to \$595,440 for the Soccer Stadium tax credit program pursuant to P.L. 27-85. 	13
07-16	Submission of FY 2007 4th Quarter Financial Reports for the period between July 1, 2007 and September 30, 2007	Mandated by Law	<ul style="list-style-type: none"> • Of the 58 entities, 49 entities or 84% complied with all their reporting requirements for the fourth quarter of FY 2007. Specifically, 53 entities or 91% submitted their fourth quarter financial reports by the October 31, 2007 deadline. 50 entities submitted their staffing pattern reports on time, and 54 entities submitted their prior year's obligation payments report. 	0

APPENDIX 3: Major Audit Findings and Number of Recommendations

OPA Report No.	Report	Type	Findings	No. of Recommendations
07-17	Fiscal Year 2007 Quarterly Financial Reports Summary	Mandated by Law	<ul style="list-style-type: none"> • Overall, we saw considerable improvement in compliance with all reporting requirements from third to fourth quarter of FY 2007. • Staffing pattern reports significantly increased to 50 entities, or 91%, compared to 38 entities, or 69%, in the third quarter. • Submissions of NAF reports slightly increased from 12, or 75%, to 14 entities, or 88%. • Submissions of NPO reports increased from 2, or 50%, to 3 entities, or 75%. • Submissions of Special reports increased from 69% compared to 79%. • There were no improvements in compliance with the quarterly financial reports, which declined from 57 entities, or 98% in the third quarter to 53 entities, or 91% in fourth quarter. Prior year's obligation payments (PYO) reports compliance declined from 55, or 95%, to 54 entities, or 93%. 	2
07-18	Status of OPA Audit Recommendations	OPA Initiated	<ul style="list-style-type: none"> • OPA reports generally found that government managers lack an understanding of the importance of implementing effective internal controls, or checks and balances, such as monitoring, separation of duties, establishing a positive control environment, and ensuring accurate and timely recording or transactions. • Majority of OPA audits have been on DOA due to the nature of its responsibilities. 63 recommendations were addressed to DOA, of which 37 have been closed and 26 remain open. 	0
TOTAL Recommendations				45

APPENDIX 4: Procurement Appeals Filed in Calendar Year 2007

No.				Attorney(s) / Party Involved			Status:
	Agency	Appellant	Appeal Relative To:	Agency	Appellant	Third Party	
OPA-PA-07-002	GPA	Emission Technologies Inc.	GPA's Continuous Emission Monitoring System	Anthony R. Camacho, Esq. / Somerfleck and Camacho	Kevin J. Fowler, Esq. / Dooley Roberts and Fowler LLP	James S. Maher, Esq. / Maher and Thompson P.C.	Appeal Filed: April 20, 2007 Status: Decision Issued August 1, 2007 but subsequently appealed to local court. Oral arguments were presented before Judge Lamorena on February 1, 2008. Court under advisement. Pre-Hearing: June 20, 2007 Hearing: July 6, 2007
PA-PA-07-003	GIAA	Maeda Pacific Corporation	Maeda Pacific Corporation - Project GIAA -FY-06-04-5 (Demolition and Remediation of Block 3)	Maria T. Cenzon-Duenas Esq. / Mair Mair Spade & Thompson	Thomas McKee Tarpley, Esq. / Law Office of Thomas McKee Tarpley	n/a	Appeal Filed: May 31, 2007 Status: Appellant withdrew appeal & a Dismissal Order was issued on June 26, 2007. Pre-Hearing: n/a Hearing: n/a
OPA-PA-07-004	GMHA	Teal Pacific LLC	Teal Pacific LLC -- GMHA BID-008-2007 - Portable X-Ray Machine	Aaron Jackson Esq. / Mair Mair Spade & Thompson	William R. Gavras, Esq. / William R. Gavras	n/a	Appeal Filed: June 7, 2007 Status: Order of Dismissal released on January 17, 2008 due to disqualification of the Public Auditor due to personal conflicts. Pre-Hearing: January 8 and 14, 2008 Hearing: n/a

APPENDIX 4: Procurement Appeals Filed in Calendar Year 2007

No.				Attorney(s) / Party Involved			Status:
	Agency	Appellant	Appeal Relative To:	Agency	Appellant	Third Party	
OPA-PA-07-005	GMHA	Jones and Guerrero Co. Inc. dba J&G Construction	GMHA No. 005-2007 Warehouse Expansion Project	Aaron Jackson Esq. / Mair Mair Spade & Thompson	John Thos. Brown, Esq. / General Counsel Jones & Guerrero	n/a	Appeal Filed: June 21, 2007 Status: Appellant and agency waive their request for a Hearing and request a Decision based on the record submitted. Pre-Hearing: January 16 and February 25, 2008 Hearing: waived
OPA-PA-07-006	GGRF	Great-West Retirement Services	RFP No. GGRF-928-06 Investment Management and Plan Administration related to the 401(a) Defined Contribution Plan, 457 Deferred Compensation Plan and Welfare Benefit Plan	Elyze J. McDonald, Esq. / Carlsmith Ball LLP	Thomas McKee Tarpley, Esq. / Law Office of Thomas McKee Tarpley	Joaquin C. Arriola, Jr., Esq. / Arriola, Cowan, & Arriola	Appeal Filed: June 22, 2007 Status: Decision Issued March 13, 2008 Pre-Hearing: December 18, 2007 and January 10, 2008 Hearing: January 21, 2008
OPA-PA-07-007	GIAA	Dick Pacific Construction Co. Ltd.	IFB No. GIAA-C09-FY07 GIAA Utilities Improvements - Water System	Maria T. Cenzone-Duenas Esq. / Mair Mair Spade & Thompson	Carey McAlister Austin, Esq. / Carlsmith Ball LLP	Tim Roberts, Esq. / Dooley Roberts and Fowler LLP	Appeal Filed: August 2, 2007 Status: Decision Issued on January 18, 2007 Pre-Hearing: November 1 and 21, 2007 Hearing: waived

APPENDIX 4: Procurement Appeals Filed in Calendar Year 2007

No.				Attorney(s) / Party Involved			Status:
	Agency	Appellant	Appeal Relative To:	Agency	Appellant	Third Party	
OPA-PA-07-008	GPSS	Advanced Management Inc. (AMI)	GPSS IFB 006-2007 – Title: Preventative Maintenance and Repair of Split Type Air Conditioning Units for Various Public Schools and Support Facilities	Fred Nishihira, Esq. / GPSS Legal Counsel	Monty A. McDowell, CEO & James C. McFerran, Director of Business Development	n/a	Appeal Filed: September 10, 2007 Status: A Dismissal Order was issued on November 16, 2007, based on agreements reached by both parties during the pre-hearing conference & OPA's lack of jurisdiction as AMI filed no protest with GPSS before filing the appeal. Pre-Hearing: October 29, 2007 Hearing: n/a
OPA-PA-07-009	GMHA	Pacific Security Alarm (PSA) Inc.	IFB No. GMHA 023-2007: Removal and Replacement of Fire Alarm System	Aaron Jackson Esq. / Mair Mair Spade & Thompson	G. Anthony Long, Esq. / Law Offices of G. Anthony Long	n/a	Appeal Filed: November 16, 2007 Status: Decision Issued on April 11, 2008 Pre-Hearing: February 5, 2007 Hearing: February 21 and March 24, 2008
OPA-PA-07-010	GSA / PAG	Far East Equipment Company, LLC	GSA/PAG 07-006 Item#4.1 – 40,000# Forklift	Ignacio C. Aguigui, Esq. / Lujan Aguigui & Perez LLP	John A. Limitiaco, Vice-President	Kevin J. Fowler, Esq. / Dooley Roberts and Fowler LLP	Appeal Filed: November 20, 2007 Status: Upcoming Hearing Pre-Hearing: February 5 and March 27, 2008 Hearing: May 13, 2008

APPENDIX 4: Procurement Appeals Filed in Calendar Year 2007

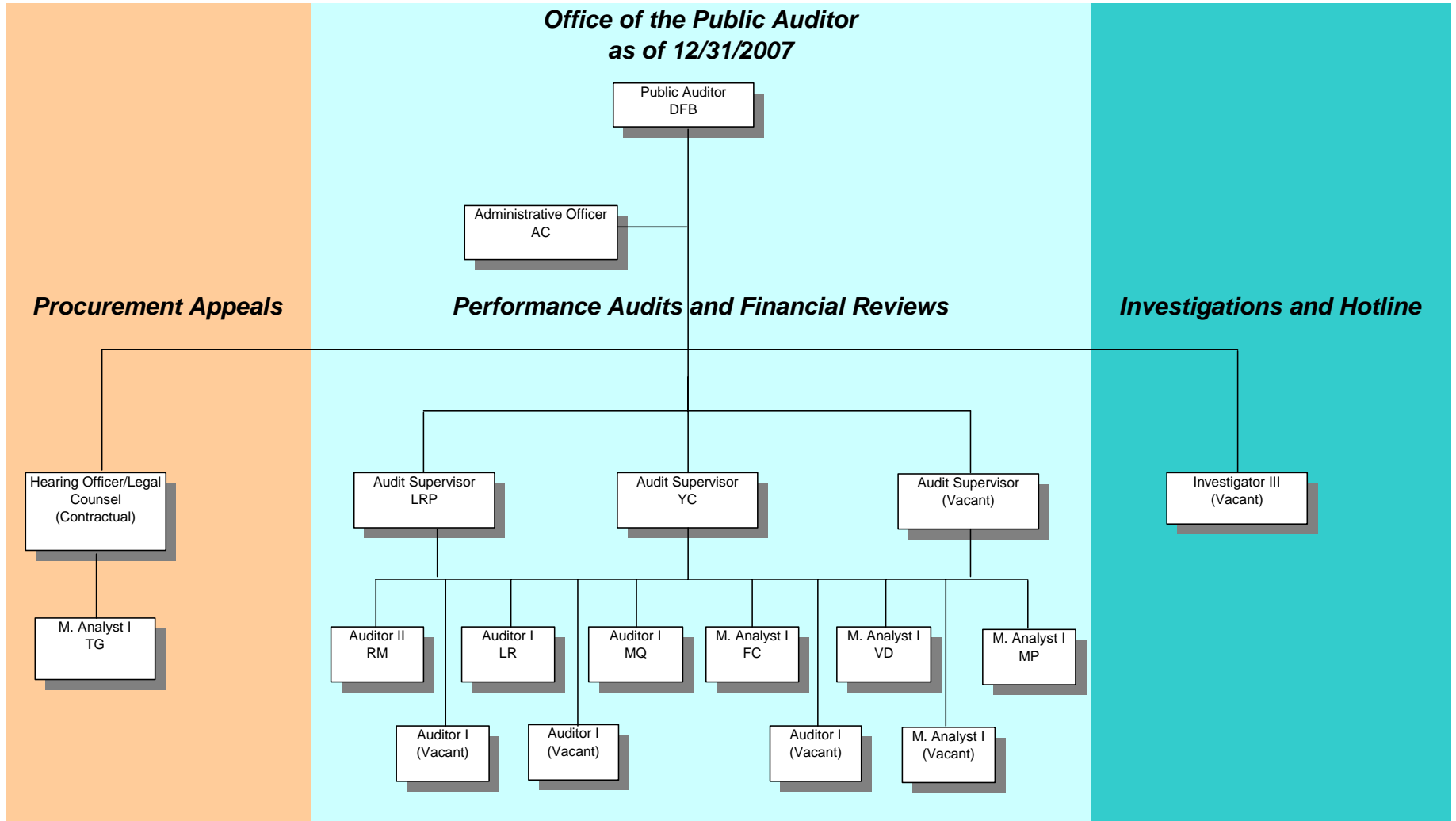
No.				Attorney(s) / Party Involved			Status:
	Agency	Appellant	Appeal Relative To:	Agency	Appellant	Third Party	
OPA-PA-07-011	GMHA	JMI Medical Systems Inc.	GMHA Bid 024-2007 - Automated Microbiology Analyzer	John S. Unpingco, Esq. / Law Offices of John S. Unpingco & Associates	Benjamin C. Sison, Esq. / Cruz Sison & Terlaje, PLLC	n/a	Appeal Filed: December 12, 2007 Status: Pre-Hearing Conference Pre-Hearing: February 6 and March 27, 2008 Hearing: No Schedule

APPENDIX 5: Financial Audits Issued in Calendar Year 2007

Release Order	Auditee	Report Year	Issue Date	# of Findings	Management Comment(s)	Questioned Costs	Number of Employees	Salaries and Wages	Auditing Firm
1	Guam International Airport Authority	FY 2006	31-Jan	4	5	\$ -	207	\$ 11,909,317	Ernst and Young
2	Port Authority of Guam	FY 2006	2-Feb	2	2	60,000	324	11,715,395	Deloitte and Touche
3	Guam Economic Development and Commerce Authority	FY 2006	7-Feb	0	0	-	24	1,330,426	Deloitte and Touche
4	Government of Guam Retirement Fund	FY 2006	22-Mar	0	2	-	46	1,527,648	Burger & Comer
5	Guam Housing Corporation	FY 2006	4-Apr	7	0	-	25	1,132,193	J Scott Magliari Co.
6	Guam Educational Telecommunications Corporation (KGTF)	FY 2006	11-Apr	4	0	-	11	406,314	Burger & Comer
7	Guam Visitors Bureau	FY 2006	27-Apr	0	5	-	37	1,423,293	Deloitte and Touche
8	Guam Power Authority	FY 2006	1-May	9	7	-	536	28,203,429	Deloitte and Touche
9	Tourist Attraction Fund	FY 2006	17-May	0	2	-	42	631,903	Deloitte and Touche
10	Guam Waterworks Authority	FY 2006	25-May	7	10	330,931	245	14,470,767	Deloitte and Touche
11	Guam Community College	FY 2006	1-Jun	2	2	-	209	12,963,325	Deloitte and Touche
12	Guam Memorial Hospital Authority	FY 2006	13-Jun	19	12	607,789	933	51,375,454	J Scott Magliari Co.

APPENDIX 5: Financial Audits Issued in Calendar Year 2007

Release Order	Auditee	Report Year	Issue Date	# of Findings	Management Comment(s)	Questioned Costs	Number of Employees	Salaries and Wages	Auditing Firm
13	University of Guam	FY 2006	22-Jun	2	3	-	832	35,390,103	Burger & Comer
14	Guam Preservation Trust Fund	FY 2006	28-Jun	7	0	39,265	3	200,854	Ernst and Young
15	Guam Public School System	FY 2006	2-Jul	19	2	245,684	3861	166,188,100	Deloitte and Touche
16	Government of Guam General Purpose Financial Statements & Single Audit	FY 2006	3-Jul	37	10	2,773,997	4042	231,340,242	Deloitte and Touche
17	Territorial Highway Fund	FY 2006	1-Aug	0	4	-	101	4,180,287	Deloitte and Touche
18	Guam Housing and Urban Renewal Authority	FY 2006	12-Sep	17	0	-	102	4,364,356	J Scott Magliari Co.
TOTAL				136	66	\$ 4,057,666	11,580	\$ 578,753,406	



APPENDIX 7: Hotline calls logged in 2001 through 2007

Agencies or Programs	2007	2006	2005	2004	2003	2002	2001	TOTAL
Guam International Airport Authority	3	5	2	10	13	12	22	67
Guam Public School System	45	17	14	9	11	13	13	122
Department of Public Works	14	9		3	10	11	14	61
Guam Power Authority	7	6	3	3	10	11	14	54
Department of Corrections	1	1	2	2	2	11	10	29
Guam Memorial Hospital Authority	2	1	7	4	1	11	8	34
Government of Guam Retirement Fund	3	3	1	15	1	6	0	29
Department of Administration	3	1	2	4	5	6	5	26
Mayors Council of Guam	11	8	9	4	6	2	7	47
Guam Housing and Urban Renewal Authority	2	1	6	10	3	2	3	27
Guam Waterworks Authority	7	5	12	4	7	4	3	42
Guam Fire Department	1	2	1	6	4	3	4	21
Guam Mass Transit Authority	0	0	1	3	5	5	4	18
Department of Public Health and Social Services	0	1	4	5	0	4	8	22
Guam Telephone Authority	0	0	1	9	3	3	1	17
Office of the Attorney General	1	3	3	4	9	1	0	21
Guam Police Department	2	1	0	2	3	3	5	16
Guam Visitors Bureau	2	0	3	5	1	1	5	17
Superior Court of Guam	3	2	4	4	2	4	2	21
University of Guam	2	1	0	4	3	3	2	15
Port Authority of Guam	0	1	3	3	4	1	3	15
Department of Land Management	0	0	1	3	0	1	4	9
Office of the Governor	0	1	0	4	3	1	0	9
Department of Parks & Recreation	7	4	1	1	1	1	5	20
Department of Labor	0	0	0	2	3	2	1	8
Guam Economic Development and Commerce Authority	0	0	0	2	4	0	1	7
General Services Agency	2	2	1	3	3	0	1	12
Other Agencies and Programs	39	37	35	49	27	23	18	228
Total	157	112	116	177	144	145	163	1014

APPENDIX 8: OPA Website in Review

January 2, 2007

The Office of the Public Auditor is amending Invitation for Bid OPA 002-06 (Telephone System). You may click the following links to download the amendment.

- [Amendment#1](#)
- [Pre-Bid Questions](#)

January 3, 2007

The Public Auditor issues a letter to clarify and dispute recent public statements regarding the FY 2007 payroll costs and 14% pay adjustments.

- [Click here for letter](#)

January 10, 2007

The Office of the Public Auditor issued Amendment #2 for IFB OPA-002-06 (Telephone System). You may click the following links to download the amendment.

- [Amendment#2](#)
- [Additional Questions](#)

January 30, 2007

The Public Auditor has submitted draft legislation to the Legislature in reference to personnel pay policies at the Office of the Public Auditor.

- [Click here for the letter](#)

January 30, 2007

The Office of the Public Auditor will be holding a public hearing on Friday, February 9, 2007, at 10:00 AM relative to the appeal filed by L.P. Ganacias Enterprises, Inc. dba RadioCom regarding the Office of Homeland Security's Sole Source Procurement of Early Warning System or Outdoor PA System "Warning System"; PO# PO66A06288 and PO66A06304.

- [Click here for Media Release](#)

January 31, 2007

The Office of the Public Auditor has released the Guam International Airport Authority's FY 2006 Financial Statements, Reports on Compliance/Internal Controls, and Management Letter

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



February 2, 2007

The Office of the Public Auditor has released the Port Authority of Guam's FY 2006 Financial Statements, Reports on Compliance/Internal Controls, and Management Letter

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



February 7, 2007

The Office of the Public Auditor has released the Guam Economic Development and Commerce Authority's FY 2006 Financial Statements and Report on Compliance/Internal Controls.

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



February 9, 2007

The Public Auditor responds to the Superintendent of Education's February 8, 2007 letter regarding GPSS request for funds to meet employee payroll obligations.

- [Click here for letter](#)

February 12, 2007

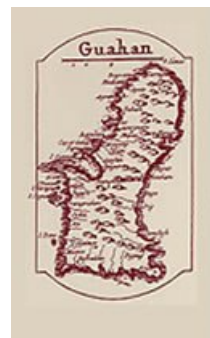
The Public Auditor submitted testimony on bills relative to the transition of newly elected officials (Bill 39) and the forfeiture of retirement benefits from employees or retirees found guilty of public corruption (Bill 13).

- [Testimony on Bills 39 and 13](#)

February 12, 2007

The Office of the Public Auditor is soliciting proposals on behalf of the Guam Preservation Trust (GPT) for an audit (to include the Single Audit Act Provision) of its financial operations for FY 2006 - FY 2008. You may click the following links to download the RFP or pick up an RFP Package at: Guam Preservation Trust Suite 211, Second Floor, 194 Hernan Cortes Avenue Hagatna, Guam 96910

- [GPT RFP Notice](#)
- [GPT RFP](#)



February 14, 2007

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



- [Summary of the Performer](#)
- [Performer and AFTER Analysis](#)

February 15, 2007

The Public Auditor requests the Director of Administration to review promotional pay for GPSS Administrators.

- [Click here for letter](#)

February 20, 2007

The Office of the Public Auditor has released OPA Report 07-01 - FY 2007 Cash Disbursement Schedule for the Guam Public School System.



- [Full Report](#)

February 23, 2007

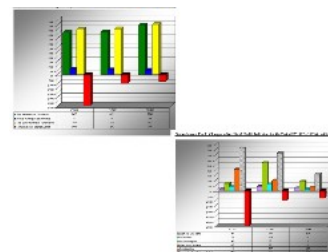
OPA announces the professional certifications of three OPA staff auditors, Mrs. Rodalyn May G. Marquez, Mr. Paul A. Gentry, and Ms. Maria Angela dL Quinto.



- [Click here for press release](#)

February 25, 2007

Public Auditor writes to the Pacific Sunday News forum relating to what must be done to address GovGuam's financial problems.



- [Click here for letter](#)

March 12, 2007

The Office of the Public Auditor has released OPA Report 07-02 - Office of the Attorney General's Financial Condition & Historical Data



- [Full Report](#)

March 12, 2007

The Office of the Public Auditor has released the decision on the procurement appeal of the Office of Homeland Security's Sole Source Procurement of Early Warning System or Outdoor PA System



- [Click here for Press Release](#)
- [Click here for Decision](#)
- [Click here for Findings and Recommendations of Hearing Officer](#)

March 21, 2007

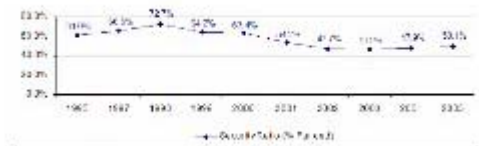
The Office of the Public Auditor has released OPA Report 07-03 - Guam Public School System's Follow Up of FY 2007 Payroll Analysis



- [Full Report](#)

March 22, 2007

The Office of the Public Auditor has released the Government of Guam Retirement Fund's FY 2006 Financial Statements, Reports on Compliance/Internal Controls and Management Letter



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

April 4, 2007

The Office of the Public Auditor has released the Guam Housing Corporation's FY 2006 Financial Statements, Reports on Compliance/Internal Controls and Management Letter



- [Highlights](#)
- [2006 Financial Statements and Report on Compliance/Internal Controls](#)

April 10, 2007

The Office of the Public Auditor has released OPA Report 07-04 - Submission of FY 2007 1st Quarter Financial Reports for the three month period ended December 31, 2006



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

April 11, 2007

The Office of the Public Auditor has released the Guam Educational Telecommunications Corporation FY 2006 Financial Statements and Report on Compliance/Internal Controls



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

April 12, 2007

Public Auditor submits testimony on Bill 74, an act to amend the FY 2007 Budget Law

- [Click here for testimony on Bill 74](#)

April 12, 2007

The Public Auditor has submitted proposed legislation to the Guam Legislature requesting a change in personnel administration for employees of the Office of the Public Auditor

- [Request to Senator Guthertz](#)
- [Transmittal to the Speaker and Vice-Speaker on Proposed Legislation](#)
- [Letter from DOA regarding pay policy issues](#)
- [Proposed Legislation](#)

April 17, 2007

The Office of the Public Auditor has released a guide to aid government entities in preparing their FY 2007 report submittals

- [Click here for Memorandum](#)
- [Click here for Guidance for Complying with FY 2007 Reporting Requirements](#)

April 17, 2007

The Office of the Public Auditor has posted two Attorney General opinions on the use of public funds for food purchases.

- [AG Opinion on the Use of Public Funds for Food Purchases](#)
- [AG Opinion on the Use of Municipal Fund Monies to Pay for Food Purchases](#)

April 27, 2007

The Office of the Public Auditor has released the Guam Visitors Bureau FY 2006 Financial Statements, Report on Compliance/Internal Controls, and Management Letter



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

May 1, 2007

The Office of the Public Auditor has released the Guam Power Authority FY 2006 Financial Statements, Report on Compliance/Internal Controls, and Management Letter



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

May 9, 2007

The Office of the Public Auditor has released OPA Report 07-05 - Government of Guam Retirement Fund Cost of Living Allowance (COLA)



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

May 17, 2007

The Office of the Public Auditor has released the Tourist Attraction Fund FY 2006 Financial Statements, Report on Compliance and Internal Controls, and Management Letter.



- [Highlights](#)
- [2006 Financial Statements](#)
- [2006 Report on Compliance and Internal Controls](#)
- [Management Letter](#)

May 25, 2007

The Office of the Public Auditor has released the Guam Waterworks Authority FY 2006 Financial Statements, Report on Compliance/Internal Controls, and Management Letter



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

May 31, 2007

The Office of the Public Auditor has released its 2006 Annual Report



- [2006 Annual Report](#)

June 1, 2007

The Office of the Public Auditor has released the Guam Community College FY 2006 Financial Statements, Report on Compliance/Internal Controls, and Management Letter

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



June 13, 2007

The Office of the Public Auditor has released the Guam Memorial Hospital Authority FY 2006 Financial Statements, Report on Compliance/Internal Controls, and Management Letter

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



June 21, 2007

The Office of the Public Auditor has released OPA Report 07-06 - Department of Public Health and Social Services GovGuam Association of Retired Persons Servicio Para I Man'Amko (GGARP/SPIMA) Bingo Activities

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



June 22, 2007

The Office of the Public Auditor has released the University of Guam's FY 2006 Financial Statements and Report on Compliance/Internal Controls

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



June 22, 2007

The Office of the Public Auditor has released a notification for reporting requirements pursuant to Public Laws 28-149, 28-150, and 29-02.

The Office of the Public Auditor has provided reporting requirements pursuant to Public Laws 28-149, 28-150, and 29-02, for respective department/agencies

- [Click here for the notification](#)
- [Click here for the agency requirements](#)

June 25, 2007

The Office of the Public Auditor is now soliciting proposals on behalf of the Guam Educational Telecommunications CORP. (KGTF-TV, Channel 12) for an audit (to include the Single Audit Act Provision) of its financial operations for FY 2007 – FY 2009. You may click the following links to download the Request for Proposal (RFP) or pick-up an RFP package at:

KGTF Business Office
194 Sesame Street on Washington Dr., Mangilao,
8:00 a.m. to 5:00 p.m. Monday - Friday



- [RFP Announcement](#)
- [KTGF RFP \(Audit Services\)](#)

June 25, 2007

The Office of the Public Auditor is now soliciting proposals on behalf of the Guam Housing and Urban Renewal Authority (GHURA) for an audit (to include the Single Audit Act Provision) of its financial operations for FY 2007 – FY 2009. You may click the following links to download the Request for Proposal (RFP) or pick-up an RFP package at:

GHURA Main Office
117 Bien Venida Avenue
Sinajana, GU 96910



- [RFP Announcement](#)
- [Extension Notice](#)
- [GHURA RFP \(Audit Services\)](#)

June 26, 2007

The Office of the Public Auditor will hold a Hearing on Friday, July 6, 2007, at 10:00 AM to hear the appeal filed by Emission Technologies, Inc., relative to the decision on protest of method, solicitation or award of the GPA RFP 07-002 (Continuous Emission Monitoring Systems) by the Guam Power Authority. The Hearing will take place on the 6th Floor, DVR Conference Room, Pacific News Building, 238 Archbishop Flores Street, Hagatna, Guam.

- [Click here for press release](#)

June 28, 2007

The Office of the Public Auditor has released the Guam Preservation Trust's FY 2006 Financial Statements and Report on Compliance and Internal Control



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

July 2, 2007

The Office of the Public Auditor has released the Guam Public School System's FY 2006 Financial Statements, Single Audit Reports, and Management Letter

- [Highlights](#)
- [2006 Financial Statements](#)
- [Single Audit Reports](#)
- [Management Letter](#)



July 3, 2007

The Office of the Public Auditor has released the Basic Financial Statements, Single Audit Reports, and Management Letter of the Government of Guam for the fiscal year ended September 30, 2006.

- [Highlights](#)
- [2006 Basic Financial Statements](#)
- [2006 Single Audit Reports](#)
- [2006 Management Letter](#)



July 6, 2007

The Office of the Public Auditor has taken action as a result of the appropriation reduction by Public Law 29-02

- [Click here for Letter to Governor and Speaker](#)

July 12, 2007

The Office of the Public Auditor has released OPA Report 07-07 - Submission of FY 2007 2nd Quarter Financial Reports for the three month period ended March 31, 2007

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



July 26, 2007

The Public Auditor has issued a letter on the status of the Territorial Highway Fund financial audit.

- [Click here for Letter](#)
-

August 1, 2007

The Office of the Public Auditor has released the Territorial Highway Fund's FY 2006 Financial Statements, Report on Compliance and Internal Control, and Management Letter

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



August 2, 2007

The Office of the Public Auditor has released the decision on the procurement appeal of the Guam Power Authority's Continuous Emissions Monitoring Systems

- [Click here for Media Release](#)
- [Click here for Decision](#)
- [Click here for Findings and Recommendations of Hearing](#)



August 9, 2007

The Office of the Public Auditor has released OPA Report 07-08- Department of Public Works Commercial Tipping Fees.

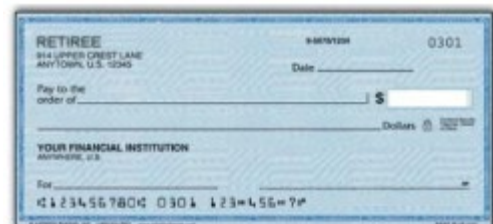
- [Executive Summary](#)
- [Full Report](#)



August 10, 2007

The Office of the Public Auditor has released OPA Report 07-09- Department of Administration Fund Transfers Pursuant to P.L. 28-151.

- [Letter Report](#)



August 13, 2007

The Office of the Public Auditor is soliciting proposals for part-time independent legal services. You may click the following links to download the Request for Proposal (RFP) or pick-up an RFP package at:

Office of the Public Auditor
Suite 401, Pacific News Building
238 Archbishop Flores St.
Hagatna, GU 96910

- [RFP Announcement](#)
- [OPA RFP 07-01 \(Part-Time Independent Legal Services\)](#)

August 31, 2007

The Public Auditor submits testimony on Bill 96 - Relative to the Pay Policies at the Office of the Public Auditor

➤ [Click here for testimony on Bill 96](#)

September 6, 2007

The Public Auditor submits testimony on Bill 145 - Relative to the Procurement Flexibility for the Retirement Fund and the Offices of the Attorney General and the Public Auditor

➤ [Click here for testimony on Bill 145](#)

September 7, 2007

The Office of the Public Auditor has responded to Senator Ben Pangelinan's request for the costs of legal services to the government of Guam.

➤ [Click here for letter to Senator Ben Pangelinan](#)

September 12, 2007

The Office of the Public Auditor has released the Guam Housing and Urban Renewal Authority's FY 2006 Financial Statements and Report on Compliance and Internal Controls

➤ [Highlights](#)
➤ [2006 Financial Statements and Report on Compliance and Internal Controls](#)



September 18, 2007

The Office of the Public Auditor has released a notification to all departments and agencies with respect to their reporting requirement responsibilities required by Public Laws 28-149, 28-150, and 29-02.

➤ [Click here for the notification](#)
➤ [Click here for the agency requirements](#)

September 20, 2007

OPA announces the professional certifications of OPA Management Analysts Ms. Theresa V. Gumataotao and Mrs. Maripaz N. Perez

➤ [Click here for press release](#)



September 21, 2007

The Office of the Public Auditor has released OPA Report 07-10 - Government of Guam Debt Ceiling Calculation

➤ [Full Report](#)



September 26, 2007

The Office of the Public Auditor has released OPA Report 07-11 - Submission of FY 2007 3rd Quarter Financial Reports for the period between April 1, 2007 and June 30, 2007

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



October 1, 2007

The Public Auditor issues a statement on certain provisions of the FY 2008 Budget Act that affect the independence of the Office of the Public Auditor and its ability to recruit and retain qualified professional staff.

➤ [Click here for Public Auditor's statement](#)

October 1, 2007

The Office of the Public Auditor is seeking applications from qualified persons for the position of:
Auditor and Management Analyst I, II, or III

➤ [Click here for more information](#)

October 4, 2007

The Office of the Public Auditor has released OPA Report 07-12 - Government of Guam Vehicle Fleet Inventory

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



October 18, 2007

Court Blocks Reduction of OPA Staff Members - Superior Court Judge issues alternate writs of prohibition and mandate blocking the Department of Administration from reducing the salaries of key members of the staff of the Office of the Public Auditor.

➤ [Click here for press release](#)
➤ [Click here for the Alternate Writ of Prohibition](#)
➤ [Click here for the Alternate Writ of Mandate](#)

October 23, 2007

The Office of the Public Auditor has released OPA Report 07-13 - Government of Guam Debt Ceiling Recalculation As Per Public Law 29-19

➤ [Full Report](#)



October 30, 2007

The Public Auditor and three OPA supervisors submit testimony on Bill 179 - An Act to Clarify the Restrictions Established on the Recruitment or Compensation of Government of Guam Personnel Above Step 10.

- [Public Auditor Doris Flores Brooks testimony](#)
 - [OPA Supervisor Zeny Asuncion-Nace testimony](#)
 - [OPA Supervisor Yuka Cabrera testimony](#)
 - [OPA Supervisor Lourdes R. Perez testimony](#)
-

November 16, 2007

The Office of the Public Auditor has lost one of its three supervisors today when certified public accountant Zeny A. Nace resigned to take a higher paying accounting job with the University of Guam.

➤ [Click here for press release](#)

November 16, 2007

The Office of the Public Auditor has issued a memorandum to all heads of executive departments and agencies, autonomous entities, Judiciary of Guam, public corporations, and boards and commissions relating to the reporting requirements pursuant to Public Law 29-19.

➤ [Click here for Notification of Reporting Requirements Pursuant to Public Law 29-19](#)

November 16, 2007

The Office of the Public Auditor has issued an "Order of Dismissal" for appeal NO. OPA-PA-07-008 relative to Guam Public School System (GPSS) IFB 006-2007 "Preventative maintenance and repair of split type air conditioning units for various public schools and support facilities."

➤ [Click here for Order of Dismissal](#)

November 20, 2007

The Office of the Public Auditor has released OPA Report 07-14 - Department of Administration's Travel Advances Analysis

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



November 27, 2007

The Office of the Public Auditor has released OPA Report 07-15 - Government of Guam Tax Credit Programs as of September 30, 2006

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



December 14, 2007

The Office of the Public Auditor has released a notification to all departments and agencies with respect to their reporting requirement responsibilities required by Public Law 29-19.

- [Click here for the notification](#)
- [Click here for the agency requirements](#)

December 26, 2007

The Office of the Public Auditor has released OPA Report 07-16 - Submission of FY 2007 4th Quarter Financial Reports for the period between July 1, 2007 and September 30, 2007.

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



December 28, 2007

The Office of the Public Auditor has released OPA Report 07-17 - Summary Report of FY 2007 3rd and 4th Quarter Financial Reports As Mandated by Public Laws 28-149, 28-150, and 29-02.

- [Full Report](#)



December 31, 2007

The Office of the Public Auditor has released OPA Report 07-18 - Office of the Public Auditor's Status of Audit Recommendations As of July 31, 2007

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



APPENDIX 9: 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. 26-85 created a Line of Credit Repayment Fund that shall be under the Public Auditor's 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, requires the Guam Waterworks Authority to outsource the maintenance and operation of the water wells, booster pump stations, meters, etc.,

and 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 the government of Guam.
- 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 expense reports of the \$9M 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 details for all and any departments or agencies including 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 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) to hear and decide all appeals of decisions that arise under 5 G.C.A. Section 5425, formerly heard by the Procurement Appeals Board; (7) to submit quarterly reports, in written and electronic format, containing full disclosure of all funds under its purview and administration for the preceding quarter; (8) to submit quarterly reports required by P.L. 28-68; (9) develop standards for the "ethics in government" program until the Guam Ethics Commission is appointed and functioning;

and (10) receive a quarterly report from the office of Veteran's Affairs describing the solicitation, acceptance, utilization, and administration of gifts, bequests, and donations.

- P.L. 28-76 requires the Public Auditor to develop standards for the "ethics in government program" until the Guam Ethics Commission is appointed and functioning.
- P.L. 28-78 requires the Public Auditor to receive a quarterly report from the office of Veteran's Affairs describing the solicitation, acceptance, utilization, and administration of gift, bequests, and donations.
- P.L. 28-149 requires the Public Auditor to approve the GPSS projected schedules of monthly cash disbursements for each school, division, program, by expenditure category for the fiscal year.
- P.L. 28-150 requires the OPA to administer the \$304,110 appropriated from the General Fund to DOA for the FY 2006 government of Guam General Purpose Financial Statements and Single Audit Report and to oversee the annual audit.
- Pursuant to P.L. 28-149 and P.L. 28-150, also known as the FY 2007 Budget Act, 56 entities are required to submit at least two types of general reports: the quarterly financial report and monthly staffing pattern reports. These two general reports are to be submitted manually and electronically, and be posted on the entity's website.

Additional requirements of P.L. 28-150:
(1) Each Mayor shall submit a report to the Public Auditor regarding the receipts, expenditures, and applications of funds;

(2) each Guam Medical Referral Office shall provide monthly reports on its activities and expenditures; and (3) the OPA shall examine the appropriate records, certify the deappropriation, and remittance of funds and report thereon to I Maga'lahi and the Speaker, and the Director of BBMR shall promptly effectuate deappropriation.

For autonomous and semi-autonomous agencies not receiving legislative appropriations, the OPA shall ensure that the financial statement of the non-compliant entity reflects the 5% liability to the General Fund, if remittance is not made.

- P.L. 28-171 requires the Public Auditor to audit the FTE Fund at GEPA which shall receive its revenue from 3% of the collections of the Recycling Revolving Fund administered by DPW
- P.L. 29-02 requires the Public Auditor to provide notice to all directors of their reporting responsibilities three (3) days before the end of each quarter. The Public Auditor shall prepare letters attesting to the failure to comply of reporting requirements that may cause the salary reduction for placement in each of the aforementioned responsible officials' respective personnel files.

Additional requirements of P.L. 29-02 (1) the Public Auditor shall be an ex officio member of the Commission on Modernization of the Government of Guam for the Twenty-first (21 st) Century and Beyond (COM-21) (2) the Public Auditor will be a member of the Special Economic Service work group to discuss and develop recommendations on economic policy, provide technical assistance to the Office of Finance and Budget, and share information relative to

the state of the economy. (3) track quarterly reports from the Administrator of the Guam Medical Referral Office pertaining to gifts received from donors.

- P.L. 29-19 requires the Public Auditor to track report from the Superintendent of Education regarding all local funds expended in Fiscal Year 2007 for federally-funded programs, the details of such expenditures by object class, the number of FTEs working in said programs, the amounts reimbursed by federal funds and the amounts that have not or will not be reimbursed by federal funds.

Additional requirements of P.L. 29-19 (1) Public Auditor will oversee the GPSS annual audit and administer funds for this purpose. (2) Public Auditor will track: (a) quarterly reports from each mayor regarding the receipt, expenditure, and application of said funds in the previous quarter (b) quarterly reports from the Guam Medical Referral Office regarding its activities and expenditures (c) general quarterly reports required by all entities (d) personnel action forms for director's pay-reductions due to non-compliance with quarterly reporting, and prepare memorandum attesting to director's non-compliance (3) Public Auditor is to provide advisory services to Superintendent of Education and ensure GPFS contains audit supplementary information, and audit Recycling Revolving Fund.

- P.L. 29-31 requires the incumbent Public Auditor to assist the Public Auditor-elect in the preparation of his or her new duties. During this transition period, the Public Auditor shall assist the Public Auditor-elect in acquainting with the operations of the Office and all necessary functions that come with holding the office. The

incumbent Public Auditor shall provide all documents at the request of the Public Auditor-elect necessary for the preparation of assuming office. The Public Auditor-elect, if deemed necessary, is authorized to appoint a Committee which shall be of assistance during the transition period between election and assumption of office, although no funds shall be appropriated for the purposes of transition. All property, equipment, and documents belonging to the Office shall not be removed by the exiting Public Auditor.

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;
- Call our office at 475-0390;
- Fax our office at 472-7951;
- Or visit us at the PNB Building, Suite 401
In Hagåtña

All information will be held in strict confidence.