

CONTRACTORS
LICENSE BOARD

GUAM CONTRACTORS LICENSE BOARD LICENSING AND INVESTIGATION PROCEDURES

Performance Audit

January 1, 2017 through December 31, 2021

OPA Report No. 23-09

November 2023





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EXECUTIVE SUMMARY
Guam Contractors License Board
Licensing and Investigation Procedures
OPA Report No. 23-09, November 2023

Our audit of the Guam Contractors License Board (CLB) revealed several significant findings related to its standard operating procedures (SOPs) in the areas of licensing and investigation. CLB's licensing procedures revealed weaknesses resulting in the noncompliance of new and renewal applications records, the stoppage of the further issuance of the C-68 classification specialty, dated licensing examinations, and concerns with the sole authority of the CLB Executive Director to issue licenses. CLB's investigation procedures revealed weaknesses resulting from the inconsistent recordkeeping of consumer complaint and CLB complaint documents.

Underlying Deficiencies Amidst CLB's Licensing Processes

Contractors with C-68 Classification Operate While CLB Lacks Licensing Authority

In calendar year (CY) 2021, 240 contractors held the C-68 classification license, a specialized designation for contractors in unique building trades not covered by other classifications. It was found that the CLB has been issuing these licenses while the C-68 classification has not been properly adjudicated in the CLB's rules and regulations. As of CY 2023, 233 contractors hold it, even though the CLB lacks the authority to issue these licenses, revealing a long-standing procedural issue. A CLB board meeting was held in March 2022, highlighting the lack of adjudication for the 2009 Rules and Regulations governing the C-68 classification. This meeting raised concerns about the status of contractors already holding a C-68 classification, as the CLB's legal counsel stated that without duly enacted regulations, the CLB lacks the authority to issue any licenses.

To address the problem, the CLB stopped processing C-68 applications in April 2022, and proposed revisions are under review. In August 2022, a statement was issued allowing those with a Specialty Classification C-68 to continue their work until the CLB finalizes the evaluation of its Rules and Regulations. The decision aimed to serve the public interest and prevent services from being denied while the CLB works on adjudicating the rules and regulations.

License Examinations Require Update with Industry Standards

The CLB is facing a significant issue with its license examinations, as in our analysis, it was found that the two-part examination required for becoming a licensed contractor is outdated in terms of industry standards. Part I of the two-part exam, covering law and related subjects, has not been updated since 2009, lagging behind Guam's transition to the International Building Code (IBC) in 2000, and as of now, it adheres to the 2009 edition of the IBC, which is four editions behind the latest version published in 2021. Part II, assessing specific knowledge in the desired license area, faces even more significant issues, with at least 21 out of 68 sections requiring updates, and all 18 written exams (except the Master Electrician exam) remaining unchanged since the IBC adoption in 2000.

The CLB recognizes the urgency of modernizing exams and has begun discussions on updates, particularly for law and the C-11 classification exam. However, progress is impeded by cost concerns, temporarily halting the proposal to transition to electronic exams. Despite the revenue surplus, the CLB encounters hurdles in accessing funds for updates, and potential solutions, like obtaining a percentage of generated revenue, are beyond its control.

Review of Licenses Reveal Procedural Shortcomings

In Guam, obtaining a contractor's license involves meeting specific requirements outlined in an application packet maintained by the CLB. A review of 158 contractor applications, encompassing various license types and classifications, revealed that 138 (or 87%) of new and renewal applications complied with CLB requirements, while 20 (or 13%) did not. Although the CLB showed instances of adhering to the SOPs in its licensing process, the presence of non-compliant applications highlights significant procedural deficiencies in the first line of defense to ensure construction is carried out in a safe, competent, and professional manner. For new applications, 3 (or 21%) were compliant, while 11 (or 76%) were missing necessary documents, yet were approved. For renewals, 135 (or 94%) were compliant, while 9 (or 6%) displayed deficiencies. Though the renewal application samples did not analyze contractor's applications for when their initial license was obtained, the percentage of new license documentation deficiencies may suggest that these contractors did not meet the initial license qualifications.

Common weaknesses included challenges in recordkeeping, such as missing documents, and quality assurance issues like absent signatures and reviewer signoffs. Variances in documentation processes, particularly in construction contracts and between SOP documents and application information packets, were also noted.

Authority to Issue Licenses Given to CLB Executive Directors

The authority to endorse new and renewal licenses by the CLB Executive Director has been in practice since 2009, and this practice continued with Executive Director A and the Executive Director B. We found that this authority is in line with the Guam Code Annotated (GCA) regulations, which gives the Board the power to grant licenses to contractors and may delegate powers and duties to the Executive Director for effective administration. However, the specific duties and authority of the Executive Director regarding administrative and investigative procedures are not well-defined in the GCA.

In 2019, the Board authorized Executive Director B to approve new and renewal license applications, primarily to address a backlog of applications. The then-acting Executive Director later requested to revoke this authority due to administrative errors. However, the Board decided that the Executive Director should continue to review and approve applications, bringing only those with issues to the Board's attention.

Outside of our analysis, it was noted that there was an incident where Executive Director B issued a "Findings and Decisions" document without Board approval. This was found to be exceeding the Executive Director's authority, leading to its withdrawal. There were no other duties or authority given to the Executive Director that we could test and verify.

CLB Adheres to Investigation Processes Despite Areas of Weaknesses

In terms of investigation process, the CLB showed adherence of its SOPs for investigations, but our examination revealed areas of weakness. Consumer complaints had an 80% compliance rate with requisite (administrative) actions, while CLB complaints had a 100% compliance rate. However, when it came to discretionary (investigative) actions, the compliance rate for consumer complaints improved to 93%, while CLB complaints dropped to 60% due to inadequate documentation.

For consumer complaints, 80% of cases met requisite action requirements, with non-compliance cases primarily missing required stamps on complaint forms or notices to appear. Discretionary actions were followed in 93% of cases, with some lacking proper documentation for closure. CLB complaints had a 100% compliance rate for requisite actions, but compliance dropped to 60% for discretionary actions. This was attributed to unclear separation of CLB complaint procedures and the need for better documentation on all stages of investigation, including reasons for random checks. Overall, while the CLB demonstrated compliance in following its SOPs regarding investigations, we identified weaknesses in its procedures, particularly in the variances of its processes and recordkeeping.

Conclusion and Recommendations

While we recognize the CLB for exerting its best efforts to ensure compliant, effective, and efficient procedures for daily operations and duties, our analysis of the CLB revealed several significant findings related to the SOPs in the areas of licensing and investigation. The procedures for licensing revealed weaknesses resulting in the noncompliance of new and renewal applications records, the stoppage of the further issuance of the C-68 classification specialty, dated licensing examinations, and concerns with the sole authority of the CLB Executive Director to issue licenses. The procedures for investigations revealed weaknesses resulting from the inconsistent recordkeeping of consumer complaint and CLB complaint documents.

To address these issues comprehensively, we recommend the CLB undertake several important actions:

1. Ensure that the C-68 Classification and the updated Rules and Regulations undergo a thorough review and approval process through the Administrative Adjudication Act.
2. Conduct a comprehensive review and update of examinations to align with Guam's adopted 2009 edition of the International Building Code (IBC) and/or current industry practices and regulations.
3. Update and align Standard Operating Procedures and application packets to ensure uniform procedures and eliminate disparities between documents;
4. CLB management ensures appropriate procedures to maintain documents used to support the issuance of contractor's licenses to new applicants in line with statutes. This includes updating the CLB checklists attached to folders, as well as keeping applications collectively together;
5. Creating literature that clearly states the duties and authority the Executive Director should have over licensing and investigation procedures and have such literature approved by the Board;
6. Updating the CLB's Standard Operating Procedures for consumer and CLB complaints; and

7. Create a systematic recordkeeping process similar to procurement files, including documenting all steps and using checklists for consistency to improve organization and tracking of case status during investigations.

By implementing these recommendations, the CLB can enhance its operational efficiency, maintain the integrity of the construction industry, and ensure the safety of Guam's citizens. We recognize the CLB's commitment to addressing these deficiencies and making comprehensive improvements to their daily operations and tasks.



Benjamin J.F. Cruz
Public Auditor



Introduction

Over the span of 45 years, the Guam Contractors License Board (CLB) has granted licenses to over 1,000 contractors in Guam. Its primary objective is to ensure that construction-related work is performed safely, competently, and professionally. In the aftermath of the procurement appeal decision of OPA-PA-21-010 and a hotline tip directed toward the CLB, the Public Auditor proposed an investigation into the practices and operations of the CLB. The aim is to ascertain whether contractors hold appropriate licenses. Our audit scope covered the period of January 1, 2017, through December 31, 2021.

The objectives, scope, and methodology for this audit are detailed in [Appendix 1](#).

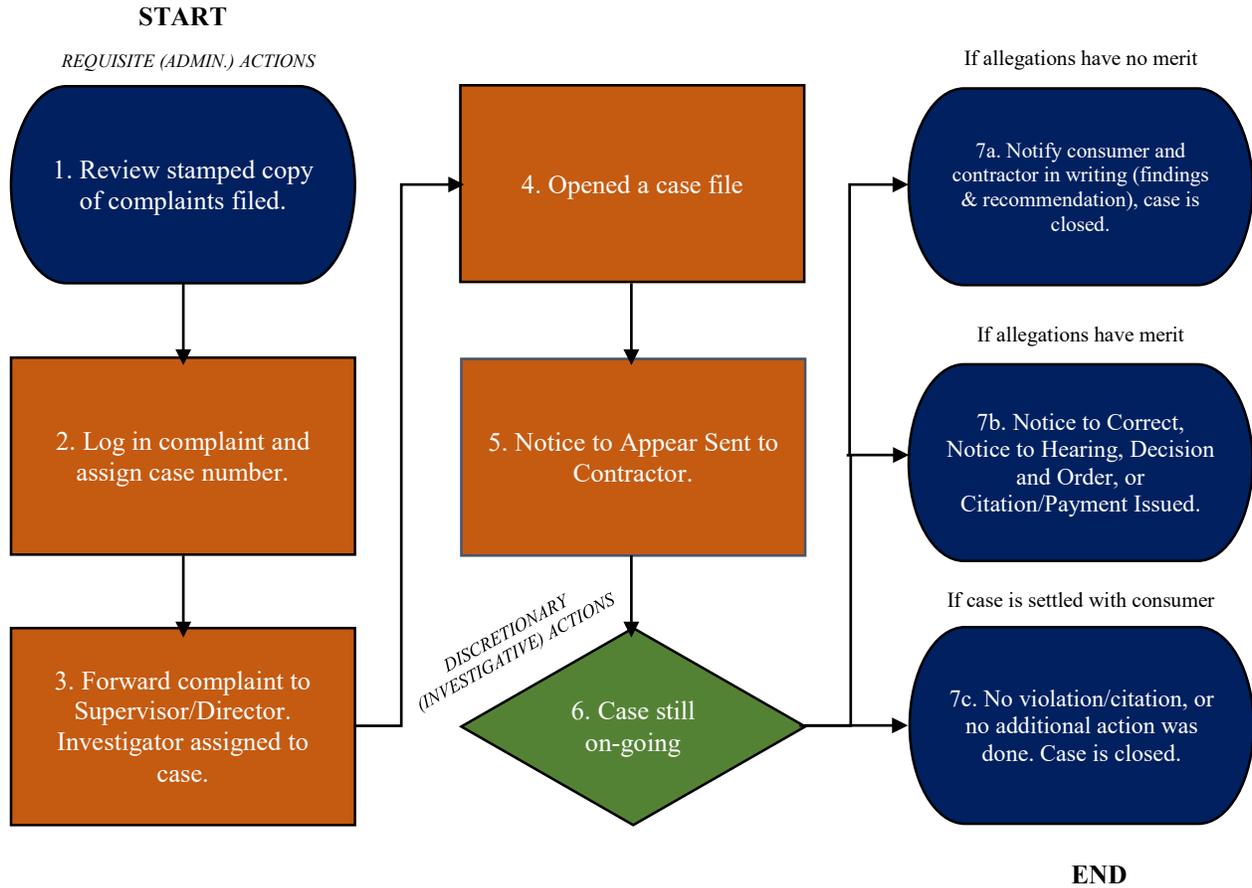
Background

Established in June 1977 by Public Law (P.L.) 14-51 (reenacted by P.L. 30-11) and codified in Title 21, Chapter 27, §70102 of the Guam Code Annotated (GCA), the CLB is responsible for safeguarding consumers by regulating the construction industry through policies that promote the health, safety, and general welfare of the public in matters relating to construction. The CLB accomplishes this by: (1) making certain that construction is carried out in a safe, competent, and professional manner; (2) licensing contractors and enforcing licensing laws; (3) requiring that the individual or company practicing or offering to do construction contracting is or be licensed; (4) exercising the laws, regulations, and standards governing construction contracting in a reasonable and consistent manner; (5) providing resolution to disputes that arise from construction activities; and (6) educating the public so that they can make informed choices.

The CLB is governed by a seven-member Board with the authority to make, amend, or repeal rules and regulations in the interest of protecting the general public. The agency operates with a staff of ten employees, led by the Executive Director and supported by one secretary, four administrative workers, and four investigators.

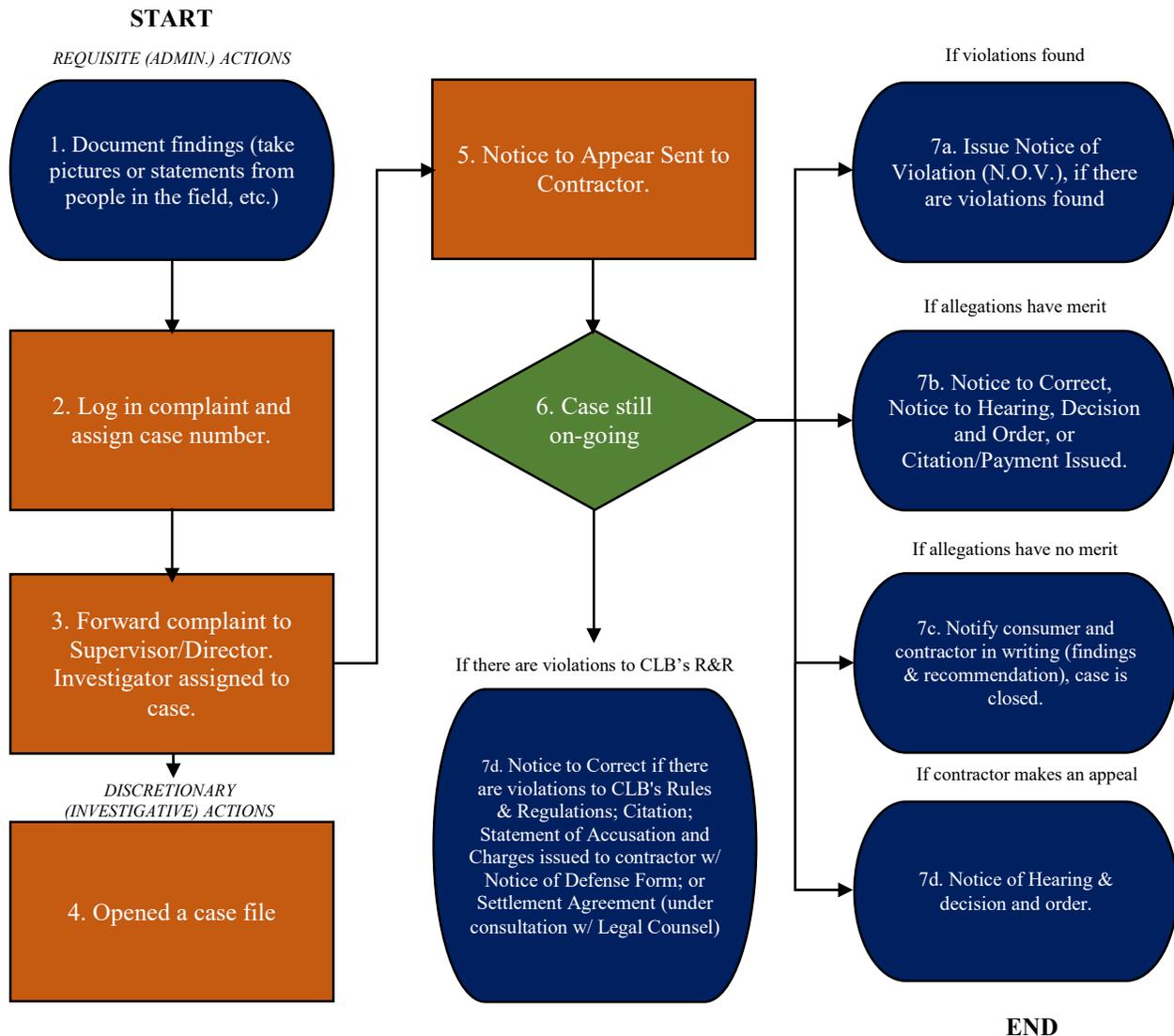
Internally, the CLB adheres to defined operating procedures governing the management of investigations and complaints. Consumer complaints, originating from individuals or businesses discontented with construction projects, compliance matters, or contractual violations tied to a contractor, undergo a well-defined and streamlined process outlined in the CLB's standard operating procedures (SOPs). The sequential stages of this process are visually represented in Figure 1, providing a detailed flowchart for reference.

Figure 1: Consumer Compliant Investigations SOP Flowchart



Contrastingly, CLB complaints entail unannounced inspections conducted at construction sites to evaluate a contractor's adherence to 21 GCA Ch. 70. In cases where citations are issued, the CLB seeks legal counsel's advice, recognizing that each case may differ in its foundation and handling. While the initial phases of this process resemble those of consumer complaints, the subsequent stages can exhibit variations in outcomes and case determinations. For a visual depiction of the sequential stages, refer to Figure 2.

Figure 2: CLB Complaint Investigation SOP Flowchart



OPA Procurement Appeal 21-010 & Citizen Concern

On July 20, 2021, the Guam International Airport Authority (GIAA) issued a request for proposal (RFP) related to its baggage handling system. Two offerers responded to the RFP: 1) Company A and 2) Company B. On August 26, 2021, GIAA selected Company A as the highest rank offerer, but before the contract could be awarded, Company B filed a procurement protest over the selection on the grounds that Company A was not qualified due to not holding a valid contractor’s license. Subsequently, on September 30, 2021, this procurement protest would be denied by GIAA. Company B appealed this decision to the Office of Public Accountability (OPA) on October 8, 2021. In reference to a complaint filed with CLB, an officer of Company B had sent an email to the former CLB Executive Director (stated further as Executive Director A) with a draft “*Findings & Decision*” document to confirm that Company A required a contractor’s license to perform the

scope of work listed in the RFP, to which the former CLB Executive Director issued a document reiterating the contents of the document forwarded to him. However, the *Findings & Decision* were not approved by the CLB Board of Directors. A special meeting was to be held on March 1, 2022, in which the Board was to determine that the Findings & Decision exceeded the former Director's authority and ordered that it be rescinded. On February 3, 2022, the OPA dismissed Company B's appeal.

As a result of the decision, the Office of the Attorney General of Guam also issued a letter to the succeeding Executive Director of the CLB (stated further as Executive Director B) demonstrating that an infraction between Company A and the parent company had taken place. This letter asserted that while the CLB abided by its investigative protocols for the incident, there must be enforcement to safeguard the public from the unlicensed contractor and to assess fines as specified by Guam law.

Additionally, the OPA received a hotline tip in relation to a CLB individual complaint case filed claiming that the contractor working at the residence did not have the appropriate license to perform the work, raising concerns about the CLB's adherence to licensing and investigation protocols. These events prompted the evaluation of the CLB's practices.

Results of Audit

Our audit and review of the Guam Contractors License Board (CLB) revealed several findings related to the standard operating procedures (SOPs) in the areas of licensing and investigation, specifically those key findings were:

1. Underlying Deficiencies Amidst CLB's Licensing Processes;
 - a. Contractors with C-68 Classification Operate While CLB Lacks Licensing Authority;
 - b. License Examinations Require Update with Industry Standards;
 - c. Review of Licenses Reveal Procedural Shortcomings;
 - d. Authority to Issue Licenses Granted to CLB Executive Directors; and
2. CLB Adheres to Investigation Processes Despite Areas of Weaknesses

Underlying Deficiencies Amidst CLB's Licensing Processes

Contractors with C-68 Classification Operate While CLB Lacks Licensing Authority

In our analysis of C-68 classifications for the calendar year (CY) 2021, we found that 240 contractors held the C-68 classification License. This specialty classification is defined as a classified specialist, referring to contractors whose operations involve the use of specialized building trades in crafts not covered by other C-listed classifications. This classification encompasses a range of contractor services, including the installation and maintenance of traffic lights, above and underground fuel tank systems with fuel leak monitoring, asbestos abatement or removal, telecommunications and communications infrastructure, garage door installation, painting and road marking, construction of prefabricated steel buildings, installation of shutters, typhoon shutters, and blinds, sign installation, as well as water tanks.

In March 2022, initially realizing the concern of continuing to improperly issue C-68 classification licenses, there was a CLB board meeting in which a CLB investigator revealed that the proposed 2009 Rules and Regulations had not been officially adjudicated by the CLB. The meeting also raised concerns about the solutions for those contractors already holding a C-68 classification. As CLB legal counsel stated, if the regulation has not been duly enacted, the CLB has no authorization to issue any license of C-68 classification.

In April 2022, the CLB halted the processing of applications from contractors applying for the C-68 classification.

In May 2022, the Rules and Regulations underwent revisions as the CLB proposed dividing the C-68 into several distinct classifications. The proposed changes are still being reviewed by the CLB legal team and the Attorney General of Guam. However, the CLB utilized "29 – Government Administrative Rules" (GAR), although similar to revised regulations, lacks coverage of various temporary C-68 classifications.

By August 2022, the CLB issued a statement informing those possessing a C-68 classification specialty would have their status extended and be allowed to continue working until the evaluation

of the CLB Rules and Regulations had been finalized. We obtained clarification from the CLB that all contractors who currently hold a C-68 classification had indeed passed the required exam to perform the relevant services. The decision to have those who earned the C-68 classification continue performing services was made in the interest of serving the public interest and preventing the denial of those services while the CLB works to resolve this issue and have the rules and regulations adjudicated.

As it stands currently, CY 2023 license records reveal that 233 contractors hold the C-68 classification. The CLB has been issuing C-68 licenses for the past 14 years without the adjudication of the rules and regulations containing the C-68 classification. With the CLB legal counsel and Office of the Attorney General of Guam continuing to review the proposed changes, the CLB presently lacks the authorization to issue licenses for this particular classification, revealing the long-standing procedural issue, requiring the attention of the Executive Director of the CLB.

While the CLB continues to work on formally adopting its overdue rules and regulations, including the issuance of C-68 temporary classification licenses, we reiterate and recommend that the C-68 classification and the updated Rules and Regulations properly go through the Administrative Adjudication Act.

License Examinations Require Update with Industry Standards

In reviewing the process for new applications between January 1, 2017, and December 31, 2021, we found that first-time applicants are required to pass a two-part examination that is outdated with respect to industry standards, to become licensed contractors. The first exam, titled *Examination, Part I*, has not been changed in 10 years, with the last update occurring in 2009. In addition, the second exam titled, *Examination, Part II*, which varies based on the classification tested, has multiple classifications requiring an update. Of the 68 examinations, 21 (or 31%) are in need of updates and the remaining 47 (or 69%) essay based exams do not have specified revision dates.

Examination, Part I, encompasses law and related subjects, which requires an applicant to measure their experience and knowledge of the building, safety, health, labor, and lien statutes of the Territory of Guam and administrative principles of the contracting business. According to the private secretary of the CLB, Guam had utilized the Uniform Building Code until 2000, after which it transitioned to the International Building Code (IBC). Currently, Guam adheres to the 2009 edition of the IBC per 21 GCA Ch. 67, now four editions behind the most recent version published in 2021. Any amendments to the provisions of the 2009 IBC are approved by the Guam Building Code Council, as they have updated certain sections of 21 GCA Ch. 67 through amendments following its' adoption in 2010. However, the exams have not kept pace with these changes.

Examination, Part II, encompasses subject matter related to the license for which the applicant is applying, which evaluates the applicant's specific knowledge in the area in which they intend to obtain a license. Among the different examinations, the Engineering exam has not been revised since 1993, marking the longest period without revision for any section. The most recent revision was the Master Electrician exam in 2008.

With the exception of the Master Electrician examination, all 18 written exams (i.e. multiple-choice) have not been updated since the release of the IBC. Despite eight releases of the IBC from 2000 to the present day and Guam's adoption of the 2009 IBC, these exams have not incorporated standards introduced in the past 23 years. The lack of examination updates raises concerns about whether current contractors are obtaining licenses in accordance with regulations established more than 13 years ago.

Recognizing the importance of modernizing the exam materials, for *Examination, Part I* and *Examination, Part II*, the CLB has engaged in discussions about updating the examination program. The CLB intends to modify the tests to comply with the current contracting laws, rules, regulations, and practices. Further, the CLB has explored the possibility of hosting the exams electronically on the University of Guam's website, as this will relieve CLB staff from proctoring duties and transition the exam away from its current paper format. The CLB noted several alternatives for funding the shift to online testing, with one alternative having been explored, which is to utilize excess revenues as the CLB has generated \$957 thousand (K) in revenues, exceeding their fiscal year (FY) 2022 budget appropriation by about \$220K. Unfortunately, these generated funds are held in a revenue account, inaccessible to the CLB. Another alternative explored would be for CLB to request additional funds in their budget proposal, however, it was noted there would be no certainty of obtaining these funds to progress any proposal of updating their examination program. Lastly, another alternative explored may be to raise the fees and costs of the licenses administered to contractors as a way to generate additional revenue to aid CLB in its modernization goals.

At the time of the release of this report, two subjects, the law exam and C-11 classification (demolition contractor) exam, are currently undergoing updates. Besides these measures, we recommend the CLB take the necessary steps to guarantee the highest level of quality in the certification process. To achieve this, it is advised to conduct a comprehensive review and update of the exams. The purpose of this review is to ensure alignment with Guam's adopted 2009 edition of the IBC, as well as current industry practices and regulations. By tackling the issue of outdated examinations, the CLB can ensure that the public in Guam has access to contractors who possess the necessary knowledge and skills required to provide services.

Review of Licenses Reveal Procedural Shortcomings

In order to obtain a contractor's license in Guam, prospective contractors are required to meet specific requirements that are outlined in an application and information packet that is maintained by the CLB. Because of the requirements stated in the CLB application and information packets, we conducted an analysis of 158 contractor applications sampled, which requested licenses of various types and multiple classifications. In assessing the new and renewal applications, it was determined that 138 (or 87%) of new and renewal applications were compliant with CLB requirements. In contrast, 20 (or 13%) of new and renewal applications were deemed non-compliant. Despite the fact that the CLB exhibited adherence to the SOPs in its licensing process, the presence of non-compliant applications highlights significant procedural deficiencies in the first line of defense to ensure construction is carried out in a safe, competent, and professional manner. See Table 1, [Appendix 2](#), and [3](#) for a breakdown of testing results regarding new and renewal applications.

Table 1: Licensing Procedure Testing

Application Type	Compliance	Non-Compliance	Total	% of Compliance	% of Non-Compliance
New	3	11	14	21%	79%
Renewal	135	9	144	94%	6%
Overall	138	20	158	87%	13%

New Applications

Of the 14 new applications processed by the CLB included in our review, 3 (or 21%) contractor new applications demonstrated compliance with the applications process, presenting all needed documentation required by the CLB. However, we identified 11 (or 76%) contractor new applications compared with the new applications procedures that were deemed to be non-compliant, as these new applications had minor deficiencies in accordance with CLB application and information packet requirements. Despite the clear presence of significant missing requirements, as shown in Table 2A, contractor new application criteria, the CLB approved these prospective contractors a contractor’s license on Guam directly contrary to the CLB’s mission.

Table 2A: New Application Testing Results

Criteria Type	✓	⊖	TOTAL	% (✓)	% (⊖)
Completed Application (1)	4	10	14	28.6%	71.4%
Interview Process (2)	3	11	14	21.4%	78.6%
Examination Stage (3)	5	9	14	35.7%	64.3%
Organizational Documentation (4)	10	4	14	71.4%	28.6%
Licensure Fees (5)	14	0	14	100%	0%
Average				51.4%	48.6%

Legend	
✓	Compliance
⊖	Non-Compliance

Our observation of required components needed from a first-time contractor in Table 2A showed an average non-compliance rate of 48.6% in order to obtain a contractor-type license with classifications. Though the entire record of a vendor should be maintained, of vital significance was missing documentation causing the non-compliance of 11 (or 73%) and 9 (or 64%) of first-time contractor in the interview process and examination stage, respectively. Specifically, during the interview process, the CLB can discuss a first-time applicant’s application in person and ask pointed questions for added clarifications by the CLB staff and during the examination stage, the first-time applicant can validate their competency to operate as a contractor. However, as we noted the missing documentation, the CLB noted the approval of all of the first-time applicants sampled. This situation either underscores weaknesses in the CLB’s recordkeeping procedures or the unauthorized approval of first-time applicants, in which CLB has acknowledged the former.

Table 2B: New Application Process Testing

Contractor	(1)	(2)	(3)	(4)	(5)	Compliance or Non-Compliance
A	⊖	⊖	✓	⊖	✓	N
B	⊖	⊖	⊖	✓	✓	N
C	⊖	⊖	⊖	✓	✓	N
D	✓	✓	✓	✓	✓	Y
E	⊖	⊖	⊖	✓	✓	N
F	⊖	⊖	⊖	⊖	✓	N
G	✓	✓	✓	✓	✓	Y
H	✓	⊖	⊖	⊖	✓	N
I	⊖	⊖	⊖	✓	✓	N
J	⊖	⊖	⊖	✓	✓	N
K	⊖	⊖	⊖	⊖	✓	N
L	✓	✓	✓	✓	✓	Y
M	⊖	⊖	✓	✓	✓	N
N	⊖	⊖	⊖	⊖	✓	N

Legend			
✓	Compliance	(1) Completed Application	(4) Organizational Documentation
⊖	Non-Compliance	(2) Interview Process	(5) Licensure Fees
N/A	Non-Applicable	(3) Examination Stage	

In further observations of the sampled new applications listed in Table 2B, of the 11 contractor new applicants, three application packets (Contractor F, K, & N) had missing documentation in four of the required components for first-time applicants, seven application packets (Contractor A, B, C, E, H, I, & J) had missing documentation in three required components for first-time applicants, and one application packet (Contractor M) had missing documentation in two required components for first-time applicants.

The missing documentation to meet the final approval criteria were not found attached in the contractor's file packet for the year applied, and it was unclear whether these missing documents were absent during the application process either through the fault of the CLB or the contractor. Though there were three contractor new applications that showed a comprehensive record of all necessary documents for each criterion to be properly attached and provided by CLB, we were informed that the contractor new applications that were deemed non-compliant, in which records were not found attached in the file, their whereabouts remained unknown.

Though the CLB approved the 14 contractor new applications, the stark contrast in missing documents for those 11 contractor new applications deemed non-compliant and those three contractor new applications deemed compliant were grounds to disapprove the issuance of contractor's licenses to 11 contractors. The analysis of the contractor records with the extent of noncompliance potentially indicates deeper issues within the application process.

Renewal Applications

Of the 144 contractor renewal applications processed by CLB included in our review, 135 (or 94%) contractors demonstrated compliance with the CLB license renewal applications packet by presenting all needed documentation required by the CLB. However, we identified that 9 (or 6%) contractor renewal applications were deemed to be non-compliant, as these renewal applications had minor deficiencies in accordance with CLB requirements. Despite the negligence of overlooking significant missing requirements, as shown in Table 3A, contractor renewal application criteria, and also observed with the processing of new applications, the CLB allowed contractors seeking renewal to extend their contractor’s license on Guam for another year. Though the sample did not analyze contractor’s applications for when their initial license was obtained, the percentage of new license documentation deficiencies may suggest that these contractors did not meet the initial license qualifications.

Table 3A: Renewal Application Testing Results

Criteria Type	✓	⊖	N/A	TOTAL	% (✓)	% (⊖)	% (N/A)
Complete Application (1)	140	4	0	144	97.2%	2.8%	0.0%
Agency Clearance Form (2)	140	2	2	144	97.2%	1.4%	1.4%
Zone Clearance (3)	142	0	2	144	98.6%	0.0%	1.4%
Project Listing (4)	140	2	2	144	97.2%	1.4%	1.4%
Bank Letter/Proof of Financial Solvency (5)	140	2	2	144	97.2%	1.4%	1.4%
Workmen's Compensation/Proof of Workers Compensation Insurance (6)	142	0	2	144	98.6%	0.0%	1.4%
Application/RME* Fee Paid (7)	143	0	1	144	99.3%	0.0%	0.7%

*Responsible Managing Employee - RME

Legend	
✓	Compliance
⊖	Non-Compliance
N/A	Non-Applicable

Upon further review of the nine contractor renewal applications deemed non-compliant, four renewal applications were missing necessary documents that should have been attached to the application. Among the other five renewal applications, deficiencies were found in their quality assurance measures. These items lacked required signatures, clearance stamps from relevant agencies, and/or necessary forms despite being signed off by a reviewer.

Table 3B: Renewal Application Process Testing

<i>Missing Documents</i>							
Contractor	(1)	(2)	(3)	(4)	(5)	(6)	(7)
AF	✓	✓	✓	✓	⊖	✓	✓
CN	✓	✓	✓	⊖	✓	✓	✓
CW	⊖	✓	✓	✓	✓	✓	✓
DS	✓	✓	✓	✓	⊖	✓	✓

Categories	
(1) Completed Application	(4) Project Listing

(2) Agency Clearance Form	(5) Bank Letter/Proof of Financial Solvency
(3) Zone Clearance	(6) Workmen's Comp/Proof of Workers Compensation Insurance
(7) Application/RME* Fee Paid	

Legend	
✓	Compliance
⊙	Non-Compliance
N/A	Non-Applicable

Further analysis of one of the four renewal application packets, contractor AF, showed necessary missing documents that should have been attached to the application. A contractor's renewal application is required to have a bank letter and/or financial solvency letter. However, contractor AF's renewal application did not contain it. Documents for contractor CW showed their renewal application was missing a "responsible managing employee" (RME) form, which is required to be attached and filled out for a complete application. Similarly, when inquired about the location of these missing document items, the CLB also stated that if the required items were not found attached, then the required items' whereabouts were unknown. These instances indicated weaknesses in their recordkeeping practices, a recurring response we documented during our fieldwork.

Table 3C: Renewal Application Process Testing

<i>Quality Assurance</i>							
Contractor	(1)	(2)	(3)	(4)	(5)	(6)	(7)
R	✓	⊙	✓	✓	✓	✓	✓
AT	⊙	✓	✓	✓	✓	✓	✓
CO	⊙	✓	✓	✓	✓	✓	✓
DE	✓	⊙	✓	✓	✓	✓	✓
DY	⊙	✓	✓	⊙	✓	✓	✓

Categories	
(1) Completed Application	(4) Project Listing
(2) Agency Clearance Form	(5) Bank Letter/Proof of Financial Solvency
(3) Zone Clearance	(6) Workmen's Comp/Proof of Workers Compensation Insurance
(7) Application/RME* Fee Paid	

Legend	
✓	Compliance
⊙	Non-Compliance
N/A	Non-Applicable

The other five contractor renewal applications also displayed issues indicating lapses in the quality assurance. Specifically, the non-compliance issues stemmed from missing signatures or stamps of key individuals or Government of Guam agencies that were required in the application. The renewal applications for contractor R and contractor DE were missing one of the required clearance stamps in their agency clearance form. Quality assurance lapses include the lack of a required signature for the owner or RME of the contractor in one of its forms, as exhibited in the file packets of contractors AT, CO & DY. In addition, contractor DY's renewal application was also missing the project listing document that was required to be attached to its application. Once more, in

response to queries about the whereabouts of these missing document items, the CLB reiterated that if the necessary items were not found attached, their location remained unknown.

The lack of a proper recording of documentation within contractor new applications and renewal applications raises concerns about issues within the evaluation process and regarding the authority of the Executive Director to issue licenses without obtaining Board approval. In our examination of the folders, disparities in attachments were evident, particularly concerning the absence of documents like RME attachments and construction contracts in most cases. Notably, the CLB stores RME attachments in a dedicated folder for the personal records of RMEs. Although the "Application and Information Packet to Obtain a Guam Contractors License" outlines the necessity of submitting construction contracts with new applications, our audit uncovered that these contracts were missing from all the folders. According to CLB staff, this requirement had not been consistently enforced in practice. The consistent presence of significant deficiencies in contractor records deems it necessary to question whether the Board members should participate in reviewing these applications once more.

Though the CLB exhibited instances following its SOPs during its new and renewal applications licensing processes, the significant non-compliant applications in which we sampled resulted in more questions regarding the legitimacy of all licensed contractors on Guam.

We recommend that the CLB update and align its SOPs and application packets to ensure uniform procedures and eliminate disparities between documents. The checklist attached to folders should be updated to include the required documents for both new and renewal applications, as well as any additional miscellaneous documents that may be included in the attachments, with clear specifications. The CLB can also establish specific criteria for necessary documents in application packets, removing any criteria that the CLB does not require. Finally, all required documents should be collectively organized within each application folder for easy access and retrieval. We recommend management ensure appropriate procedures to maintain documents used to support the issuance of contractor's licenses to new applicants in line with statutes.

Authority to Issue Licenses Granted to CLB Executive Directors

We found that the authority to endorse new and renewal licenses by the CLB Executive Director was in practice as early as 2009. However, the earliest indication this authority was formalized was in a 2018 board meeting. As the CLB only provided documentation to confirm the sole authorization granted to the former Executive Director A and the succeeding Executive Director B, inquiries about the responsibilities of the Executive Director, as the scope of the Executive Director's authority was unclear. Guam statutes, as well, provide minimal detail of the CLB Executive Director's duties and obligations in regards to administrative and investigative procedures.

Under 21 GCA Ch. 70 § 10103, the Board has the powers and duty to grant licenses to contractors. This past practice called for the Board to meet weekly and sign off on pending applications reviewed by the CLB that were awaiting their approval. Under 21 GCA §10104, the Executive Director is required to act with the advice and consent of the Board and is accountable to the Board. Additionally, the Executive Director, under the supervision of the Board, is responsible for administering this Chapter, along with its associated rules, regulations, and orders, and performing

other duties as mandated by the Board. Furthermore, the Board has the authority, through written orders filed in its office, to delegate certain powers or duties to the Executive Director that are deemed necessary for the effective administration of this Chapter, excluding the power to make rules or regulations, and these delegated powers and duties can be executed by the Executive Director in the name of the Board.

The Board granted Executive Director A authority to sign licenses for contractors after discussing it in a meeting on March 21, 2018, for which there were talks concerning the 900 contractors who were awaiting signatures from the Board to acquire a license. The CLB had a backlog of applications in the office, and the signatures required by the Board had not yet been obtained. It was not until the next meeting on April 18, 2018, that the Board gave authority to the CLB's Executive Director to review and approve renewal applications.

In 2019, the Board approved Executive Director A to authorize new and renewal license applications at three meetings on July 31, 2019, August 21, 2019, and September 18, 2019, where they approved the decision to authorize Executive Director A to approve new and renewal license applications. The meetings minutes, however, only indicated that the Executive Director had been authorized to issue new and renewal licenses that were delegated by the Board.

The then-acting Executive Director requested to revoke the authority of Executive Director A, who resigned on March 16, 2022, to grant new and renewed licenses. The Acting Executive Director identified administrative errors and corrections on applications based on previous decisions of Executive Director A. It was understood that the authorization to issue licenses only fell to the Executive Director if there were no issues with the applications, but it was discovered that there were mistakes as well.

When the option for the Board to review all applications was suggested, a board member explained they lacked the capacity to review each application individually. Since the Executive Director and their staff possess the necessary knowledge, they are competent to review and approve those applications. The Board did not vote on the proposed action to remove the authorization from the Executive Director, and it was determined that the Executive Director should only bring forward applications with issues to the Board. The authority, therefore, is still in effect.

Outside our fieldwork, we observed that Executive Director A issued a "Findings and Decisions" document" without approval from the CLB Board. Subsequently, the CLB and the Board convened a meeting and determined that this action exceeded the Executive Director's authority, leading to the document's rescission. There were no other duties or authority given to the Executive Director that we could test and verify.

One of our recommendations is to create a comprehensive document clearly outlining the duties and authority the Executive Director should have over licensing and investigation procedures. This document should be inspected, revised, and approved by the Board. This document would serve as a reference guide for the Executive Director, providing them with a clear understanding of their responsibilities and the scope of their authority. This clarity will enable the CLB operational staff to handle tasks and issues without needing to seek board approval, leading to increased operational efficiency. The Executive Director can still include the Board in such matters that require their

attention. This balanced approach can ensure efficient operations while maintaining appropriate board involvement in critical decision-making processes.

CLB Adheres to Investigation Processes Despite Areas of Weaknesses

We further examined the investigations process for consumer complaints and CLB complaints and categorized them as outlined in the CLB SOPs into two groups: requisite (administrative) actions and discretionary (investigative) actions. Requisite (administrative) actions are necessary in all cases, while discretionary (investigative) actions depend on the specific type and progression of each case, handled on a case-by-case basis. While each case may vary in its basis and approach, the CLB seeks further legal counsel guidance when situations arise.

We performed testing of CLB investigation SOPs related to a sample of 35 complaints performed in CY 2021. These cases submitted encompass 15 consumer complaints and 20 CLB complaints. As indicated in Table 4A, our analysis of investigations into consumer complaints and CLB complaints filed in 2021 revealed that, overall, there were 91% instances of compliance and 9% instances of non-compliance. Additionally, in terms of discretionary actions, the data showed 74% instances of compliance and 26% instances of non-compliance. In this context, compliance refers to cases where the necessary documents were located within the case file, while non-compliance indicates cases where the required documents were absent or not found in the case file.

Table 4A: Investigative Process Testing

Complaint Type	✓	%	⊖	%	TOTAL
Requisite Actions					
Consumer	12	80%	3	20%	15
CLB	20	100%	0	0%	20
Overall (Consumer & CLB)	32	91.4%	3	8.6%	35
Discretionary Actions					
Consumer	14	93%	1	7%	15
CLB	12	60%	8	40%	20
Overall (Consumer & CLB)	26	74.3%	9	25.7%	35

Legend	
✓	Compliance
⊖	Non-Compliance
N/A	Non-Applicable

Consumer Complaint Investigations

Requisite Actions

Of the 35 complaints sampled, we reviewed the 15 consumer complaints. In terms of requisite actions, 12 cases (or 80%) contained instances of compliance, while three cases (or 20%) contained instances of non-compliance.

Table 4B: Consumer Complaint Process Testing (Requisite/Administrative Actions)

Criteria	✓	⊖	N/A	TOTAL	% (✓)	% (⊖)	% (N/A)
Requisite (Administrative) Actions							

Stamped copy of consumer complaint form	13	2	0	15	86.7%	13.3%	0.0%
Logged complaint & case #	15	0	0	15	100%	0.0%	0.0%
Forwarded to director/supervisor, investigator assigned	15	0	0	15	100%	0.0%	0.0%
File opened for case/complaint	15	0	0	15	100%	0.0%	0.0%
Notice to Appear (NTA) sent to contractor	10	1	4	15	66.7%	6.7%	26.7%

Legend	
✓	Compliance
⊖	Non-Compliance
N/A	Non-Applicable

In review of the 15 consumer complaints, we identified three cases of non-compliance. Two of the consumer complaints corresponded to records for Case B & Case C, resulting from missing required stamps on the consumer complaint form and a failure to prepare a notice to appear document for the contractor. The one additional case, Case A, noted to have a notice to appear, lacked the documentation as part of the record maintained by CLB.

Discretionary Actions

Though three of the consumer complaints were missing required items to progress, the CLB pressed forward with discretionary actions in each of the 15 cases to resolve these consumer complaints. As 14 cases were compliant and were rendered a conclusion, only one case remained noncompliant without conclusion when handled within the discretionary action phase. This particular case, marked as closed, lacked the necessary documentation for closure. The closure document, not present in the CLB's maintained records, typically includes a finding and recommendations report, a notice, or a written confirmation indicating the formal closure of the case.

Table 4C: Consumer Complaint Process Testing (Discretionary/Investigative Actions)

Criteria	✓	⊖	TOTAL	% (✓)	% (⊖)
Discretionary (Investigative) Actions					
If allegations have no merit, notify consumer and contractor in writing (findings & recommendation), case is closed.	5	1	6	83%	17%
Notice to Correct, Notice to Hearing, Decision and Order, or Citation/Payment Issued.	2	0	2	100%	0%
Case settled, no violation/citation, or no additional action was done. Case is closed.	7	0	7	100%	0%

Of the 15 consumer complaints listed above:

- Seven of the consumer complaints were case closed as either settled, provided no violation or citation, or no additional action was done;
- Six of the consumer complaints were noted to have allegations of no merit, in which the consumer and contractor were notified in writing of findings and recommendations; and

- Two of the consumer complaints were noted to have received a notice to correct, notice of hearing, decision and order, or an issuance of citation/payment.

See [Appendix 4](#) for a comprehensive breakdown of criteria regarding consumer complaint investigations.

CLB Complaint Investigations

Requisite Actions

Among the 35 complaint sampled, 20 cases were classified as CLB complaints. In terms of requisite actions, we observed that all 20 of the CLB complaints, to some extent a different process when compared to consumer complaints, were processed in accordance with SOPs, meeting all of the requirements to be forwarded for further investigation.

Table 4D: CLB Complaint Process Testing (Requisite/Administrative Actions)

Criteria	✓	⊖	N/A	TOTAL	% (✓)	% (⊖)	% (N/A)
Requisite Actions							
Document findings (take pictures or statements from people in the field, etc.)	20	0	0	20	100%	0.0%	0.0%
Log in complaint. Assign a case number	20	0	0	20	100%	0.0%	0.0%
Forward to Supervisor; Investigator assigned	20	0	0	20	100%	0.0%	0.0%
Open a case file	20	0	0	20	100%	0.0%	0.0%

As a reminder, these CLB complaints are initiated as part of an investigator’s random checks and performing an unannounced checkup of the contractor’s activity.

Discretionary Actions

In addition, during this discretionary action phase, contractors may incur multiple decisions by CLB to resolve. However, as these CLB complaints progressed into discretionary action, nine complaints did not have the proper required documents to render a decision with the investigation. This discrepancy can be attributed to the unclear separation of CLB complaint’s SOPs. A notice of violation, for example, is required for all consumer complaint cases, however, with the difference in investigations for CLB complaints, they may or may not reveal a violation. In addition, the investigation record of some of these CLB complaints did not have a proper log sheet on file, which should have been a significant procedure by the investigator to document all stages of the investigation, including the reasons for conducting random checks.

Table 4E: CLB Complaint Process Testing (Discretionary/Investigative Actions)

Criteria	✓	⊖	TOTAL	% (✓)	% (⊖)
Discretionary Actions					
Notice of Violation (N.O.V.) if there are violations found	11	8	19	55%	40%
Notice to Appear	6	0	6	30%	0.0%

No merit/violations to Rules & Regulations, Findings & Decision will be made to consumer and contractor, then close case.	7	1	8	35%	5%
Notice to Correct, if there are violations to CLB's Rules & Regulations: 1) Citation (pay & correct OR contest); 2) Statement of Accusation and Charges issued to contractor along w/ Notice of Defense Form; 3) Settlement Agreement (under consultation w/ Legal Counsel)	12	0	12	60%	0.0%
Notice of Hearing, if contractor makes an appeal, & decision and order.	0	0	0	0%	0%
On-Going Case	1	0	1	100%	0.0%

This discrepancy can be attributed to the unclear separation of CLB complaint's SOPs. A notice of violation, for example, is required for all consumer complaint cases, however with the difference in investigations for CLB complaints, they may or may not reveal a violation. In addition, the investigation record of some of these CLB complaints did not have a proper log sheet on file. It is crucial to document all stages of the investigation, including the reasons for conducting random checks.

See [Appendix 5](#) for a comprehensive breakdown of the criteria regarding CLB complaint investigations.

The CLB demonstrated instances of compliance in following its SOPs regarding investigations of consumer complaints and CLB complaints. However, we identified differences in the procedures for consumer complaints and CLB complaints and consumer complaints. While certain steps should follow uniform procedures, such as case assignment, numbering, and filing, there were variations in the application of specific documents like notices or fines, which may not be applicable in cases where violations do not occur. It is noteworthy that specific criteria for conducting investigations are not explicitly laid out, potentially leading to variations in the investigation processes. To address these issues, we recommend updating the SOPs to differentiate between consumer complaints and CLB complaints, reducing the need for inconsistencies in the process and the involvement of legal counsel in their instances of cases and citations.

Conclusion and Recommendations

While we recognize the CLB for exerting its best efforts to ensure compliant, effective, and efficient procedures for daily operations and duties, our analysis of the CLB revealed several significant findings related to the SOPs in the areas of licensing and investigation. The procedures for licensing revealed weaknesses resulting in the noncompliance of new and renewal applications records, the stoppage of the further issuance of the C-68 classification specialty, dated licensing examinations, and concerns with the sole authority of the CLB Executive Director to issue licenses. The procedures for investigations revealed weaknesses resulting from the inconsistent recordkeeping of consumer complaint and CLB complaint documents.

CLB's licensing processes for contractor's new and renewal applications displayed procedural weaknesses, with a substantial number of contractor new and renewal applications not fully compliant with CLB requirements. These issues were cited by CLB as being primarily attributed to their operational deficiencies, including inconsistent documentation and recordkeeping, and not a neglected request by the contractor to submit documents. Nevertheless, the CLB approved new and renewal licenses for these applicants performing construction activities on Guam.

Further, licensing procedures had shed light on the intricate matter of the C-68 classification license, which had been given to contractors without undergoing the necessary adjudication process as outlined in the CLB rules and regulations. Nevertheless, it is crucial to note that even with this circumstance, there were several contractors who were classified in this manner, thereby highlighting a procedural problem that has persisted for a considerable period of time and requires immediate attention.

Other license-related deficiencies showed licensing examinations conducted by CLB were discovered to be outdated and did not conform to current industry standards and regulations. The presence of this deficiency has sparked concerns among stakeholders as to whether contractors are being adequately tested on information that is both relevant and up-to-date.

CLB's investigation processes for consumer complaints and CLB complaints, though showed adherence to its' SOPs, areas of weakness identified were in documentation and recordkeeping, as cited by the CLB. Documentation of all steps varied in the update of the case file making it challenging to determine the status of the complaint cases.

We recommend the CLB undertake several important actions to comprehensively address these issues:

1. Ensure that the C-68 Classification and the updated Rules and Regulations undergo a thorough review and approval process through the Administrative Adjudication Act.
2. Conduct a comprehensive review and update of examinations to align with Guam's adopted 2009 edition of the International Building Code (IBC) and/or current industry practices and regulations.
3. Update and align Standard Operating Procedures and application packets to ensure uniform procedures and eliminate disparities between documents;

4. CLB management ensures appropriate procedures to maintain documents used to support the issuance of contractor's licenses to new applicants in line with statutes. This includes updating the CLB checklists attached to folders, as well as keeping applications collectively together;
5. Creating literature that clearly states the duties and authority the Executive Director should have over licensing and investigation procedures and have such literature approved by the Board;
6. Updating the CLB's Standard Operating Procedures for consumer and CLB complaints; and
7. Create a systematic recordkeeping process similar to procurement files, including documenting all steps and using checklists for consistency to improve organization and tracking of case status during investigations.

By implementing these recommendations, the CLB can enhance its operational efficiency, maintain the integrity of the construction industry, and ensure the safety of Guam's citizens. We recognize the CLB's commitment to addressing these deficiencies and making comprehensive improvements to their daily operations and tasks.

Classification of Monetary Amounts

Finding Area	Questioned Costs	Total
Contractors with C-68 Classification Operate While CLB Lacks Licensing Authority;	\$ -	\$ -
License Examinations Require Update with Industry Standards;	\$ -	\$ -
Review of Licenses Reveal Procedural Shortcomings;	\$ -	\$ -
Authority to Issue Licenses Given to CLB Executive Directors; and	\$ -	\$ -
CLB Adheres to Investigation Processes Despite Areas of Weaknesses	\$ -	\$ -
Total	\$ -	\$ -

Management Response and OPA Reply

On April 12, 2023, our office held an exit conference with the CLB and its former Executive Director, where the findings and recommendations from the audit were discussed. Subsequently, on April 13, 2023, a draft report was transmitted to CLB for a management response, which the OPA officially received on April 21, 2023.

CLB Response: The former CLB Executive Director expressed gratitude and extended his thanks to the OPA for the collaboration and efforts. He concurred with all the recommendations and had initiated the process of implementing the recommendations. The CLB highlighted that some recommendations, such as updating CLB checklists and Standard Operating Procedures for consumer and CLB complaints, are already in place and have been in practice. The CLB assures ongoing efforts to address the remaining recommendations promptly.

OPA Reply: As a result of the management response received, we refined the content of our report. However, there were recommendations that we felt needed reassessment. After progression of our quality assurance review process, we submitted an updated draft report to the CLB on October 18, 2023. This report included two new recommendations and stressed to reconsider any current practices in place for updating.

With the CLB having a change in leadership, we conducted another exit conference with the CLB and the newly-appointed Executive Director on November 9, 2023. After the discussion, CLB provided an official management response on November 15, 2023.

CLB Response: The current CLB Executive Director expressed gratitude for the significant work done during the audit, acknowledging the hard work of the staff and embracing recommendations for improvement. CLB formally concurred with the recommendations and outlined their corrective action plan. These included ensuring that the C-68 Classification and updated Rules and Regulations go through the Administrative Adjudication Act, conducting a comprehensive review and update of examinations, aligning with Guam's adopted 2009 edition of the IBC, updating and aligning SOPs and Application Packets to ensure uniform procedures, establishing proper procedures for maintaining documentation supporting the issuance of contractor licenses, creating literature specifying the duties and authority of the Executive Director, and updating SOPs for consumer and CLB complaints. The CLB management highlighted ongoing efforts and collaboration with various entities to address these recommendations and improve their processes systematically.

OPA Reply: We extend our gratitude to CLB for their cooperation and collaboration throughout the audit process. We are glad to see the recommendations we have made are being initiated and been put into consideration.

See [Appendix 6 and 7](#) for the CLB's detailed management response, including their corrective action plan relative to our audit findings and recommendations.

The legislation creating OPA requires agencies to prepare a corrective action plan to implement audit recommendations, to document the progress in implementing the audit recommendations, and to endeavor to have implementation completed no later than the beginning of the next fiscal year. Accordingly, we will contact the CLB to provide target dates and title of the official(s) responsible for implementing the recommendations.

We appreciate the cooperation given to us by the staff and management of the CLB for this audit.

OFFICE OF PUBLIC ACCOUNTABILITY



Benjamin J.F. Cruz
Public Auditor

Appendix 1:**Objective, Scope, Methodology & Prior Audit Coverage**

Objective

The objectives of the audit were to determine if (1) contractors are appropriately licensed, and (2) if the CLB's licensing and investigation procedures were in compliance with applicable laws, standard operating procedures, and rules and regulations.

Scope

The scope of our review follows the tenures of the previous two Executive Directors of the Guam Contractors License Board. We determined the timeline of our review from January 1, 2017 to December 31, 2021.

Methodology

To accomplish our objectives, we performed the following:

- Obtained and analyzed applicable documents from Guam Contractors License Board;
- Conducted meetings at CLB site to gain insight of operations;
- Researched laws, rules and regulations, policies and procedures, and hotline tips to obtain an understanding of the agency;
- Conducted testing at CLB site.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Prior Audit Coverage

We reviewed the following prior audits of the Guam Contractors License Board and those related to contractors completed from our office. There were no prior audits identified.

Breakdown of Criteria Regarding Renewal Applications

List of Criteria:

- (a)-(e) - ensuring applicant's form was complete;
 (f) clearance(s) from respective agencies were obtained;
 (g) zone clearance(s);
 (h) project listing(s);
 (i) bank letter/financial solvency statement;
 (j) proof of worker's compensation insurance;
 (k) and respective fees were paid.

Legend

- ✓ Compliant
 ⊙ Non-Compliant
 - Non-Applicable
 Y Yes
 N No

#	Company	(a)-(e)	(f)	(g)	(h)	(i)	(j)	(k)	COMPLIANCE
1	A	✓	✓	✓	✓	✓	✓	✓	Y
2	B	✓	✓	✓	✓	✓	✓	✓	Y
3	C	✓	✓	✓	✓	✓	✓	✓	Y
4	D	✓	✓	✓	✓	✓	✓	✓	Y
5	E	✓	✓	✓	✓	✓	✓	✓	Y
6	F	✓	✓	✓	✓	✓	✓	✓	Y
7	G	✓	✓	✓	✓	✓	✓	✓	Y
8	H	✓	✓	✓	✓	✓	✓	✓	Y
9	I	✓	✓	✓	✓	✓	✓	✓	Y
10	J	✓	✓	✓	✓	✓	✓	✓	Y
11	K	✓	✓	✓	✓	✓	✓	✓	Y
12	L	✓	✓	✓	✓	✓	✓	✓	Y
13	M	✓	✓	✓	✓	✓	✓	✓	Y
14	N	✓	✓	✓	✓	✓	✓	✓	Y
15	O	✓	✓	✓	✓	✓	✓	✓	Y
16	P	✓	✓	✓	✓	✓	✓	✓	Y
17	Q	✓	✓	✓	✓	✓	✓	✓	Y
18	R	✓	⊙	✓	✓	✓	✓	✓	N
19	S	✓	✓	✓	✓	✓	✓	✓	Y
20	T	✓	✓	✓	✓	✓	✓	✓	Y
21	U	✓	✓	✓	✓	✓	✓	✓	Y
22	V	✓	✓	✓	✓	✓	✓	✓	Y
23	W	✓	✓	✓	✓	✓	✓	✓	Y
24	X	✓	✓	✓	✓	✓	✓	✓	Y
25	Y	✓	✓	✓	✓	✓	✓	✓	Y
26	Z	✓	✓	✓	✓	✓	✓	✓	Y
27	AA	✓	✓	✓	✓	✓	✓	✓	Y
28	AB	✓	✓	✓	✓	✓	✓	✓	Y
29	AC	✓	✓	✓	✓	✓	✓	✓	Y
30	AD	✓	✓	✓	✓	✓	✓	✓	Y

Breakdown of Criteria Regarding Renewal Applications

List of Criteria:

- (a)-(e) - ensuring applicant's form was complete;
 (l) clearance(s) from respective agencies were obtained;
 (m) zone clearance(s);
 (n) project listing(s);
 (o) bank letter/financial solvency statement;
 (p) proof of worker's compensation insurance;
 (q) and respective fees were paid.

Legend

- ✓ Compliant
 ⊙ Non-Compliant
 - Non-Applicable
 Y Yes
 N No

#	Company	(a)-(e)	(f)	(g)	(h)	(i)	(j)	(k)	COMPLIANCE
31	AE	✓	✓	✓	✓	✓	✓	✓	Y
32	AF	✓	✓	✓	✓	⊙	✓	✓	N
33	AG	✓	✓	✓	✓	✓	✓	✓	Y
34	AH	✓	✓	✓	✓	✓	✓	✓	Y
35	AI	✓	✓	✓	✓	✓	✓	✓	Y
36	AJ	✓	✓	✓	✓	✓	✓	✓	Y
37	AK	✓	✓	✓	✓	✓	✓	✓	Y
38	AL	✓	✓	✓	✓	✓	✓	✓	Y
39	AM	✓	✓	✓	✓	✓	✓	✓	Y
40	AN	✓	✓	✓	✓	✓	✓	✓	Y
41	AO	✓	✓	✓	✓	✓	✓	✓	Y
42	AP	✓	✓	✓	✓	✓	✓	✓	Y
43	AQ	✓	✓	✓	✓	✓	✓	✓	Y
44	AR	✓	✓	✓	✓	✓	✓	✓	Y
45	AS	✓	✓	✓	✓	✓	✓	✓	Y
46	AT	⊙	✓	✓	✓	✓	✓	✓	N
47	AU	✓	✓	✓	✓	✓	✓	✓	Y
48	AV	✓	✓	✓	✓	✓	✓	✓	Y
49	AW	✓	✓	✓	✓	✓	✓	✓	Y
50	AX	✓	✓	✓	✓	✓	✓	✓	Y
51	AY	✓	✓*	✓	✓	✓	✓	✓	Y*
52	AZ	✓	✓	✓	✓	✓	✓	✓	Y
53	BA	✓	✓	✓	✓	✓	✓	✓	Y
54	BB	✓	✓	✓	✓	✓	✓	✓	Y
55	BC	✓	✓	✓	✓	✓	✓	✓	Y
56	BD	✓	✓	✓	✓	✓	✓	✓	Y
57	BE	✓	✓	✓	✓	✓	✓	✓	Y
58	BF	✓	✓	✓	✓	✓	✓	✓	Y
59	BG	✓	✓	✓	✓	✓	✓	✓	Y
60	BH	✓	✓	✓	✓	✓	✓	✓	Y

*Compliant, alternative document provided to fulfill requirement

Breakdown of Criteria Regarding Renewal Applications

List of Criteria:

- (a)-(e) - ensuring applicant's form was complete;
 (r) clearance(s) from respective agencies were obtained;
 (s) zone clearance(s);
 (t) project listing(s);
 (u) bank letter/financial solvency statement;
 (v) proof of worker's compensation insurance;
 (w) and respective fees were paid.

Legend

- ✓ Compliant
 ⊙ Non-Compliant
 - Non-Applicable
 Y Yes
 N No

#	Company	(a)-(e)	(f)	(g)	(h)	(i)	(j)	(k)	COMPLIANCE
61	BI	✓	✓	✓	✓	✓	✓	✓	Y
62	BJ	✓	✓	✓	✓	✓	✓	✓	Y
63	BK	✓	✓	✓	✓	✓	✓	✓	Y
64	BL	✓	✓	✓	✓	✓	✓	✓	Y
65	BM	✓	✓	✓	✓	✓	✓	✓	Y
66	BN	✓	✓	✓	✓	✓	✓	✓	Y
67	BO	✓	✓*	✓	✓	✓	✓	✓	Y*
68	BP	✓	✓	✓	✓	✓	✓	✓	Y
69	BQ	✓	✓	✓	✓	✓	✓	✓	Y
70	BR	✓	✓	✓	✓	✓	✓	✓	Y
71	BS	✓	✓	✓	✓	✓	✓	✓	Y
72	BT	✓	✓	✓	✓	✓	✓	✓	Y
73	BU	✓	✓	✓	✓	✓	✓	✓	Y
74	BV	✓	✓	✓	✓	✓	✓	✓	Y
75	BW	✓	✓	✓	✓	✓	✓	✓	Y
76	BX	✓	✓	✓	✓	✓	✓	✓	Y
77	BY	✓	✓	✓	✓	✓	✓	✓	Y
78	BZ	✓	✓	✓	✓	✓	✓	✓	Y
79	CA	✓	✓	✓	✓	✓	✓	✓	Y
80	CB	✓	✓	✓	✓	✓	✓	✓	Y
81	CC	✓	✓	✓	✓	✓	✓	✓	Y
82	CD	✓	✓	✓	✓	✓	✓	✓	Y
83	CE	✓	✓	✓	✓	✓	✓	✓	Y
84	CF	✓	✓	✓	✓	✓	✓	✓	Y
85	CG	✓	✓	✓	✓	✓	✓	✓	Y
86	CH	✓	✓	✓	✓	✓	✓	✓	Y
87	CI	✓	✓	✓	✓	✓	✓	✓	Y
88	CJ	✓	✓	✓	✓	✓	✓	✓	Y
89	CK	✓	✓	✓	✓	✓	✓	✓	Y
90	CL	✓	✓	✓	✓	✓	✓	✓	Y

*Compliant, alternative document provided to fulfill requirement

Breakdown of Criteria Regarding Renewal Applications

List of Criteria:

- (a)-(e) - ensuring applicant's form was complete;
 (x) clearance(s) from respective agencies were obtained;
 (y) zone clearance(s);
 (z) project listing(s);
 (aa) bank letter/financial solvency statement;
 (bb) proof of worker's compensation insurance;
 (cc) and respective fees were paid.

Legend

- ✓ Compliant
 ⊙ Non-Compliant
 - Non-Applicable
 Y Yes
 N No

#	Company	(a)-(e)	(f)	(g)	(h)	(i)	(j)	(k)	COMPLIANCE
91	CM	✓	✓	✓	✓	✓	✓	✓	Y
92	CN	✓	✓	✓	⊙	✓	✓	✓	N
93	CO	⊙	✓	✓	✓	✓	✓	✓	N
94	CP	✓	✓	✓	✓	✓	✓	✓	Y
95	CQ	✓	-	-	-	-	-	✓	Y*
96	CR	✓	✓	✓	✓	✓	✓	✓	Y
97	CS	✓	✓	✓	✓	✓	✓	✓	Y
98	CT	✓	✓	✓	✓	✓	✓	✓	Y
99	CU	✓	✓	✓	✓	✓	✓	✓	Y
100	CV	✓	✓	✓	✓	✓	✓	✓	Y
101	CW	⊙	✓	✓	✓	✓	✓	✓	N
102	CX	✓	✓	✓	✓	✓	✓	✓	Y
103	CY	✓	✓	✓	✓	✓	✓	✓	Y
104	CZ	✓	✓	✓	✓	✓	✓	✓	Y
105	DA	✓	✓	✓	✓	✓	✓	✓	Y
106	DB	✓	✓	✓	✓	✓	✓	✓	Y
107	DC	✓	✓	✓	✓	✓	✓	✓	Y
108	DD	✓	✓	✓	✓	✓	✓	✓	Y
109	DE	✓	⊙	✓	✓	✓	✓	✓	N
110	DF	✓	✓	✓	✓	✓	✓	✓	Y
111	DG	✓	✓	✓	✓	✓	✓	✓	Y
112	DH	✓	✓	✓	✓	✓	✓	✓	Y
113	DI	✓	✓	✓	✓	✓	✓	✓	Y
114	DJ	✓	✓	✓	✓	✓	✓	✓	Y
115	DK	✓	✓	✓	✓	✓	✓	✓	Y
116	DL	✓	✓	✓	✓	✓	✓	✓	Y
117	DM	✓	✓	✓	✓	✓	✓	✓	Y
118	DN	✓	✓	✓	✓	✓	✓	✓	Y
119	DO	✓	✓	✓	✓	✓	✓	✓	Y
120	DP	✓	✓	✓	✓	✓	✓	✓	Y

*Compliant, applicant applied as inactive contractor, documents were not required

Breakdown of Criteria Regarding Renewal Applications

List of Criteria:

- (a)-(e) - ensuring applicant's form was complete;
 (dd) clearance(s) from respective agencies were obtained;
 (ee) zone clearance(s);
 (ff) project listing(s);
 (gg) bank letter/financial solvency statement;
 (hh) proof of worker's compensation insurance;
 (ii) and respective fees were paid.

Legend

- ✓ Compliant
 ⊙ Non-Compliant
 - Non-Applicable
 Y Yes
 N No

#	Company	(a)-(e)	(f)	(g)	(h)	(i)	(j)	(k)	COMPLIANCE
121	DQ	✓	✓	✓	✓	✓	✓	✓	Y
122	DR	✓	✓	✓	✓	✓	✓	✓	Y
123	DS	✓	✓	✓	✓	⊙	✓	✓	N
124	DT	✓	✓	✓	✓	✓	✓	✓	Y
125	DU	✓	✓	✓	✓	✓	✓	✓	Y
126	DV	✓	✓	✓	✓	✓	✓	✓	Y
127	DW	✓	✓	✓	✓	✓	✓	✓	Y
128	DX	✓	✓	✓	✓	✓	✓	✓	Y
129	DY	⊙	✓	✓	⊙	✓	✓	✓	N
130	DZ	✓	✓	✓	✓	✓	✓	✓	Y
131	EA	✓	✓	✓	✓	✓	✓	✓	Y
132	EB	✓	✓	✓	✓	✓	✓	✓	Y
133	EC	✓	✓	✓	✓	✓	✓	✓	Y
134	ED	✓	✓	✓	✓	✓	✓	✓	Y
135	EE	✓	✓	✓	✓	✓	✓	✓	Y
136	EF	✓	✓	✓	✓	✓	✓	✓	Y
137	EG	✓	✓	✓	✓	✓	✓	✓	Y
138	EH	✓	✓	✓	✓	✓	✓	✓	Y
139	EI	✓	✓	✓	✓	✓	✓	✓	Y
140	EJ	✓	✓	✓	✓	✓	✓	✓	Y
141	EK	✓	⊙	⊙	⊙	⊙	⊙	⊙	Y*
142	EL	✓	✓	✓	✓	✓	✓	✓	Y
143	EM	✓	✓	✓	✓	✓	✓	✓	Y
144	EN	✓	✓	✓	✓	✓	✓	✓	Y
TOTAL		140/144	140/144	142/144	140/144	140/144	142/144	143/144	135/144

*Compliant, applicant applied as RME only, documents were not required

Breakdown of Criteria Regarding New Applications

List of Criteria:

- (a) Completed Application
- (b) Three (3) Qualifications [Certificates in Support of Examinee's Experience Qualification]
- (c) Two (2) Character [Two sworn statements of knowledge of the applicant's good reputation for honesty, truthfulness and fair dealings.]
- (d) Proof of Citizenship (U.S. Citizen or Permanent Resident Alien, L1, L2, E1, E2, H1, or H2)
- (e) Financial Statement (with true and correct statement from Section 4302, 6 GCA)
- (f) Letter or End of Month Statement from Bank
- (g) Experience Form

- (h) Application fee paid
- (aa) Completed RME application
- (ba) Application fee paid
- (bb) Four years of experience in classification

Legend

- ✓ Compliant
- ⊙ Non-Compliant
- Non-Applicable
- Y Yes
- N No

COMPLETE APPLICATION

#	Company	REQUIRED DOCUMENTS								RME QUALIFICATIONS	ADDITIONAL CLASSIFICATION		COMPLIANCE
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(aa)	(ba)	(bb)	
1	A	✓	✓	✓	⊙	✓	✓	✓	✓	✓	⊙	✓	N
2	B	✓	⊙	⊙	✓	✓	✓	⊙	✓	✓	✓	✓	N
3	C	✓	⊙	⊙	✓	✓	✓	⊙	✓	✓	⊙	⊙	N
4	D	✓	✓	✓	✓	✓	✓	✓	✓	✓	⊙	✓	Y
5	E	✓	⊙	⊙	✓	✓	✓	⊙	✓	✓	-	-	N
6	F	✓	⊙	⊙	✓	✓	✓	⊙	✓	✓	⊙	⊙	N
7	G	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	-	Y
8	H	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	-	Y
9	I	✓	⊙	⊙	✓	✓	✓	⊙	✓	✓	⊙	⊙	N
10	J	✓	⊙	⊙	✓	✓	✓	⊙	✓	✓	-	-	N
11	K	✓	⊙	⊙	⊙	✓	✓	⊙	✓	✓	⊙	⊙	N
12	L	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Y
13	M	✓	✓	✓	✓	✓	✓	✓	✓	✓	⊙	⊙	N
14	N	✓	⊙	⊙	✓	✓	✓	⊙	✓	✓	-	-	N

Breakdown of Criteria Regarding New Applications

List of Criteria:

- (a) Pass interview
- (aa) Testing fees paid
- (ab) Pass exam 1
- (ac) Pass exam 2
- (ba) Copy of construction contract
- (bb) Paid license fee

Legend

- ✓ Compliant
- ⊖ Non-Compliant
- Non-Applicable
- Y Yes
- N No

INTERVIEW PROCESS, EXAMINATION PROCESS, AND LICENSURE FEES

#	Company	INTERVIEW PROCESS		EXAMINATION PROCESS			LICENSURE FEES			
		(a)	COMPLIANCE	(aa)	(ab)	(ac)	COMPLIANCE	(ba)	(bb)	COMPLIANCE
1	A	⊖	N	✓	✓	✓	Y	⊖	✓	Y*
2	B	⊖	N	⊖	⊖	⊖	N	⊖	✓	Y*
3	C	⊖	N	⊖	⊖	⊖	N	⊖	✓	Y*
4	D	✓	Y	✓	✓	✓	Y	⊖	✓	Y*
5	E	⊖	N	⊖	⊖	⊖	N	⊖	✓	Y*
6	F	⊖	N	⊖	✓	✓	N	⊖	✓	Y*
7	G	✓	Y	✓	✓	✓	Y	⊖	✓	Y*
8	H	⊖	N	⊖	⊖	⊖	N	⊖	✓	Y*
9	I	⊖	N	⊖	✓	✓	N	⊖	✓	Y*
10	J	⊖	N	⊖	⊖	⊖	N	⊖	✓	Y*
11	K	⊖	N	⊖	⊖	⊖	N	⊖	✓	Y*
12	L	✓	Y	✓	✓	✓	Y	⊖	✓	Y*
13	M	⊖	N	⊖	✓	✓	Y	⊖	✓	Y*
14	N	⊖	N	⊖	⊖	⊖	N	⊖	✓	Y*

*Licensure Fees, considered compliant as first criteria was determined not practiced as part of official process. Conflicting documents for process.

Breakdown of Criteria Regarding New Applications

ORGANIZATIONAL DOCUMENTATION

Company	SOLE PROPRIETOR									COMPLIANCE
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	
D	✓	✓	✓	✓	✓	✓	✓	✓	✓	Y
G	✓	✓	✓	✓	✓	✓	✓	✓	✓	Y
L	✓	✓	✓	✓	✓	✓	✓	✓	✓	Y

List of Criteria:

- (a) Copy of "Certificate of Transacting Business under a Fictitious Name" form, submitted to DRT
- (b) Proof of Workers Compensation Insurance (if party has employees)
- (c) Letter from Banking Institution (Proof of Solvency) of the Owner
- (d) Financial Statement/Balance Sheet (CPA) for Owner [with statement of true and correct]
- (e) Copy of Individual's Passport or Citizenship Card
- (f) Copy of test result or current license
- (g) Agency clearance form (with stamps)
- (h) Completed application
- (i) Paid fee

Legend

- ✓ Compliant
- ⊙ Non-Compliant
- Non-Applicable
- Y Yes
- N No

Breakdown of Criteria Regarding New Applications

ORGANIZATIONAL DOCUMENTATION

Company	SOLE PROPRIETOR W/ RME											COMPLIANCE
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	
A	⊖	✓	✓	✓	✓	✓	⊖	✓	✓	✓	✓	N
F	✓	✓	✓	✓	✓	✓	✓	⊖	✓	✓	✓	N
N	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Y

List of Criteria:

- (a) Copy of "Certificate of Transacting Business under a Fictitious Name" form, submitted to DRT
- (b) Proof of Workers Compensation Insurance (if party has employees)
- (c) Letter from Banking Institution (Proof of Solvency) of the Owner
- (d) Letter from Banking Institution (Proof of Solvency) of the RME
- (e) Financial Statement/Balance Sheet (CPA) for Owner [with statement of true and correct]
- (f) Financial Statement/Balance Sheet (CPA) for RME [with statement of true and correct]
- (g) Copy of Owner and RME's Passport or Citizenship Card
- (h) Copy of test result or current license
- (i) Agency clearance form (with stamps)
- (j) Completed application
- (k) Paid fee

Legend

- ✓ Compliant
- ⊖ Non-Compliant
- Non-Applicable
- Y Yes
- N No

Breakdown of Criteria Regarding New Applications

ORGANIZATIONAL DOCUMENTATION

Company	CORPORATION												COMPLIANCE
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	
C	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Y
E	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Y
H	✓	✓	✓	✓	⊖	✓	✓	✓	✓	✓	✓	✓	N
I	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Y
J	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Y
K	✓	✓	✓	✓	✓	✓	✓	⊖	✓	✓	✓	✓	N
M	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Y

List of Criteria:

- (a) Copy of "Articles of Organizations" approved by DRT
- (b) Certificate of Corporation from DRT
- (c) Proof of Workers Compensation Insurance (if party has employees)
- (d) Letter from Banking Institution (Proof of Solvency) of the Corporation or President
- (e) Letter from Banking Institution (Proof of Solvency) of the RME
- (f) Financial Statement/Balance Sheet (CPA) for Corporation [with statement of true and correct]
- (g) Financial Statement/Balance Sheet (CPA) for RME [with statement of true and correct]
- (h) Copy of all officers from said country's Passport or Citizenship Card
- (i) Copy of test result or current license
- (j) Agency clearance form (with stamps)
- (k) Completed application
- (l) Paid fee

Legend

- ✓ Compliant
- ⊖ Non-Compliant
- Non-Applicable
- Y Yes
- N No

Breakdown of Criteria Regarding New Applications

ORGANIZATIONAL DOCUMENTATION

LIMITED LIABILITY CORPORATION													
Company	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	COMPLIANCE
B	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Y

List of Criteria:

- (a) Copy of "Articles of Organization" approved by DRT
- (b) Copy of operating agreement
- (c) Proof of Workers Compensation Insurance (if party has employees)
- (d) Letter from Banking Institution (Proof of Solvency) of the Individual / Partner
- (e) Letter from Banking Institution (Proof of Solvency) of the RME
- (f) Financial Statement/Balance Sheet (CPA) for Individual Partners [with statement of true and correct]
- (g) Financial Statement/Balance Sheet (CPA) for RME [with statement of true and correct]
- (h) Copy of all Partners and RME's Passport or Citizenship Card
- (i) Copy of test result or current license
- (j) Agency clearance form (with stamps)
- (k) Completed application
- (l) Paid fee

Legend

- ✓ Compliant
- ⊙ Non-Compliant
- Non-Applicable
- Y Yes
- N No

**Appendix 4:
Breakdown of Criteria Regarding Consumer Complaint Investigations**

#	Case	REQUISITE ACTIONS					DISCRETIONARY ACTIONS					
		(a)	(b)	(c)	(d)	(e)	COMPLIANCE	(f)	(g)	(h)	(i)	COMPLIANCE
1	A	✓	✓	✓	✓	⊗	N	-	-	✓	-	Y
2	B	⊗	✓	✓	✓	✓	N	✓	-	-	-	Y
3	C	⊗	✓	✓	✓	✓	N	✓	-	-	-	Y
4	D	✓	✓	✓	✓	-	Y	-	-	✓	-	Y
5	E	✓	✓	✓	✓	-	Y	-	-	✓	-	Y
6	F	✓	✓	✓	✓	-	Y	-	-	✓	-	Y
7	G	✓	✓	✓	✓	✓	Y	-	-	✓	-	Y
8	H	✓	✓	✓	✓	✓	Y	✓	-	-	-	Y
9	I	✓	✓	✓	✓	✓	Y	✓	-	-	-	Y
10	J	✓	✓	✓	✓	✓	Y	-	-	✓	-	Y
11	K	✓	✓	✓	✓	✓	Y	-	✓	-	-	Y
12	L	✓	✓	✓	✓	✓	Y	-	-	✓	-	Y
13	M	✓	✓	✓	✓	-	Y	⊗	-	-	-	N
14	N	✓	✓	✓	✓	✓	Y	✓	-	-	-	Y
15	O	✓	✓	✓	✓	✓	Y	-	✓	-	-	Y

List of Criteria:

- (a) Stamped copy of consumer complaint form
- (b) Log complaint & case #
- (c) Forwarded to director/supervisor, investigator assigned
- (d) Opened a file
- (e) Notice to Appear (NTA) sent to contractor
- (f) If allegations have no merit, notify consumer and contractor in writing (findings & recommendation), case is closed.
- (g) Notice to Correct, Notice to Hearing, Decision and Order, or Citation/Payment Issued.
- (h) Case settled, no violation/citation, or no additional action was done. Case is closed.
- (i) Case ongoing

Legend

- ✓ Compliant
- ⊗ Non-Compliant
- Non-Applicable
- Y Yes
- N No

Appendix 5: Breakdown of Criteria Regarding CLB Complaint Investigations

#	Case	REQUISITE ACTIONS					DISCRETIONARY ACTIONS						
		(b)	(c)	(d)	(e)	COMPLIANCE	(a)	(f)	(g)	(h)	(i)	(j)	COMPLIANCE
1	AA	✓	✓	✓	✓	Y	✓	-	-	✓	-	-	Y
2	AB	✓	✓	✓	✓	Y	✓	-	✓	-	-	-	Y
3	AC	✓	✓	✓	✓	Y	-	✓	✓	-	-	-	Y
4	AD	✓	✓	✓	✓	Y	⊗	-	⊗	-	-	-	N
5	AE	✓	✓	✓	✓	Y	⊗	-	✓	-	-	-	N
6	AF	✓	✓	✓	✓	Y	⊗	✓	-	✓	-	-	N
7	AG	✓	✓	✓	✓	Y	✓	-	✓	-	-	-	Y
8	AH	✓	✓	✓	✓	Y	⊗	✓	-	✓	-	-	N
9	AI	✓	✓	✓	✓	Y	✓	-	-	✓	-	-	Y
10	AJ	✓	✓	✓	✓	Y	✓	-	-	✓	-	-	Y
11	AK	✓	✓	✓	✓	Y	✓	-	-	✓	-	-	Y
12	AL	✓	✓	✓	✓	Y	✓	-	-	✓	-	-	Y
13	AM	✓	✓	✓	✓	Y	✓	-	-	✓	-	-	Y
14	AN	✓	✓	✓	✓	Y	✓	-	-	✓	-	✓	Y
15	AO	✓	✓	✓	✓	Y	✓	✓	✓	-	-	-	Y
16	AP	✓	✓	✓	✓	Y	⊗	✓	✓	-	-	-	N
17	AQ	✓	✓	✓	✓	Y	⊗	✓	-	✓	-	-	N
18	AR	✓	✓	✓	✓	Y	✓	-	-	✓	-	-	Y
19	AS	✓	✓	✓	✓	Y	⊗	-	✓	-	-	-	N
20	AT	✓	✓	✓	✓	Y	⊗	-	-	✓	-	-	N

List of Criteria:

- (a) Notice of Violation (N.O.V.) if there are violations found
- (b) Document findings (take pictures or statements from people in the field, etc.)
- (c) Log in complaint. Assign a case number
- (d) Forward to Supervisor; Investigator assigned
- (e) Open a case file
- (f) Notice to Appear
- (g) No merit, no violations to Rules & Regulations, Findings & Decision will be made to consumer and contractor, then CLOSED
- (h) Notice to Correct if there are violations to CLB's Rules & Regulations: Citation (pay & correct OR contest); Statement of Accusation and Charges issued to contractor along w/ Notice of Defense Form; Settlement Agreement (under consultation w/ Legal Counsel)
- (i) Notice of Hearing, done if contractor makes an appeal, & decision and order.
- (j) On-Going Case

Legend

- ✓ Compliant
- ⊗ Non-Compliant
- Non-Applicable
- Y Yes
- N No

Appendix 6:

CLB Management's Response (04/21/2023)



CONTRACTORS LICENSE BOARD

Inetnon Malisensiayen Kontratista
542 North Marine Corps Drive A. – Tamuning, Guam 96913
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LOURDES A. LEON GUERRERO
Maga'hága

CIRIACO C. SANCHEZ JR.
Direktot Eksekatibu

JOSHUA F. TENORIO
Sigundo Maga'láhi

April 21, 2023

Benjamin J.F. Cruz
Public Auditor
Office of Public Accountability
238 Archbishop Flores St.
Suite 401 DNA Building
Hagåtña, GU 96910

Subject: Official Response to Draft Report – Contractors License Board Licensing and Investigation Procedures

Hafa Adai Mr. Cruz,

On April 13, 2023 I received the draft report of the performance audit of the Contractors License Board (CLB) Licensing and Investigation Procedures.

I would like to thank your staff for all the great work they have done over the past months with my staff.

I am formally concurring with your recommendations and we here at CLB have already begun the process of implementing your recommendations.

Our Corrective Action Plan will be submitted within approximately two weeks. However the following recommendations your office has made are already in place and being practiced by the administrative and investigative sections of our office.

1. Updating the CLB checklists attached to folders, as well as keeping applications collectively together.
 - This procedure began in March 2023. All new and renewal applications are being kept collectively together.
2. Updating the CLB's Standard Operating Procedures for consumer and CLB complaints.
 - This update was effectuated and Implemented on November 17, 2022.

Senseramente,

Ciriaco C. Sanchez Jr.

CLB Management's Response (11/15/2023)



LOURDES A. LEON GUERRERO
Maga'hága

JOSHUA F. TENORIO
Sigundo Maga'láhi

CONTRACTORS LICENSE BOARD

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JOHN P. AGUON
Direktot Eksekatibu

November 15, 2023

Benjamin J.F. Cruz
Public Auditor
Office of Public Accountability
238 Archbishop Flores St.
Suite 401 DNA Building
Hagåtña, GU 96910

Subject: Official Response to Draft Report – Audit Recommendations addressed to CLB Management.

Hafa Adai Public Auditor Cruz,

I would like to thank you and your staff for the substantial work you have done during our audit. We appreciate your acknowledgment of the hard work of our staff as well as your recommendations to guide us as we move forward.

I am formally concurring with your recommendations and we look forward to proceeding in the best most effective ways.

Listed below are your audit recommendations as well as our corrective action plans.

1. Ensure that the C68 Classification and the updated Rules and Regulations go through the Administrative Adjudication Act.
 - CLB management understand and acknowledges the importance of updating our Rules and Regulations as the lack of proper adjudication is a hindrance in upholding our mission. This has been an ongoing process which we are taking very seriously. We are working in collaboration with the OAG, the Compiler of Laws, and the Governor's office to keep the Adjudication process moving to an eventual completion.
 - Our Board will be taking action at our next scheduled board meeting to hold a public hearing initiating our first step in the four steps of approval process.
2. CLB conduct a comprehensive review and update examinations to align with Guam's adopted 2009 edition of IBC and current industry practices and regulations.
 - Former CLB Executive Director Ciriaco Sanchez began this process by creating a task force consisting of CLB staff who updated the exam part one (Law) as well as implementing a formal standardized testing format to be implemented when

CLB Management's Response (11/15/2023)

updating exams. The board approved both implementations at the board meeting held on March 28, 2023.

- With the advice from Investigator Supervisor and Administrative lead, current CLB Executive Director John P. Aguon has specially assigned a CLB employee to a special task of updating the CLB examinations beginning with the exam for classification "A" General Engineering seeking guidance from Guam PEALS. Then continuing by tackling one examination at a time and aligning exams to Guam's adopted 2009 edition of IBC and current industry practices and regulations.
3. Update and align the CLB's Standard Operating Procedures and Application Packets to have uniform procedures to remove disparity.
 - Former CLB Executive Director Ciraco Sanchez updated the CLB Standard Operating Procedures by engaging section leaders to review, enhance, and remove disparity within the prior SOP. This was implemented and in practice as of November 2022.
 - Current CLB Executive Director alongside with section leaders are currently reviewing application packets and licensing procedures to remove any disparity and to comply with the updated SOP.
 4. CLB management establish proper procedures to maintain documentation supporting the issuance of contractor licenses to new applicants in line with statutes. Including updating the CLB checklists attached to folders, as well as keeping applications collectively together.
 - To date the CLB has made some changes to our documentation and process according to recommendation.
 - Current CLB Executive Director has implemented the digitizing of CLB License folders. This was implemented to establish uncomplicated access to Contractor Files while at the same time reducing the possibility of human error upon review said files.
 - CLB Management are reviewing procedures on maintaining documentation of new and renewal applications. We are updating the checklist for folders and requiring complete documentation most importantly enforcing 100% accuracy before any issuance of license.
 5. Creating literature that clearly states the duties and authority the Executive Director should have over licensing and investigation procedures, and have such literature approved by the Board.
 - Literature for licensing authority has been created and provided to former Executive Director Ciriaco Sanchez as well as current Executive Director John Aguon by CLB Chairman Bernard Benavente.
 - CLB Management understands the importance of this tasking and we are doing our research on how to proceed forward and will be working with the board on its recommendations and guidance to achieve duties and responsibilities of the executive director regarding licensing and investigation procedures.

CLB Management's Response (11/15/2023)

6. Updating the CLB's Standard Operating Procedures for consumer and CLB complaints.
 - Former Executive Director Ciriaco Sanchez with guidance from CLB Investigator Supervisor had updated the SOP's for consumer and CLB complaints on 11/17/22 immediately after the OPA's verbal recommendation and has been in practice since.
 - Current Executive Director will be reviewing SOP's for consumer complaints with the board for their knowledge.

7. Create a systematic recordkeeping process similar to procurement files, including documenting all steps and using checklists for consistency to improve organization and tracking of case status during investigations.
 - Shortly after the initial recommendation by the OPA, the CLB Investigation team has implemented a checklist for both CLB and Consumer complaints. All files are kept in the investigation section under lock and key, maintaining confidentiality of cases.

Sincerely,


John P. Aguon
Executive Director

Appendix 8:**Status of Audit Recommendations**

No.	Addressee	Audit Recommendation	Status	Action Required
1.	CLB Management	Ensure that the C-68 Classification and the updated Rules and Regulations go through the Administrative Adjudication Act.	OPEN	
2.	CLB Management	CLB conduct a comprehensive review and update examinations to align with Guam's adopted 2009 edition of International Building Code and current industry practices and regulations.	OPEN	
3.	CLB Management	Update and align the CLB's Standard Operating Procedures and Application Packets to have uniform procedures to remove disparity.	OPEN	
4.	CLB Management	CLB management establish proper procedures to maintain documentation supporting the issuance of contractor licenses to new applicants in line with statutes. Including updating the CLB checklists attached to folders, as well as keeping applications collectively together.	OPEN	
5.	CLB Management	Creating literature that clearly states the duties and authority the Executive Director should have over licensing and investigation procedures, and have such literature approved by the Board.	OPEN	
6.	CLB Management	Updating the CLB's Standard Operating Procedures for consumer and CLB complaints.	OPEN	
7.	CLB Management	Create a systematic recordkeeping process similar to procurement files, including documenting all steps and using checklists for consistency to improve organization and tracking of case status during investigations.	OPEN	

GUAM CONTRACTORS LICENSE BOARD LICENSING AND INVESTIGATION PROCEDURES Report No. 23-09, November 2023

ACKNOWLEDGEMENTS

Key contributions to this report were made by:

Kyle Bungubung, Audit Staff

Thomas Eladio Battung, CFE, Auditor-in-Charge

Vincent Duenas, Audit Supervisor

Benjamin J.F. Cruz, Public Auditor

MISSION STATEMENT

To ensure public trust and good governance in the Government of Guam, we conduct audits and administer procurement appeals with objectivity, professionalism and accountability.

VISION

The Government of Guam is a model for good governance with OPA leading by example as a model robust audit office.

CORE VALUES

Objectivity

To have an independent and impartial mind.

Professionalism

To adhere to ethical and professional standards.

Accountability

To be responsible and transparent in our actions.

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