

# **Office of the Public Auditor**

**Annual Report**

**Calendar Year 2006**

**May 2007**



OFFICE OF THE PUBLIC AUDITOR

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Distribution:

Governor of Guam  
Speaker, 29<sup>th</sup> Guam Legislature  
Senators, 29<sup>th</sup> Guam Legislature  
All Government Agencies  
U.S. Department of Interior  
Office of Inspector General-Pacific Field Office  
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## Public Auditor's Message



Now in my seventh year as your elected Public Auditor, I am pleased to present the Office of the Public Auditor's accomplishments during 2006. Nineteen audits and analyses were completed. Eight of the audits were mandated by public law, of which one was with the collaborative work of the Compiler of Laws; three reports were follow-up audits; and three were reports of non-appropriated funds. One report was conducted for a non-profit organization, which was done as a public service to our community. We also did five performance audits including two audits of credit cards.

These 19 audits collectively identified \$5.1 million (M) in questioned costs, lost opportunities, and waste; and another \$5.2M in un-reconciled differences. We made 76 recommendations to improve the accountability and efficiency of the agencies whose activities were reviewed. We continue to urge the Legislature to not allow small entities to manage non-appropriated checking accounts.

The Guam Legislature in the FY 2006 Budget Act took proactive action by requiring quarterly financial reports for all agencies. We applaud the Legislature for this transparency initiative.

Procurement Appeals became operational with the promulgation of Rules and Regulations in October 2006. Three protests were filed in 2006. Two were resolved amicably. The third protest went all the way to a final hearing with a decision rendered in March 2007, which found the sole sourced procurement was inappropriate.

There were 20 financial audits issued that had over \$4.4M questioned costs and 188 audit findings, an additional 79 findings were recognized in 11 Management Letter

Comments. The FY 2005 audit of the Government of Guam was issued on June 30, 2006, the first timely issuance in the government's history. The audit had two qualifications, the non-inclusion of the audit of the Guam Memorial Hospital and the inability to verify tax-related balances. The audit qualification on tax-related balances will continue as long as the Department of Revenue & Taxation does not allow financial auditors to review tax balances.

Timely completion of the federally mandated Single Audit was a goal that I had set for our government when I took office in 2001. This milestone would not have been achieved were it not for the collective effort of the Department of Administration, independent auditors Deloitte and Touché, and OPA staff.

The growing deficit of our government, which was \$344M as of the FY 2005 audit, continues to overshadow the entire operation of our government. In one of our audits, we identified nearly \$1M in tax credits that was given to a beneficiary without the benefit of competition. As a result of this audit, OPA plans to conduct other audits of tax credit programs in 2007.

I wish to acknowledge and thank the hard working and dedicated staff of OPA, who continue to provide quality and independent analyses in support of the fiscal well-being of our island. However, staff retention is in jeopardy as the flexibility afforded me by the Civil Service Commission to make salary adjustments similar to other elected officials is no longer allowed by DOA. We request the Legislature delete 1G.C.A. § 1907(b), which states that salaries shall be fixed by DOA in accordance with the Hay Study and allow the Public Auditor the flexibility to make salary adjustments as afforded other elected officials.

Senseramente,

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

Doris Flores Brooks, CPA, CGFM

# Auditing For Better Government



2006 OPA Staff. (First row L-R) Lourdes Perez, Therese Terlaje, Doris Flores Brooks, Yukari Cabrera, Zeny Nace. (Second row L-R) Omar Santos, Paul Gentry, Vincent Duenas, Arnold Duarte, Franklin Cooper-Nurse, Anne Camacho. (Third Row L-R) Joanalynn Fullerton, Theresa Gumataotao, Llewelyn Restuvog, Rodalyn Marquez, M. Angela Quinto, Maripaz Perez, Jacqueline Mesa.

## Mission Statement

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

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

- Endeavor to fulfill the highest standards of our profession and the expectations of the public to the best of our ability.
- Uphold the highest ethical standards in the performance of our work and encourage such standards throughout the government of Guam.
- Commit to quality as the main principle governing our work.

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

## **\$10.3M Identified in Questioned Cost and Un-reconciled differences**

The OPA completed 19 audits in calendar year 2006. These audits cumulatively identified approximately \$5.1M in questioned costs, waste, and lost revenue opportunities and another \$5.2M in un-reconciled differences in various government accounts. See **Appendix A** for breakdown of questioned cost and lost revenue opportunities.

The audits made 76 recommendations to improve the accountability and operational efficiency of the audited entities. Since 2001, we have issued a total of 64 audit reports with 420 recommendations (See **Table 1**).

**Table 1: Audit Recommendations Summary**

	2006	2005	2004	2003	2002	2001	Total
<b>Total Reports Issued</b>	19	9	14	10	9	3	<b>64</b>
<b>Total Recommendations</b>	76	49	91	77	96	31	<b>420</b>

### **Audit Activities**

In 2006, OPA completed 19 audits, the highest number of reports completed in a year. OPA follows *Government Auditing Standards* issued by the Comptroller General of the United States when conducting performance audits.

Of the 19 audit reports completed, eight were mandated by public law. The mandated requirements span from collaborative work with the Compiler of Laws, establishing standards for an ethics program, performing quarterly reviews for compliance with financial reporting requirements, and reviewing the cash flow disbursement schedules of the Guam Public School System (GPSS).

During the year, we also completed three follow-up audits, eight performance audits, of which three audits involved non-appropriated funds, and two audits were credit card audits. A summary of the audits issued follows.

#### **Department of Administration (DOA) Review of Dormant and Inactive Funds**

As mandated by P.L. 28-68, the OPA conducted “a review [of] all existing Government of Guam dormant or inactive accounts,” with the Compiler of Laws. The OPA reviewed dormant and inactive accounts to determine whether they should remain open, be closed, or required consolidation. The Compiler of Law identified the code sections in law and prepared legislation for the closure of these funds.

As a result, 70 funds were recommended for legislative repeal due to either (1) dormancy and inactivity, (2) recommendations from prior audits, or (3) minimal fund activity. Additionally, 14 funds were identified that could be consolidated into three funds and two other funds that should be structurally amended. Another 30 funds were recommended for closure in DOA’s Financial Management System (AS400) due to either (1) previous repeal by legislation, (2) previous consolidation by legislation, or (3) funds that have outlived their purpose and are no longer required.

As of September 30, 2005 this audit identified over \$9.8M in fund balances that could revert to the General Fund, allowing a decrease in the General Fund deficit if these special revenue funds were repealed by legislation or closed by DOA. Many of these funds do not have actual cash balances.

Of the \$9.8M identified, the Legislature acted swiftly and approved the repeal of 36 funds in the amount of \$3.3M in P.L. 28-150. We applaud the Legislature for taking swift action and encourage the Legislature to close the remaining 34 funds totaling \$2.8 M. DOA can immediately take action on 19 funds totaling \$3.7M, which can revert back to the General Fund.

#### **Submission of FY 2006 Quarterly Reports**

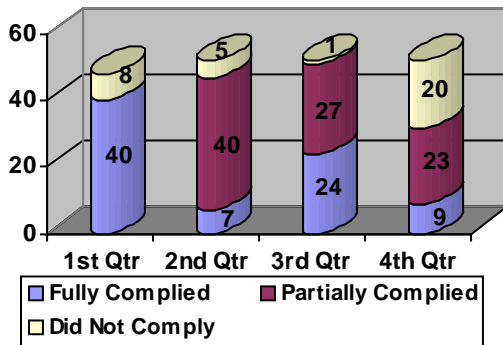
Public Law 28-68 mandated government entities to submit FY 2006 quarterly financial reports. The reports were required to be: 1) submitted by the 30<sup>th</sup> day after each

quarter, 2) submitted by the head of the entity, and 3) posted on the entity's website. If these requirements were not fulfilled, 5% of the entity's funds were subject to deappropriation. The 1<sup>st</sup> quarter reports of 48 entities were evaluated solely on timeliness until the Legislature clarified the reporting requirements in the 2<sup>nd</sup> quarter and amended the listing to 52 entities.

P.L. 28-150 amended P.L. 28-68 and exonerated noncompliance to reporting requirements in FY 2006.

Although we noted a trend towards compliance in the first three quarters, the trend had reversed in the 4<sup>th</sup> quarter. Twenty of the 52 entities did not comply with the reporting requirements compared to only one entity in the 3<sup>rd</sup> quarter.

### FY06 Quarterly Financial Reporting



Continual refinement of the financial requirements of government entities by the Legislature is anticipated, as this was the first year of the mandated financial reporting requirements. Collaborative efforts between the Administration and the Legislature are needed for any future improvements in reporting by entities.

### Ethics in Government Program

P.L. 28-76 mandated establishing an ethics in government program for elected and

appointed officials. OPA was designated to develop standards for the ethics program until a Guam Ethics Commission can be appointed and functioning. All elected and appointed officials (i.e. department heads, deputy directors, members of boards and commissions) are required to take an ethics course every four years.



Governor Felix Camacho and Barrigada Vice Mayor June Blas

Although the law did not take effect until January 1, 2007, the OPA, in coordination with the USDA Graduate School's Pacific Islands Training Initiative (PITI), presented a seminar, *Ethics in the Public Sector*, at no cost to the government of Guam, for elected and appointed officials and government of Guam executives in April 2006, at the Guam International Airport Authority (GIAA) conference room. Approximately 120 participants attended.

Those in attendance included the Governor and Lieutenant Governor; 10 of the 15 senators from the 28<sup>th</sup> Guam Legislature; the Attorney General, Public Auditor, 22 village Mayors and Vice-Mayors; 49 Department and Agency's Heads and Deputies; and 36 Board and Commission members.

The OPA recommended that ethics be provided to all government employees, not just elected and appointed government officials.

## **Guam Public School System (GPSS) Analyses**

P.L. 28-149 required OPA to approve the FY 2007 projected monthly cash disbursements for each school, division, and program, by expenditure category for the GPSS. However, *Government Auditing Standards* issued by the Comptroller General of the United States precludes auditors from performing management functions or making management decisions, such as approving or authorizing an entity's transactions.

As a result, alternative procedures were employed. OPA reviewed past historical data of payroll and utilities. Based on these historical data, OPA provided cash flow schedules that could be utilized as tools by DOA and GPSS in determining the amount of cash draw down for FY 2007.

### **Payroll Analysis**

The OPA conducted a historical analysis of prior year's payroll expenditures. OPA estimated GPSS FY 2007 payroll cost (salaries and benefits) to be \$152.3M. The GPSS proposal was \$155.4M.

### **Utilities Analysis**

The OPA conducted a similar analysis of the prior year's expenditures for power, water, and telephone. Based on historical data, the OPA estimated utilities to be \$14,383,230: \$12,379,803 for power; \$1,732,165 for water; and \$271,262 for telephone. The GPSS proposal was \$12,035,302.

### **Follow-up Audits**

In accordance to 1 G.C.A. § 1903, OPA endeavors to ensure implementation of audit recommendations. Accordingly, we conducted three follow-up reviews in 2006. The audits were DOA's returned checks,

DPR revolving fund, and OAG's child support program.

### **Department of Administration (DOA) Returned Checks Follow-up Review**

In this follow-up review, we found that DOA improved its reconciliation and negotiated with a new bank to eliminate returned check fees. DOA reduced the returned checks balance from \$5.1M to \$2.1M. We also found that the point of sale system reduced problems associated with returned checks, largely because it offers alternative forms of payment.

However, returned checks greater than 90 days were not referred to the Attorney General or other collection agents. There were lengthy delays in recording returned checks in the accounting system and DOA did not establish a method for estimating the allowance for uncollectible returned checks. As a result, DOA wrote off \$599,297 in returned checks.

We also found that the Office of the Attorney General's (OAG) Child Support Enforcement Division did not establish an accounting system to record, monitor, and collect child support returned checks.

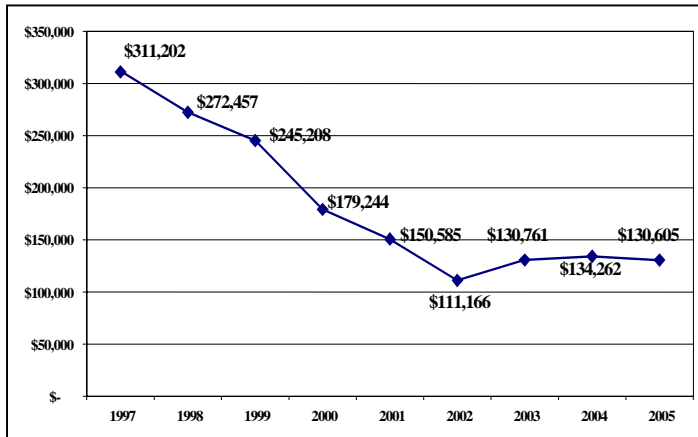
### **Department of Parks and Recreation (DPR) Follow-up Review**

The audit found no substantial change in the control and oversight of the DPR Revolving Fund. We determined that of the 33 recommendations made in 2003, 22 were not implemented.

As a result, there were wide fluctuations in DPR revenues and an overall decline of \$19,980, from \$150,585 in FY 2001 to \$130,605 in FY 2005. In particular, we found that the Paseo Stadium fees declined by 97%, from \$16,048 in FY 2001 to \$510 in FY 2005. The decline in Paseo Stadium

fees prompted a separate audit of Paseo activities.

**DPR Revenue Trend**



### **Office of the Attorney (OAG) General's Child Support Program Follow-Up Review**

We found that deficiencies identified in our prior audit (Report No. 03-09, November 2003) remained un-addressed. As of September 30, 1995 undistributed collections, which are unidentified child support payments of \$6.5M recorded at DOA were not reconciled with those recorded in OAG's Absent Parent Automated System Information (APASI) system. The OAG's collection efforts and monitoring did not result in significant decreases in arrearages, which were \$94.8M in FY 2005 compared to \$96.4M reported in FY 2003. We found no supporting documentation for welfare reimbursement checks totaling \$3M; the child support account was not timely reconciled, and the dormant bank account of \$214,442 remained opened.

### **Non-Appropriated Funds**

Three audits of non-appropriated funds were completed in 2006, as part of OPA's overall review of government of Guam agencies with non-appropriated funds. These audits include the Office of the Public Guardian's

Ward Trust Accounts, Ancestral Lands Commission, and a non-profit organization.

### **Ward Trust Accounts—Office of the Public Guardian (OPG), Supreme Court of Guam**

The Public Guardian maintained 62 separate trust funds, which included checking accounts and savings accounts for individuals incapable of managing their own affairs.

Our audit found insufficient segregation of duties, un-timely reconciliations, and inconsistent reporting to safeguard ward funds valued at \$207,797 as of June 2005. We found that the estates of seven deceased wards remained open and the final accounting of these trust accounts had not been submitted to the Superior Court of Guam.

The Judiciary took swift action on our recommendation to transfer the OPG's financial accounting function to the Financial Management Division within the Courts to address several of the OPG's financial management issues.

### **Guam Ancestral Lands Commission (ALC) Non-Appropriated Funds**

The audit found that the ALC Executive Director and Board of Commissioners did not provide an effective system of internal controls to ensure that (1) Land Bank licenses were awarded fairly and equitably in accordance with rules and regulations; (2) all revenues were collected and expenditures were made in accordance with law; and (3) non-appropriated funds from the Land Bank Account, Landowner's Recovery Fund, and the Money Market Account were properly accounted for, expended, and reported in accordance with applicable laws and regulations. These funds were not reported to the Legislature. The Board failed to



provide sufficient oversight over these funds.

We found four licenses, involving 445,201 square meters that were issued to private companies at disparate rates ranging from as low as \$0.01 to as high as \$2.00 per square meter per month. One license representing over 90% of the total square meters was charged only \$0.01 per square meter per month.

Consistent with our previous findings of small government entities handling non-appropriated funds, there continues to be a lack of understanding of the importance of internal controls (i.e., checks and balances). We urge the Legislature reconsider the policy of allowing small entities to have their own checking accounts and manage and control non-appropriated funds. We urge the Legislature to require that all non-appropriated funds be accounted for and controlled by DOA.

### **Internal Controls Over Accounting and Reporting of a Non-Profit Organization**

The OPA evaluated a non-profit organization's system of internal controls (i.e., checks and balances) over a two-year period from June 30, 2003 through June 30, 2005. This engagement was conducted as a public service for the Club and for other non-profit organizations.

The audit found that the Treasurer failed to maintain timely, complete, and accurate records and failed to account for all cash collections. Cash was held for an indefinite period before depositing into the Club's account. The Club officers did not create a system of internal controls and did not monitor and review the activities of the Treasurer to ensure that all funds collected were accounted for and properly reported.

We concluded that Club funds may have been lost, misused, or misappropriated. However, it was not possible to completely assess or quantify the extent of loss because of inadequate documentation and poor records retention management.

### **Performance Audits**

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

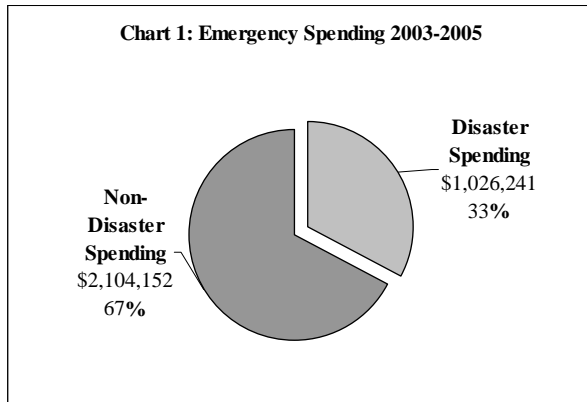
Economy/Efficiency audits include determining (a) whether the agency is acquiring, protecting, and using its resources (such as personnel, property, and space) economically and efficiently; (b) the causes of inefficiencies or uneconomical practices; and (c) whether the entity has complied with laws and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

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

In addition to performing a variety of work during the year, OPA remained committed to its strategic plan and issued five performance audits: The Emergency Executive Orders, Stale-Dated Checks, Paseo Lease Agreement, and two audits of government-issued credit cards at Guam Housing and Urban Renewal Authority (GHURA) and Guam Visitors Bureau (GVB).

## Government of Guam - Emergency Executive Orders and Certificates of Emergency

From April 2003 to December 2005, 18 Executive Orders authorized the transfer of up to \$4.5M for local emergencies related to civil defense, public safety, and healthcare. These emergency funds increased the General Fund deficit, as emergency funds are not budgeted.



Of the \$4.5M authorized, \$3.1M was encumbered and expended. Of these emergencies, only \$1M or 33% was spent on natural disasters and catastrophic events (i.e., typhoons) while \$2.1M or 67% was spent on non-disaster related emergencies (i.e., school gym repair and overtime litigation). Local laws, which allow for the emergency use of funds, are broad and allow for much latitude and discretion.

As part of the audit, we also reviewed the OAG's emergency procurement for lease space and the bid invitation for permanent lease space. Unlike the emergency bid specifications, which were general in nature, we found that the long-term bid specifications were tailored to the same building the OAG had temporarily leased during the emergency, following an eviction from the Superior Court building. The five restrictive specifications identified were (1) location, (2) exclusive occupancy, (3)

building type, (4) outside presentation area, and (5) vehicle service bay requirements. These restrictions resulted in the lack of competition, and only one vendor submitted a bid and thus allowed the OAG to remain in its present location, which was secured during the emergency period.

## Department of Administration (DOA) Stale-Dated Checks

The audit found that the management and control of stale-dated checks issued by DOA were generally adequate. However, we found some systemic problems in the accounting system that inhibited the efficiency of DOA accounting to complete required tasks timely.



Department of Administration, Hagatna

Nine recommendations were made which included recommendations to greater utilize the capabilities of DOA's accounting system, to strengthen internal controls of issued checks, and to reconcile Child Support's records with DOA's accounting system.

## Department of Parks and Recreation (DPR) Paseo Stadium Lease Agreement

This audit was initiated as a result of the follow-up Review of DPR's Unresolved Audit Recommendations.

We found that the Paseo Stadium tax credit program was poorly managed by DPR and

was not scrutinized by the Guam Economic Development and Commerce Authority and DRT. Tax credits of \$1,001,256 were given to a single business (beneficiary) without the benefit of competition. Further, these tax credits were awarded without review of the appropriateness of cost. In addition, DRT may have over-applied \$297,343 in tax credits against the beneficiary's excise taxes.



Paseo Stadium, Hagatna

DPR and the Guam Baseball Federation (GBF) did not comply with the terms and conditions of the Paseo lease and P.L. 27-27. The DPR Director abdicated his responsibility to manage and safeguard the Paseo Stadium and instead allowed the GBF Commissioner to have sole discretion in the selection of the only beneficiary for tax credits. The DPR Director and GBF Commissioner signed two amendments to the Paseo lease, without the Governor's concurrence, which minimized DPR's oversight of the Municipal Stadium Operations Fund and the Paseo Stadium.

### **Guam Housing and Urban Renewal Authority's (GHURA) Credit Card Charges and Related Travel Expenditures**

This audit was conducted as part of our review of all government of Guam credit card programs.

The audit found that GHURA's internal controls over the use of credit cards were

adequately designed. However, the management and oversight of credit cards was not sufficient to ensure proper authorization, approval, and review of all credit card purchases. Specifically, GHURA did not (1) maintain complete supporting documentation for credit card purchases; (2) comply with procurement and travel regulations for the solicitation of airfare quotes; (3) secure Board approval and authorization on all credit card purchases; (4) review senior management and Board members' per diem advances, which resulted in double compensation; and (5) pay monthly credit card balances timely.

As a result, \$40,124 in credit card charges did not have supporting documentation, and \$36,135 in purchases were procured without three quotations.

### **Guam Visitors Bureau (GVB) Credit Cards and Travel**

The audit found that (1) GVB's management failed to communicate policies for credit card use or monitor activities for adherence to policies; (2) documentation and filing systems were unorganized and inconsistent; (3) travel programs and credit card charges were not adequately documented, reconciled, reviewed, and reported; (4) GVB's policy to advance travelers 50% of allowable per diem and charging additional expenses to credit cards resulted in \$138,403 in excess per diem and; (5) there was also an additional \$106,929 in questionable credit card charges that were not authorized, reconciled, and reported.

### **Indictments and Convictions**

OPA audits provide recommendations to entities to improve government operations. In several cases, our audits shed light on possible official misconduct, fraud, and abuse by government officials. In 2006,

OPA audits aided the Attorney General on several cases of official misconduct. As a result, several indictments followed.

Six government officials and one off-island attorney were indicted in 2006 and are waiting criminal trial. These include:

- The former Business Development Director, Chief Financial Officer, and Finance and Administrative Director of GEDCA were indicted for fraudulent use of a credit card as a felony, theft of property, and official misconduct.
- Two former Port Authority of Guam employees, who served as the President and Treasurer of the Port Authority of Guam Goodwill and Morale Association were charged with conspiracy and theft as a felony.
- Former Administrative Director of the Superior Court of Guam was indicted for unlawful influence as a felony, conspiracy for unlawful influence as a felony, theft of property held in trust, and official misconduct.
- A private attorney from the U.S. mainland was indicted for conspiracy of unlawful influence as a felony relating to the case involving the former Administrative Director for the Superior Court of Guam.

Based on prior year audits, there are five active cases involving former government officials with the OAG. Of the five cases, three cases are being appealed in the Supreme Court of Guam and two cases are pending trial.

- The former GIAA Executive Manager was convicted of fraudulent use of credit card and official misconduct. This case is on appeal in the Supreme Court of Guam.

- The former Governor of Guam and former Retirement Director's initial indictments were dismissed, but they were subsequently re-indicted for theft by deception, conspiracy, and official misconduct. The indictment was dismissed by the Superior Court. The OAG is appealing the decisions to the Supreme Court of Guam.
- A former Chief of Staff to the Governor was indicted for theft by deception, conspiracy, and official misconduct, and is awaiting trial.
- A former Deputy Administrator of the Guam Memorial Hospital Authority (GMHA) was indicted for official misconduct and improper influence over notary. This case is awaiting trial.

### **Procurement Appeals Established**

Pursuant to the FY 2006 Budget Act, P.L. 28-68, the Public Auditor replaced the Procurement Appeals Board as the authority to hear appeals of protests on agency procurement decisions. Therese M. Terlaje was hired in March 2006, as the Hearing Officer for procurement appeals and legal counsel for the OPA. Attorney Terlaje earned her Juris Doctor in Law from the University of California School of Law and brings 17 years of legal experience to the OPA.

Attorney Terlaje immediately worked on the Rules of Procedure for Procurement Appeals and, in May 2006 a public hearing was held to accept comments on the Rules. Notice was also posted on the OPA website, [www.guamopa.org](http://www.guamopa.org), and the public had the opportunity to review the Rules at the OPA office or on the website, and to submit testimony. Over 40 individuals utilized the website to obtain a copy of the Rules.

After comments and suggestions were incorporated, OPA transmitted the Rules in

July 2006 to *I Mina Bente Ocho Na Liheslaturan Guahan*, in accordance with the Administrative Adjudication Act. The Rules were promulgated on October 15, 2006, and are codified as Chapter 12 of Title 2, Guam Administrative Rules and Regulations.

Also transmitted for the Legislature's consideration were suggested changes to problematic areas of the *existing* procurement laws and rules that would greatly enhance the success of the appeals process. No action was taken on these proposed changes to the procurement laws.

From November to December 2006, three procurement appeals were filed with the Public Auditor. The first appeal was filed against Guam Waterworks Authority (GWA) by a debarred vendor; the second appeal was filed against Jose D. Leon Guerrero Commercial Port by a vendor, which stated that insufficient time was given to bid; and the third appeal was against the Office of Homeland Security (OHS) by a vendor through the General Services Agency (GSA) protesting a sole source procurement. The first appeal was dismissed on request of the debarred vendor. The second appeal was dismissed on request of the Commercial Port to allow the re-bid of the gantry crane. The third appeal went to a hearing.

In March 2007, the Public Auditor consistent with the findings of the Hearing Officer ruled that the sole source procurement was inappropriate and recommended that the contract be terminated with the sole source vendor. The status of all appeals and all appeal documents can be viewed at the OPA website [www.guamopa.org](http://www.guamopa.org).

## Financial Audits

1 G.C.A. § 1908 requires the annual audit of all government of Guam departments, agencies, and instrumentalities be conducted no later than nine-months after the fiscal year (i.e., June 30<sup>th</sup>).

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).

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

The OPA's involvement of these financial audits is a key element in the review of government entities. Through reviews and analyses, OPA is able to convey accurate and relevant information to the people of Guam. Additionally, through questionnaires and interviews, the OPA is able to scrutinize the various government of Guam entities to a greater degree than in the past. During 2006, 20 financial audits were issued which identified 188 audit findings with questioned costs of \$4.4M. Additionally, 79 management letter comments were identified and issued to 11 entities.

In 2005, 26 financial audits were issued and identified 236 findings and identified \$2.1M in questioned costs and 21 management letter comments. In 2004 and 2003, there were 25 and 14 audits issued with 485 and 260 findings and \$13.1M and \$22.4M in

questioned costs, respectively. See **Appendix B** for a listing of financial audits.

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

### ***Timely Completion of Audits***

It is the Public Auditor's expressed goal to timely complete all financial audits so that the information contained is relevant and useful to administrators, policy makers, and the public. Financial audits, as previously stated are required by law<sup>1</sup> to be issued no later than June 30<sup>th</sup> of the following year.

This milestone was achieved in June 30, 2006 with the issuance of the general fund audit. The timely completion came as a result of collective hard work of DOA, the independent auditors of Deloitte and Touché, and OPA staff.

Although the milestone was achieved, timeliness of audits continues to be a laborious process. Over the years we have found that the accounting infrastructure of most government of Guam entities continues to be weak particularly at GPSS and GMHA, hence achieving the timely completion of financial audits will be an on going challenge.

Over the past seven years, we have seen more agencies complete their financial audits by the June 30<sup>th</sup> deadline. For FY 2005, only one entity, the Guam Memorial Hospital Authority, missed the deadline.

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<sup>1</sup> 1 G.C.A. §1909(a).

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

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

Government agencies that expend more than \$500,000 of federal funds in a fiscal year are also required to comply with the Single Audit Act of 1968, which states that audits are to be completed no later than nine months after the fiscal year, which is similar to Guam law. Failure to comply can result in a federal declaration of the agency as a "high risk grantee," meaning the agency will be subject to special conditions, depending on the situation. The Guam Public School System was declared a high-risk grantee in September 2003 by the USDOE for its failure to submit financial audits for four fiscal years-1998, 1999, 2000 and 2001. As of the issuance of this report, GPSS remains a high risk grantee.

Unlike federal law, Guam law does not impose penalties for the failure to submit timely financial audits.

### ***Financial Audit Completion***

The FY 2005 audit of the government of Guam was issued June 30, 2006, the first timely issuance in the government's history. The audit had two qualifications; the non-inclusion of the audit of the GMHA and the

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

inability to verify tax-related balances. This qualification on tax-related balance will continue until DRT allows the financial auditors access to tax records.

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.

***Questioned Cost of General Fund***

In prior years, questioned costs from the government of Guam General Fund audit had been dropping significantly; however, in FY 2005 the government of Guam incurred questioned costs of \$584,000 or \$70,000 more than FY 2004.

	<u>Questioned</u> <u>Costs</u>	<u>Amount</u> <u>Resolved in</u> <u>FY 2005</u>	<u>Current</u> <u>Unresolved</u> <u>Questioned Costs</u>
FY 05	\$ 584,348	\$ -	\$ 584,348
FY 04	514,486	289,027	225,459
FY 03	1,243,982	410,078	833,904
FY 02	2,708,552	929,070	1,779,482
FY 01	5,526,736	1,349,360	4,177,376
FY 00	8,580,076	5,671,616	2,908,460
FY 99	6,563,327	6,563,327	-
Total	<u>\$25,721,507</u>	<u>\$15,212,478</u>	<u>\$10,509,029</u>

In 2005, DOA resolved \$15.2M in questioned costs, bringing the balance of unresolved questioned costs to \$10.5M. Over the last two years, DOA has resolved a total of \$32.2M in questioned costs.

**Questioned Costs of All Audited Entities**

The OPA tracks financial audit information based on the audits completed during a calendar year. From 2001 to 2006, a total of 1,389 findings have been identified with over \$52M in questioned costs.

<u>Calendar Year</u>	<u>Findings</u> <u>Identified</u>	<u>Questioned</u> <u>Costs</u>
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	39	14,594
<b>Total</b>	<b><u>1,389</u></b>	<b><u>\$52,079,429</u></b>

**Other Audited Financial Information**

Financial audits provide other useful information about the government of Guam. For example government of Guam receives nearly \$300M in federal grants. For FY 2005, the government of Guam and its various components units expended over \$295.6M. The top five entities were the General Fund reporting \$154.5M in expenditures, followed by GPSS at \$52.4M, GHURA at \$38.3M, UOG at \$22.4M, and GIAA with \$9.4M. Within the General Fund, the top three entities were Department of Public Health and Social Services at \$94.3M, Department of Public Works at \$10.9M and the Governor's Office at \$5.9M in expenditures.

The OPA collected the financial audit costs and attorney fees for audits completed in 2006. For the 20 financial audits completed, we estimated government of Guam spent approximately \$1M for audit fees and over \$2.7M for legal fees. During the year, salaries and wages grew to over \$579M for 11,789 employees. See **Appendix B**.

The aggregate amount spent on audits for the entire government of Guam is nominal in comparison to the value these audits provide, the savings recognized, and the recommendations for improvements in the efficiency of government operations.

## General Fund Deficit

As of FY 2005, the General Fund deficit was reported at \$344M, \$30.4M more than \$313.6M in FY 2004. The growing deficit is the cumulative result of the General Fund expenditures exceeding General Fund revenues over the years. In FY 2005, \$495.2M in total expenditures and transfers out, exceeded total revenues and transfers in of \$464.8M and was mainly the result of:

- \$16.1M over-expenditure of the GPSS.
- \$10.5M in revenues were not received as projected. Revenues were budgeted at \$447.4M however, only \$436.9M was received.
- \$4M of non-appropriated expenditures consisting of \$2.2M interest for tax-refunds, \$1.2M for GPSS and GMHA interest-only payments to the Retirement Fund, and \$610,000 for bank fees for credit card payments accepted at the Treasurer of Guam.

Guam's General Fund has a serious fiscal health problem because of the overall deterioration in its assets, liabilities, and fund balance accounts; and a going-concern problem which could possibly result in a qualified opinion in FY 2006 – depending on materiality and FY 2006 changes.

The liability for tax refunds was \$207M as of FY2005, compared to \$31M in FY 1997. Tax refunds have been a major source of funding the General Fund deficit.

Graphs 1 and 2 illustrate the changes in key fiscal health indicators for the period from FY 1997 to 2005 (in millions). See following page for graphs.

### **Graph 1: Revenues and Transfers In, Expenditures, and Cumulative Fund Balance (Deficit) Comparison from FY 1997, FY 2001, and FY 2005.**

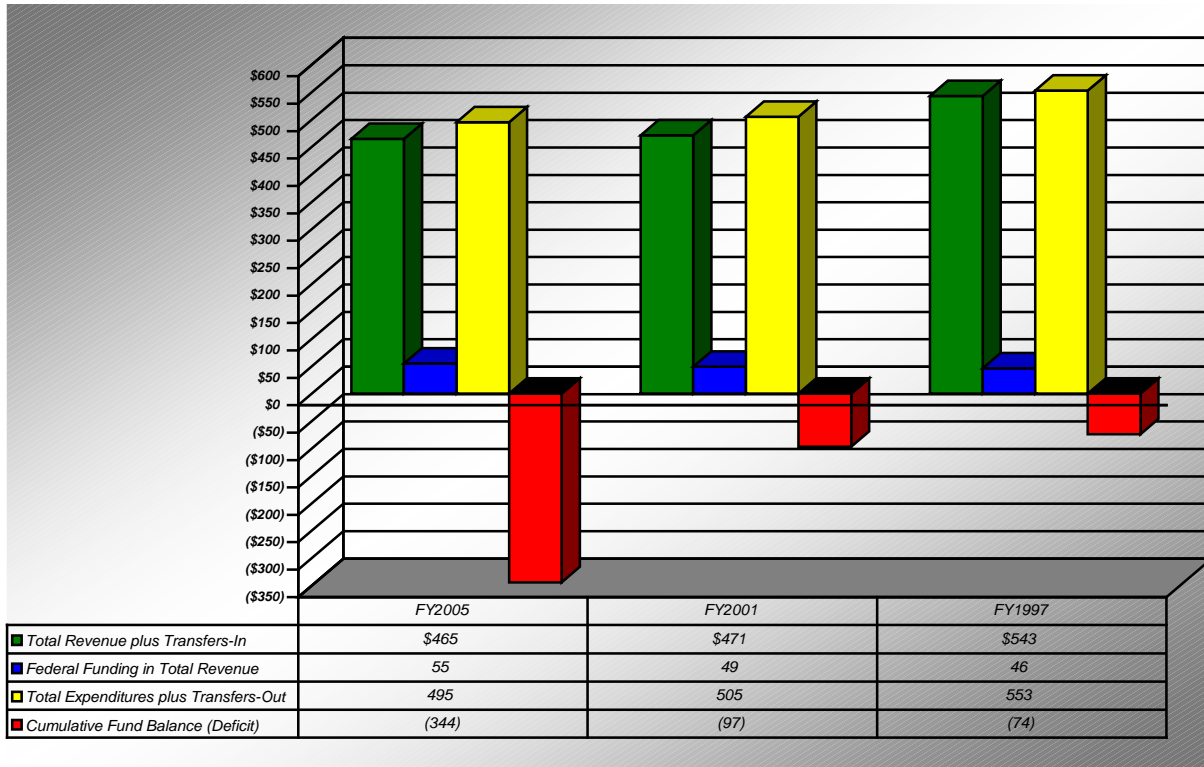
- Total revenues plus transfers-in to the General Fund decreased to \$465M from \$543M.
- Federal funding (Section 30) in total revenue increased to \$55M from \$46M.
- Total expenditures plus transfers-out of the General Fund decreased to \$495M from \$553M. However, expenditures plus transfers-out exceeded total revenues plus transfers-in and resulted in an increased in General Fund deficit.
- The cumulative General fund balance deficit increased to \$344M from \$74M.

### **Graph 2: Cash & Equivalents, Total Assets, Payables, Total Liabilities, and Cumulative Fund Balance (Deficit) Comparison from FY 1997, FY 2001, and FY 2005.**

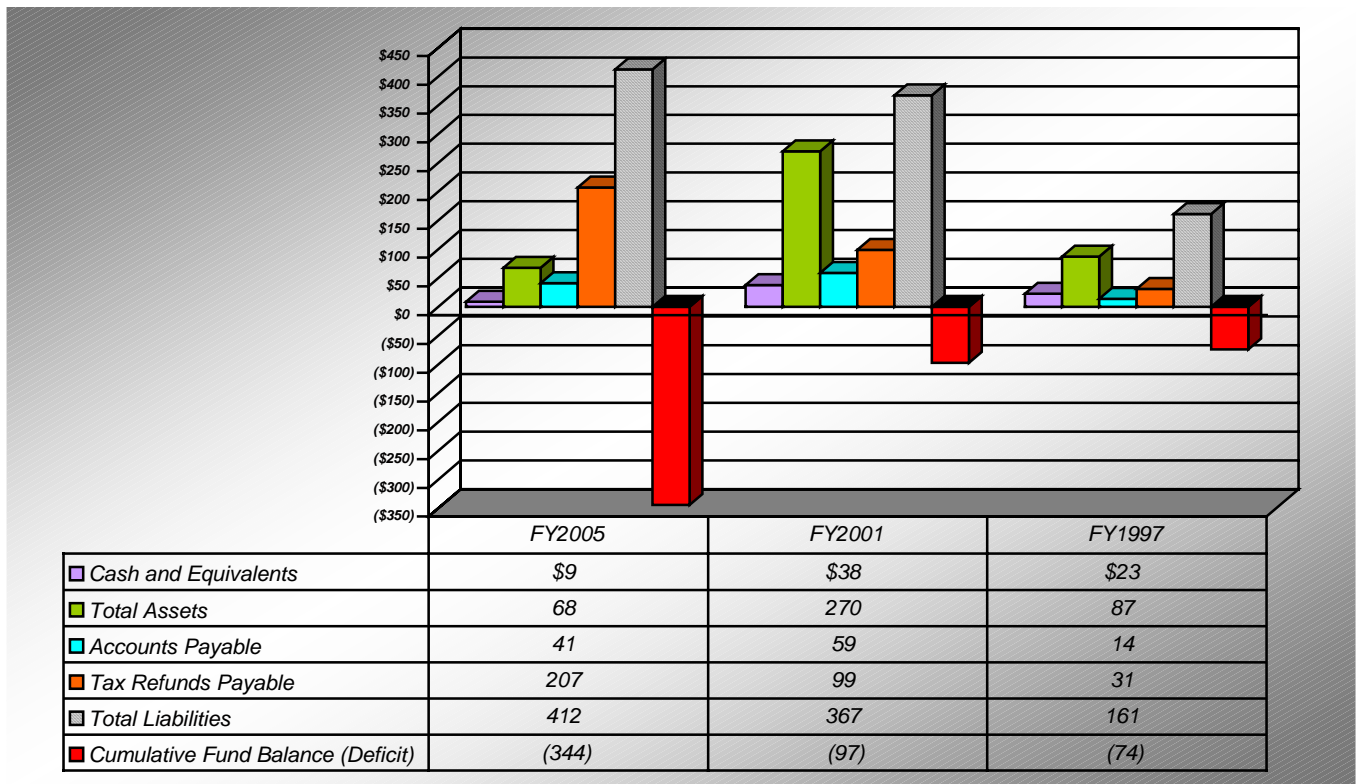
- Cash and equivalents decreased to \$9M from \$23M and was not adequate to cover current liabilities (accounts payable, tax refunds payable, etc.).
- Total assets decreased to \$68M from \$87M.
- Accounts payable increased to \$41M from \$14M.
- Tax refunds payable increased to \$207M from \$31M.
- Total liabilities increased to \$412M from \$161M.



**Graph 1: Total Revenues and Transfers In, Expenditures, and Cumulative Fund Balance (Deficit)**



**Graph 2: Cash & Equivalents, Total Assets, Payables, Total Liabilities and Cumulative Fund Balance (Deficit)**



## **CreditWatch for the Government of Guam**

In March 2007, Standard & Poor's placed Guam on a CreditWatch 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 CreditWatch placement also reflects the possibility that these challenges will further diminish the government's ability to meet operational responsibilities, while addressing long-term requirements".

The report also noted, "the government's financial position continues to deteriorate. The general fund balance at fiscal year-end September 30, 2005 was a negative \$376.9 million, compared with the total general fund expenditures of \$368.6 million; the preliminary budget forecast for fiscal year 2006 indicates another \$16 million general fund deficit."

Added to the FY06 deficit will be an additional \$30M for earned income tax credit based on the court settlement and \$123M for the payment of cost of living allowances to retirees. The projected FY06 deficit may exceed half a billion dollars.

### **OPA Quality Control Review**

*Government Auditing Standards*, more commonly known as the Yellow Book, require audit organizations to undergo a quality control or peer review every three years. Our first review took place in August 1999, the second was in November 2002, and the third review was completed in March 2005. The OPA received a full

compliance rating in 2002 and in 2005, the highest of three levels of compliance given to audit organizations. The next peer review will be conducted in 2008.

## **Staff Training**

The Yellow Book also requires that all auditors performing audit work under *Government Auditing Standards* 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. CPEs are mandatory for the maintenance of professional competence.

The Public Auditor recognizes the importance of ongoing training, retraining, and professional development for all personnel and is committed to maintaining, fostering, and improving OPA audit capabilities and technical skills. All staff received the required continuing professional education hours defined in the *Government Auditing Standards*.

Over the past six years, the Public Auditor has been a strong advocate of continuing professional education. The USDA Graduate School, in conjunction with the Pacific Islands Training Initiative (PITI) grant, has provided the majority of the training. At least 40 hours of audit training annually is provided not only to Guam OPA, but also to the other Association of Pacific Islands Public Auditor (APIPA) audit offices.

We again wish to express our appreciation to the Department of the Interior Office of Insular Affairs (DOI-OIA) for the continued funding of the PITI and to USDA Graduate School. Most especially, we thank Stephen

Latimer for continuing to be responsive to the training needs of OPA.

In 2006, OPA staff received an average of 58 CPE hours after attending some of the following courses:

- Fraud Prevention & Internal Controls
- Government Auditing Standards, 2003 Revision
- Ethics in the Public Sector
- Assessing Internal Controls in Performance Audits
- Auditing for Internal Fraud
- Management Controls for Directors and Managers
- Tips for Auditing Procurement, Procurement Investigations, Concepts in Procurement & Grant Fraud
- Financial and Performance Perspectives, Auditing in the 21st Century, Public Corruption, Yellow Book Updates, GASB Updates, AICPA Updates, Utilities Reform, Performance Measurement Featuring InstaMeasure Toolkit
- Department of Interior Auditor and Investigator Training Program
- Introduction to ACL for Windows

### **DOI Training Grant**

In October 2003, David B. Cohen, the Department of the Interior's Assistant Secretary for Insular Affairs, approved a \$38,100 reimbursable training grant for auditor training. An additional \$19,050 was approved for Investigator-related training in July 2004. A third increase of \$95,200 was approved for On-the-Job Training at Department of the Interior Office of the Inspector General (DOI-IOG) Field Offices in November 2004. A fourth increase was approved in February 2007 in the amount of \$66,500 for auditor and investigator training, bringing the training grant total to

\$218,850. Of the total \$174,379 has been expended from the grant thus far.

The grant is a joint initiative with the DOI-OIG, DOI-OIA, and OPA. The grant provides for reimbursement of auditor and investigator training at the Inspector General Academy, On-the-Job Training at OIG offices, and other related training.

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

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

In February 2006, OPA Management Analyst Maripaz Perez and Auditor Rodalyn Marquez attended a two-month training with the DOI-OIG's Central Region Office in Lakewood, Colorado. This training was funded by the DOI Training grant. The program provides hands-on DOI-OIG audit training and allowed the OPA staff members to be "a part of the team."



Left photo: Response to 2005 Hurricanes in the Gulf of Mexico audit team. Right photo: Internal Control Best Practice audit team. Center photo: Guam interns Maripaz Perez and Rodalyn Marquez.

Maripaz and Rodalyn were assigned to separate audit teams and each had the opportunity to present the teams' audit findings to Inspector General Earl Devaney in Washington, D.C.

We wish to express our heartfelt appreciation to the staff of the DOI-OIG Lakewood and Albuquerque offices for the valuable mentorship they provided Maripaz Perez and Rodalyn Marquez. The OPA now has five auditors who have completed this training. Vincent Duenas, Franklin Cooper-Nurse, and Angela Quinto completed their training at the Albuquerque, New Mexico field office during 2004 and 2005.

On average, the DOI-OIG training ranges from 8 to 10 weeks and cost approximately \$18,000 to \$20,000 per auditor. Without the federal grant, this training would not have been possible.

### **Inspector General Academy Training**

In February 2006, OPA Investigator Arnold Duarte attended the DOI-OIG investigation training in Sacramento, California. The training program was part of a pilot program created to provide government investigators throughout the Pacific Region on-the-job training in conducting investigations of white collar crime; fraud, waste, and abuse of government resources; and other related



OPA Investigator Arnold Duarte and OIG Special Agent Robert May.

cases. Investigators participating in the program observe and assist the OIG investigators in performing work on active OIG investigations; federal criminal codes and statutes; preparing investigative reports; and researching and documenting report information.

The training Arnold received will enhance his skills as he continues his work with the OPA in investigating government corruption and official misconduct.

### **Auditor Training for Assessing Internal Controls**

In April 2006, the Public Auditor and audit staff attended training for Assessing Controls in Performance Audits, instructed by James Brucia. In addition to the OPA staff, three auditors from Pohnpei attended the training. The course was offered through the USDA Graduate School. OPA auditors successfully completed the training and received 16 hours of CPE's for their efforts.



Pictured from L-R (standing) Vincent Duenas, Joey Claveria, Zeny Nace, Theresa Gumataotao, Llewelyn Rustuvog, Yuka Cabrera, Doris Flores Brooks, Omar Santos, Angela Quinto, Paul Gentry, Franklin Coopernurse, Jackie Mesa (sitting) L-R, Aisi Mori, Instructor James Brucia, Julinida Weital, Keller Phillips, Lourdes Perez.

### **55<sup>th</sup> Annual AGA Professional Development Conference**

The Public Auditor and OPA Management Analyst, Angela Quinto were part of a six-member delegation that participated in the Association of Government Accountants (AGA) 55<sup>th</sup> Professional Development Conference held in San Diego, California in

June 2006. The four-day event featured over 75 educational sessions covering a broad array of issues, such as improving public performance, developing innovations for state and local governments, and building strong internal controls.



2006 PDC Guam Delegation with former AGA National Presidents (L-R): Bobbie Howard, Angela Quinto, John Phillips, former AGA National President Julin Rentthrope, Chris Wolseley, Doris Flores Brooks, Cora Montellano, and past AGA National President Bobby Derrick.

### **APIPA - 17<sup>th</sup> Annual Conference**

In July 2006, the Public Auditor, along with Audit Supervisor Zeny Nace, and Management Analyst Theresa Gumataotao traveled to the Federated States of Micronesia (FSM), state of Pohnpei to participate in 17<sup>th</sup> annual APIPA Conference.

The Conference was a huge success as it hosted its largest attendance of over 250 attendees. APIPA members in attendance included the Commonwealth of the Northern Marianas Islands, American Samoa, Guam, the Republic of Palau, the Republic of the Marshall Islands, Western Samoa, the Virgin Islands, the FSM National Government, and the FSM States of Pohnpei, Yap, Chuuk, and Kosrae.

The weeklong conference offered attendees the opportunity to receive up to 40 hours of training covering areas in financial management, performance measurement,

performance auditing, pre-and post-award procurement, fraud, and ethics.



Pictured from L-R are Tony Meno- Superior Court, Michael Sablan- CNMI Public Auditor, Lee Furr CNMI-OPA, Doris Flores Brooks Guam Public Auditor, Zeny Nace- OPA, Theresa Gumataotao- OPA, Jeremy Rojas-Guam Housing Corporation, and JoJo Guevara- Port Authority of Guam.

### **17<sup>th</sup> Annual Association of Certified Fraud Examiners Conference**

Zeny Nace, OPA's Certified Fraud Examiner (CFE), attended the Association of Certified Fraud Examiners Conference held in Las Vegas, Nevada from July 9-14, 2006.



Zeny Nace OPA Audit Supervisor and Joseph T. Wells Founder of ACFE.

Over 2,000 participants attended the annual conference covering elements of fraud detection in the areas of computer forensics, investigations, SAS 99, internal controls, report writing, biometrics, IT auditing, ethics hotline, advanced data analysis, fraud risk assessments, and many more. The attendees included a variety of professionals, such as FBI investigators; lawyers in litigation courts; evidence analysts; insurance auditors; internal auditors from

fortune 500 companies; compliance officers, and federal, state, and independent auditors.

### **2006 Pacific Emerging Issues Conference**

The AGA – Guam Chapter hosted the 2006 Pacific Emerging Issues Conference held on August 22 – 25, 2006 at the Guam Marriott Hotel. The event attracted approximately 150 professionals. Three tracks, Investigative, Accountability, and Management, were offered and allowed participants to earn up to 30 continuing professional education credits.

OPA staff members Theresa Gumataotao, Rodalyn Marquez, Maripaz Perez, and Angela Quinto chaired support committees to assist AGA in the delivery of training. Guam Public Auditor, as well as CNMI Public Auditor, Michael Sablan presented sessions on White Collar Crime and Ethics, respectively.

### **Staff Achievement**

The Public Auditor supports personal professional development and encourages her staff to earn nationally recognized certifications, such as the Certified Public Accountant (CPA), the Certified Internal Auditor (CIA), the Certified Government Financial Manager (CGFM), and the Certified Fraud Examiner (CFE). In 2006, four OPA employees achieved career milestones with the following professional accomplishments.

#### **New Certified Public Accountants**

In 2006, Auditor Paul Gentry completed all professional education, experience, and examination requirements established by the Guam Board of Accountancy and received his license to practice as a Certified Public Accountant (CPA) in the territory of Guam. Paul joined the OPA in October 2005 and

holds a Masters of Accountancy from Western Michigan University.

In May 2006, under a memorandum of understanding, DOA Accountant Joey Claveria successfully completed his one-year audit requirement under the supervision of several OPA licensed CPAs and was awarded his Guam CPA certificate.



DOA Accountant Joey Claveria and OPA Auditor Paul Gentry.

### **Certified Internal Auditors (CIA) and Government Financial Managers (CGFM)**

OPA auditor, Rodalyn Marquez completed the CIA testing requirements and was issued her CIA certificate by the Institute of Internal Auditors (IIA).



Rodalyn is the second CIA in OPA, with Audit Supervisor Yuka Cabrera being the first. Rodalyn also met the professional certification requirements established by the Association of Government Accountants (AGA) and received her certification as a CGFM.

Rodalyn was OPA's first intern from the University of Guam (UOG) Accounting Internship Program in 2002. She received her degree in accounting from UOG and joined the OPA in January 2003.



OPA Management Analyst Angela Quinto also successfully met the professional certification requirements established by the AGA and received her certification as a

CGFM. Angela is the second staff member in 2006 to receive her CGFM. She graduated valedictorian from UOG in 2003 and joined OPA in August 2004.

**Masters in Business Administration**

Audit Supervisor Zeny Nace completed yet another milestone in her career, earning a Masters in Business Administration from the UOG in June 2006. Zeny is a CPA and CGFM and is OPA’s only Certified Fraud Examiner (CFE).



Audit Supervisor Zeny Nace.

**OPA’s New Employees**

In March 2006, Therese M. Terlaje was appointed as Hearings Officer for Procurement Appeals. Therese is a member of the Guam Bar, American Bar, and California Bar Associations. She served as Majority Legislative Counsel for the 23<sup>rd</sup> and 27<sup>th</sup> Guam Legislature and Minority Legislative Counsel for the 24<sup>th</sup>, 25<sup>th</sup>, and 26<sup>th</sup> Guam Legislature. Therese is also a past member of the Guam Bar Association

Ethics Committee and past Chairperson of the Guam Election Commission.



Administrative Assistant Joannalynn Fullerton and Procurement Appeals Hearing Officer Therese Terlaje.

In December 2006, Joannalynn Fullerton, an administrative assistant with extensive legal and administrative background, was hired to assist with the processing of procurement appeals and to alleviate the load of the single Administrative Officer Anne Camacho servicing the entire OPA staff.

**Inability to Give Pay Raises to Staff**

The OPA was established in 1992 by P.L. 21-122 as an instrumentality of the government of Guam, independent of the Executive, Legislative, and Judicial branches.

In 1999, the Legislature passed P.L. 25-42, which provided for an elected Public Auditor. The Civil Service Commission (CSC) allowed the first elected Public Auditor to hire staff as unclassified due to the elected nature of the office.

Since 2001, all staff have been hired as unclassified employees with the Public Auditor establishing salary adjustments similar to other elected officials.

In 2006, the Legislature transferred the duties of the CSC to DOA. Pursuant to DOA’s new authority, DOA’s position on

salary awards differed with CSC because of 1 G.C.A. § 1907(b), which states that the “salaries of the Public Auditor and his or her staff shall be fixed by the Department of Administration in accordance with the Hay methodology.”

As a result, DOA has not processed salary increments for unclassified OPA staff above step 10 since March 2006. DOA has requested legislation to clarify the intention of the Legislature in this regard, and to avoid further interruption of the processing of OPA personnel matters.

In late 2006, legislation was proposed to allow the Public Auditor the flexibility to make salary adjustments similar to other elected officials. In 2007, similar legislation was again introduced. We urge the Legislature to allow the Public Auditor the flexibility to make salary adjustments that are afforded other elected officials.

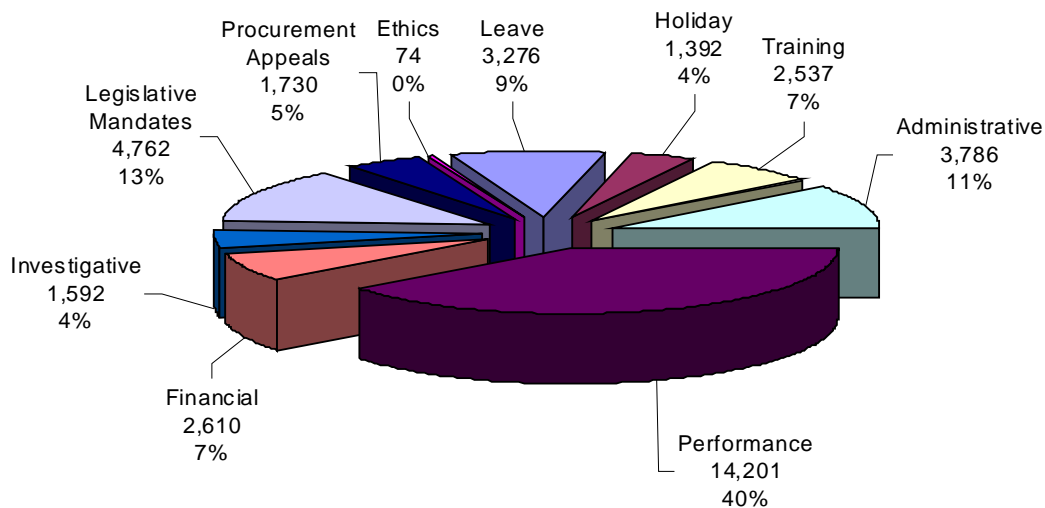
## Staff Hours

In 2006, OPA employees cumulatively spent almost 70% or 24,895 out of 35,960 available man-hours on performance, financial, other audits and reviews.

Of the 18 OPA employees, there are four CPAs, four CGFMs, two CIAs, one CFE, and one Juris Doctor; there are three CGFM candidates, two CIA candidates, and one CPA candidate. Additionally, two OPA employees hold masters degrees in Business Administration, one employee has a master’s in Accountancy, and one in Organizational Management. Five Management Analysts hold degrees in Finance and Economics, Business Administration, International Business, Political Science, and Public Administration. Two employees are currently working towards their Master Degrees in Business Administration and Public Administration.

See **Appendix C** OPA’s Organizational Chart.

### 2006 OPA Staff Hours Distribution





### OPA Budget

For FY 2006, OPA's budget was increased from \$950,000 to \$1.1M. A separate appropriation of \$100,000 was provided for the establishment of the Procurement Appeals division during the year.

By comparison, the CNMI OPA budget is \$2.2M with a staff of 31 employees for a government half the size of the government of Guam.

### OPA Hotline

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

Pursuant to 1 G.C.A. § 1909.1(b) and (d), information received by the OPA alleging criminal activity or wrongful use of government funds or property is privileged. Disclosing privileged communication or information is a third degree felony. The public should be assured that all information that is provided to the OPA is held in the strictest confidence.

In 2006, OPA received 112 tips and concerns. We addressed over 95% of them, either by following up with appropriate authorities, initiating an audit, forwarding the tips to independent auditors, or determining that the information was insufficient to act on.

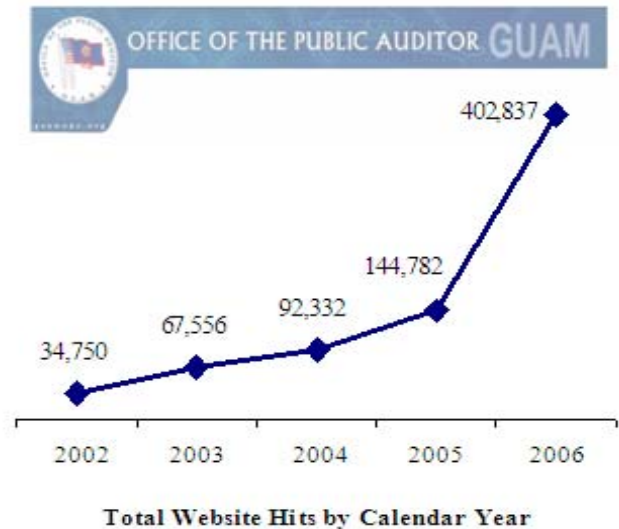
In the previous year, OPA received 116 tips and cleared 93% of them. See **Appendix D** for the number of Hotline calls logged in 2001 through 2006.

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

- Calling our office Hotline, 47AUDIT (472-8348),
- Faxing sufficient and relevant information to our office at 472-7951;
- Logging onto our website, [www.guamopa.org](http://www.guamopa.org), or
- Speaking to any of the employees or the Public Auditor by phone or in person. Our phone number is 475-0390.

### OPA Website Statistics

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



Since its inception, OPA website "hits" have increased significantly every year, indicating a growing interest in our work and in the quality and importance of the information we provide. Website hits have steadily increased from 34,750 in 2002 to 402,837 in 2006. More and more people utilize our website for general information on the government's finances. The people's

appetite for transparency and accountability continues to grow and we welcome and encourage their curiosity, as well as suggestions to improve the website and suggestions on what government entities should be audited.

### Website Releases

In 2006, we posted 57 audits and information releases on the website. See **Appendix E** for a complete listing of releases.

### Other OPA Mandates

In addition to the OPA's oversight responsibility of financial audit activities, the office has received several requests or legislative mandates to review other government-related activities. OPA's responsibilities have expanded with over 32 public laws affecting the duties of this office.

In 2006, the Guam Legislature mandated the OPA with a wide range of duties to include establishing standards for the ethics in government program; performing historical analysis of GPSS expenditures; reviewing expenditures of the Mayors Council of

Guam; and the monitoring of quarterly reporting of various government of Guam entities.

OPA welcomes suggestions for audits from not only government officials, but from the public at large. Despite our limited resources, we continue to do our best to respond to these requests. **Appendix F** lists the mandated activities the OPA must comply with.

### Other Organizational Activities

#### Guam OPA Joins SPASAI

SPASAI stands for South Pacific Association of Supreme Audit Institutions. SPASAI's goal is to encourage, promote, and advance cooperation among members in the field of Public Audit. Their motto is "Helping Pacific Nations". Kevin Brady, the Secretary General of SPASAI is the Controller and Auditor General of New Zealand, a post that he has held for many years.

SPASAI is composed of members who represent the Heads of Supreme Audit Institutions from south pacific countries, and



Public Auditor center; seated to her right is Dr. Josef Moser, the President of the International Organization of Supreme Audit Institutes (INTOSAI) headquartered in Vienna, Austria.

certain U.S. territories. Among the 23 members of SPASAI are Fiji, Samoa, Queensland, Tonga, Kiribatti, New Caledonia, Cook Islands, New Zealand, Nauru, Victoria and the APIPA members.

In May 2006, Guam Public Auditor attended the 22th SPASAI Congress held in Saipan, which was hosted by the CNMI Public Auditor Michael Sablan and his staff. Guam OPA is now a official member of the SPASAI Congress.

### **2006 Inspector General Meeting**

2006 marked the Sixth Annual Meeting with Earl Devaney, Inspector General (IG) of the U.S. Department of the Interior (DOI). The two-day conference, which was held in San Diego, California, provided an opportunity for the IG and his key staff to meet with the Public Auditors from Guam, the FSM National, American Samoa, the CNMI, Palau, Virgin Islands, and the Republic of the Marshall Islands. Each office presented an update on their organizations' accomplishments, challenges, training needs, grants and procurement issues, and ongoing auditor training with the IG. During the roundtable discussions, the IG expressed his continued interest, concerns, and possible suggestions in addressing the Public Auditors' concerns.



Doris Flores Brooks, Lourdes Perez, and Arnold Duarte.

Ben Privitt, the Liaison Officer for the Insular Areas, discussed and summarized the 2006 activities including a 60-day On-the-Job Training (OJT) for local auditors at various OIG offices. The meeting also included presentations on Electronic Workpapers – Auto Audits by Hannibal “Mike” Ware, DOI-OIG Field Office Supervisor of the Virgin Islands; Procurement Contracting by Bill Whyte, a contracted consultant; and Procurement Investigations by Rob Knox, DOI-OIG Deputy Director - Investigative Support Division.

### **2006 NSAA/NASC Middle Management Conference**

This year marked the first time the National State Auditors Association (NSAA) and the National Association of State Comptrollers (NASC) joined forces in hosting the NSAA/NASC Joint Middle Management Conference. This was also the first time OPA sent a representative, Lourdes R. Perez, to participate in the three-day conference held from April 10<sup>th</sup> to 12<sup>th</sup> in Indianapolis, Indiana.

The conference provided a forum for middle managers from state audit agencies to share technical and management innovations implemented by their state audit organizations, offering tracks in auditing, finance, payroll, and travel and purchasing cards. The conference also provided an opportunity to meet, network, and communicate with other State Auditors and gain insight on similar struggles faced by audit organizations on aspects, such as report writing and electronic work paper processes.

### **UOG Internship Program**

OPA continued its partnership with the University of Guam's Accounting Internship

Program. In 2006, Caryn Koshiba completed 120 hours of service with the OPA. Caryn gained exposure to different aspects of governmental auditing. During her internship, Caryn conducted audit research, completed audit workpapers, observed interviews, and prepared memos.



Llewelyn Rustuvog, Public Auditor, Caryn Koshiba, and Lourdes Perez.

## Community Service

### Junior Achievement – Advisor Team of the Year 2006

OPA's Angela Quinto, Omar Santos, Paul Gentry, and Zeny Nace were volunteer advisors to One-ders, a Junior Achievement (JA) company co-sponsored by Deloitte and the AGA – Guam Chapter. The office, through staff affiliations with AGA, is in its second year of involvement with JA. The One-ders, comprised of local high school students, began with \$98 in capital stock. At the conclusion of the program, the company paid out \$4.15 per share or a \$2.15 gain from the initial investment.



(L-R) Zeny Nace, Angela Quinto, Deloitte Partner Lee Vensel, Paul Gentry, and Omar Santos.

The advisor team was awarded the 2006 Advisor Team of the Year during the awards banquet in April 2006.

### OPA Guest Speakers for the National Honor Society and Career Day

In December 2006, OPA Management Analyst Maripaz Perez was the Graduate Member Guest Speaker for the George Washington High School's National Honor Society (NHS) Induction Ceremony. As a former member of NHS, Maripaz communicated to the inductees and members the importance of practicing the four standards of character, service, scholarship, and leadership.

In May 2006, OPA Audit Supervisor Zeny Nace and Auditor Rodalyn Marquez were guest speakers at the Agueda I. Johnston middle school students Career Day. The OPA representatives shared with the students the mission of the office and the day-to-day activities of an auditor.



Pictured holding certificates are Zeny Nace and Rodalyn Marquez.

In September 2006, Auditor Rodalyn Marquez presented for the John F. Kennedy High School's Career exploration class. She discussed what it's like being an auditor and the importance of choosing a career you enjoy.

### Salvation Army Bell-Ringing

In December 2006, OPA staff joined the Association of Government Accountants (AGA) at the Micronesian Mall and Guam Premier Outlet for the Salvation Army's annual Christmas Bell-Ringing Fund Drive.



(L-R); Yuka Cabrera, Mika Cabrera, Kevin Nace, Llewelyn Rustuvog, Bob Cruz, Jasmine Asuncion, and Jojo Guevara.

### **AGA Guam Chapter**

Most OPA employees are active members of the AGA Guam Chapter, an organization dedicated to “advancing government accountability.”

Currently two OPA staff serves as officers in this organization: Rodalyn Marquez as Treasurer and Maripaz N. Perez as Secretary. Three other OPA staff members, Lourdes Perez, Zeny-Asuncion Nace, and Yukari Cabrera, are committee chairpersons.

### **OPA Recognition**

#### **Guam Participates in ALGA Benchmarking and Best Practices Survey**

This year marked the first time the Guam OPA participated in the Benchmarking and Best Practices Survey for FY 2006 conducted by The Association of Local Government Auditors (ALGA). The survey was intended to benchmark key elements and includes resource and performance indicators. This year’s survey included responses from 31 states, Guam, Canada, and the United Kingdom.

The Guam OPA fell within Group 3, for an office size of up to 25 auditors operating on a budget between \$600,000 to \$1.4M. The survey addressed five audit topics to include Background and Profile Information; Chief

Audit Executive/Peer Review Information, and Best Practices Organizations.

In addition, audit organizations were asked to rank their audit activities to be “Best Practice-highly successful” or “Experienced” in the 6 topic areas: (1) business planning; (2) measuring results; (3) third party and peer reviews; (4) audit activities; (5) business process activities; and (6) use of automated audit tools.

The Guam OPA was rated “Best Practice – highly successful” in two sub-categories (External Quality Control Reviews and High Percentage of Performance/Operational Audits) and “Experienced” in one sub-category (Audit Report Resolution and Corrective Action taken by Management). To view the report in its entirety, visit [www.governmentauditors.org](http://www.governmentauditors.org).

### **Audit Abstracts Published in Local Government Auditing Quarterly**

In March, June, and December 2006, summaries of various OPA reports and activities were featured in the *Local Government Auditing Quarterly*, a publication of the National Association of Local Government Auditors (N.A.L.G.A.).

Abstracts featured included:

- DOA Dormant and Inactive funds,
- FY 2006 1<sup>st</sup> Quarter Financial Reports Subject to the Deappropriation,
- Office of the Public Guardian Ward Trust Accounts,
- DOA Stale-Dated Checks.
- Department of Parks and Recreation Paseo Stadium Lease Agreement,
- Follow-Up Review of the OAG’s Child Support Enforcement Program,
- Guam Housing and Urban Renewal Authority – Credit Card Charges and Related Travel Expenditures.

## Waste, Abuse, Questionable Amounts and Lost Revenue Opportunities Identified in 2006

Auditee / Report Title	Amount	Questioned Costs Identified
Office of the Attorney General Child Support Enforcement Program Follow-Up Review	\$ 6,236,402	<ul style="list-style-type: none"> <li>• \$94,840,747 in child support arrearages could not be supported<sup>3</sup></li> <li>• \$2,702,661 in write-offs in APASI system for unknown child support payments.</li> <li>• \$2,533,741 no supporting documentation for welfare reimbursements.</li> <li>• \$1M increase in undistributed collections from \$5.5M to \$6.5M</li> </ul>
Department of Administration's Returned Checks Follow-Up Review	\$ 2,425,343	<ul style="list-style-type: none"> <li>• \$2,150,238 in outstanding returned checks not collected as of September 30, 2005.</li> <li>• \$599,297<sup>4</sup> in returned checks written-off due to the statute of limitations;</li> <li>• \$24,955 in lost revenue for returned check penalty fees that were not assessed by DOA.</li> <li>• \$10,843 in returned checks written off- by DRT.</li> </ul>
Department of Parks and Recreation's Paseo Stadium Lease Agreement	\$ 1,111,488	<ul style="list-style-type: none"> <li>• \$1,001,256 cost exceptions due to non-compliance with procurement laws and regulations and resulting in tax credits to a sole beneficiary not competitively selected. Of these tax credits, \$297,343 may have been over applied by DRT based on annual program limits. Included in these tax credits is the Diamond Keeper's salary of \$45,000, which lacked the appropriate quorum for Board approval.</li> <li>• \$61,814 unauthorized disbursements from Municipal Stadium Operations Fund (MSOF).</li> <li>• \$25,160 in estimated lost revenue to MSOF not remitted by GBF.</li> <li>• \$21,830 in utilities owed to DPR by GBF.</li> <li>• \$886 in un-remitted rent by GBF to DPR.</li> <li>• \$542 diverted from the MSOF to the DPR employees association.</li> </ul>
Guam Visitors Bureau Credit Cards and Travel	\$ 280,505 <sup>5</sup>	<ul style="list-style-type: none"> <li>• \$138,403 in excess of allowable per diem.</li> <li>• \$38,882 in expenditures not reported, reconciled, reviewed and approved.</li> <li>• \$32,512 in unauthorized credit card charges made without approved Travel Authorization's.</li> <li>• \$25,917 in credit card in non-competitive procurement.</li> <li>• \$20,118 credit card charges with no expense reports.</li> <li>• \$8,118 in unknown credit card charges.</li> <li>• \$7,144 in credit charges with no documentation.</li> <li>• \$7,108 in bank charges.</li> <li>• \$2,303 in excessive gift items. Unsupported costs included a \$60 Gucci item and a \$220 Hermes item.</li> </ul>

<sup>3</sup> The \$94.8M is not counted in the overall questioned amount.

<sup>4</sup> \$359,990 not included I total because it was questioned and written off in a prior audit.

<sup>5</sup> Total questioned cost presented may be counted in other findings.

**Waste, Abuse, Questionable Amounts and Lost Revenue Opportunities Identified in 2006**

<b>Auditee / Report Title</b>	<b>Amount</b>	<b>Questioned Costs Identified</b>
Guam Ancestral Lands Commission's Non-Appropriated Funds	\$ 172,419	<ul style="list-style-type: none"> <li>• \$90,245 in lost revenue due to ALC's inability to collect on lease money owed to them.</li> <li>• \$39,625 due to non-compliance of procurement laws and regulations.</li> <li>• \$30,000 estimated lost due to the non-renewal of a lease.</li> <li>• \$10,541 in restitution by a former employee that was not collected as stipulated by the Superior Court order.</li> <li>• \$2,008 in unsupported disbursements.</li> <li>• Lost opportunity income for the lease of 404,686 square meter leased at \$.01 per month.<sup>6</sup></li> </ul>
Guam Housing and Urban Renewal Authority Credit Card Charges and Related Travel Expenditures	\$ 76,841	<ul style="list-style-type: none"> <li>• \$40,124 questioned costs from unsupported credit card charges, of which \$4,677 did not have supporting expense reports.</li> <li>• \$36,135 airfare purchases made without solicitation of three quotes of which \$6,985 was not approved by the board.</li> <li>• \$582 in assessed late fees for untimely credit card payments.</li> </ul>
Government of Guam Emergency Executive Orders and Certificates of Emergency	\$ 24,945	<ul style="list-style-type: none"> <li>• \$24,945 for items purchased through emergency procurement that did not appear to be emergency-related items for the re-location of the Office of the Attorney General.</li> </ul>
Department of Parks and Recreation's Unresolved Audit Recommendations	\$ 21,080	<ul style="list-style-type: none"> <li>• \$19,980 in unrealized revenues.</li> <li>• \$886 in employee discounts.</li> <li>• \$214 difference in park permit listing and reported quarterly reports.</li> </ul>
Department of Administration's Stale-Dated Checks	\$ 4,230	<ul style="list-style-type: none"> <li>• \$ 4,230 estimated lost due to manual process that was not automated.</li> </ul>
Office of the Public Guardian's Ward Trust Accounts	\$ 540	<ul style="list-style-type: none"> <li>• \$207,797 balance at risk due to lack of segregation of duties, including untimely bank reconciliations.</li> <li>• \$250 in disbursements with no supporting documentation.</li> <li>• \$139 for inappropriate reimbursement of food stamp purchase.</li> <li>• \$151 for return to the retirement fund for a deposit received after the ward had passed.</li> </ul>
Non-Profit Organization	\$ -	<ul style="list-style-type: none"> <li>• \$3,563 of cash receipts not listed in the bank statements.</li> <li>• \$1,750 in expenses paid out without supporting documents.</li> <li>• \$102 in unsupported petty cash disbursements.</li> </ul>
<b>TOTAL</b>	<b>\$ 10,353,793<sup>7</sup></b>	

<sup>6</sup> Amount not included in total questioned cost.

<sup>7</sup> Of the total amount, \$5,117,391 represents questioned costs, waste and lost revenue opportunities; the remaining \$5,236,402 was a result of un-reconciled differences.

**Appendix A, cont.**  
**Savings Identified in 2006**

<b>Auditee / Report Title</b>	<b>Amount</b>	<b>Savings Identified</b>
Department of Administration's Dormant and Inactive Funds	\$9,835,025	<ul style="list-style-type: none"> <li>\$3,388,410 in 36 dormant and inactive funds, of which \$347,000 in revenues can be transferred to the General Fund.</li> <li>\$2,148,067 for nine funds with minimal activities.</li> <li>\$2,042,650 for seven funds that have outlived their purposes.</li> <li>\$1,630,848 for 12 funds that should have been closed by DOA, of which \$646,000 were revenues that could be recorded in the General Fund, \$625,050 were recommended for repeal in prior audits for 25 funds.</li> </ul>
Office of the Attorney General Child Support Enforcement Program Follow-Up Review	\$456,150	<ul style="list-style-type: none"> <li>\$448,708 in stale-dated checks that could be escheated back to government Guam,</li> <li>\$214,42 in a dormant bank account that remains open that can revert to the General Fund. (\$207,000 was not included as it was already noted in the prior audit.)</li> </ul>
Government of Guam Emergency Executive Orders and Certificates of Emergency	\$64,238	<ul style="list-style-type: none"> <li>\$64,238 in opportunity savings from emergency-relocation.</li> </ul>
Department of Administration's Returned Checks Follow-Up Review	\$5,230	<ul style="list-style-type: none"> <li>\$5,230 savings in returned checks fees in the first year with the transfer of the DOA checking account to another institute.</li> </ul>
<b>TOTAL</b>	<b>\$10,289,151</b>	

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

<b>Auditee / Report Title</b>	<b>Amount</b>	<b>Questioned Costs Identified</b>
Council on the Arts and Humanities Agency's Non-Appropriated Funds	\$ 63,978	<ul style="list-style-type: none"> <li>\$53,564 in expenditures made without Board approval.</li> <li>\$10,414 in expenditures without supporting documentation.</li> </ul>
Guam Economic Development and Commerce Authority's Credit Card Program and Travel Related Expenditures	\$ 340,005	<ul style="list-style-type: none"> <li>\$206,549 in questionable and abusive costs from credit cardholders for charges related to local restaurants and entertainment, travel-related charges in addition to receiving advanced per diem or without a supporting travel authorization, and miscellaneous charges.</li> <li>\$115,858 that would have been saved had GEDCA travelers traveled economy class rather than business class.</li> <li>\$17,598 in unsupported costs related to procurement documentation or the lack of expense reports or other supporting receipts.</li> </ul>
Dededo Mayor's Office Non-Appropriated Funds	\$2,466,807	<ul style="list-style-type: none"> <li>\$1,300,000 in lost revenue for failing to charge the mandated \$20 vender permit fee.</li> <li>\$314,807 in procurement exceptions.</li> <li>\$134,000 in unreconciled cash collections.</li> <li>\$718,000 in unsupported revenues because of the lack of prepared financial reports and checking accounts.</li> </ul>



**Appendix A, Cont.  
Waste, Abuse, and Other Questionable Amounts Identified in 2005**

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

**Appendix A, Cont.  
Waste, Abuse, and Other Questionable Amounts Identified in 2004**

Auditee / Report Title	Amount	Questioned Costs Identified
Government of Guam Retirement Fund's FY 2000 and FY 2001 Report on Compliance and Internal Control	\$361,374	<ul style="list-style-type: none"> <li>• Annuity of the former Governor was enhanced by \$33,458 per year from 1/1/00 through 12/31/2003 (report date is February, 2004) for a total of \$100,374.</li> <li>• \$90K overpayment of disability annuities.</li> <li>• \$171K in enhanced annuities.</li> </ul>
Department of Administration's Bounced Checks	\$4,390,933	<ul style="list-style-type: none"> <li>• \$2,782,840 in unreconciled bounced checks balance between DOA and DRT.</li> <li>• \$1,211,567 in service charges and treble damages that were not assessed.</li> <li>• 2,453 checks totaling \$359,990 were uncollected for more than four years.</li> <li>• \$13,184 in the Miscellaneous bounced check account that cannot be substantiated.</li> <li>• \$11,730 in bounced check fees assessed by the bank.</li> <li>• \$11,622 for 16 bounced checks that cannot be located at the OAG.</li> </ul>
Department of Administration's Special Revenue Funds Part I	\$618,653	<ul style="list-style-type: none"> <li>• \$618,653 in remaining fund balances that should be transferred to General Fund.</li> </ul>
Department of Administration's Dededo Buffer Strip Revolving Fund	\$1,336,591	<ul style="list-style-type: none"> <li>• \$8,591 in commercial lease rent owed to Dededo and Yigo Municipal Planning Council Revolving Funds.</li> <li>• Estimated \$328,000 (over four years) in Flea Market vendor permits not reported to the Mayors Council of Guam as required.</li> <li>• Estimated loss of \$1M (over 11 years) in estimated lost rents to the Dededo municipality.</li> </ul>
Department of Chamorro Affairs Non-Appropriated Funds	\$831,224	<ul style="list-style-type: none"> <li>• Unknown and unaccounted cash deposits of \$84,996.</li> <li>• Unsupported and unauthorized disbursements of \$471,704.</li> <li>• \$240,000 in-kind contributions available through a qualifying certificate since 1997, which have not been utilized.</li> <li>• A 50% advance of \$6,270 was paid to a contractor for financial services not rendered.</li> <li>• Professional services of \$28,254 was disbursed to a vendor for a Chamorro-English/English-Chamorro dictionary but DCA did not receive a draft of the dictionary.</li> </ul>

**Appendix A, Cont.  
Waste, Abuse, and Other Questionable Amounts Identified in 2004**

Auditee / Report Title	Amount	Questioned Costs Identified
Chamorro Village's Non-Appropriated Funds	\$218,674	<ul style="list-style-type: none"> <li>• \$11,041 variance between Commercial Lease Agreements and actual receipts.</li> <li>• \$3,201 variance in Wednesday Night Market revenues.</li> <li>• 35 PO's for \$95,962 were issued without sufficient quotes and 1 PO for \$43,500 for painting services that was not advertised.</li> <li>• \$4,550 in lost revenues from Special Agreements.</li> <li>• \$3,791 for the cost of marketing plan prepared by University of Guam students that was not utilized by Chamorro Village.</li> <li>• Six entertainers paid \$30,478 in excess of the average paid to other entertainers.</li> <li>• \$1,151 was spent on incidentals such as food, phone cards, and cigarettes.</li> <li>• \$25,000 improperly deposited into the Department of Chamorro Affairs primary account instead of the Guam Public Market Revolving Fund.</li> </ul>
General Services Agency's Small Purchases Procurement Function	\$1,114,090	<ul style="list-style-type: none"> <li>• \$819,489 to three vendors consistently called upon for office supplies without a bid.</li> <li>• Multiple POs totaling \$294,601 were issued to the same vendor on the same day.</li> </ul>
General Services Agency's Blanket Purchase Agreement Procurement Function	\$2,531,985	<ul style="list-style-type: none"> <li>• 3 contracts for \$137,120 issued as BPAs that circumvented proper issuance of contracts and POs.</li> <li>• Incomplete documentation for 32 POs, totaling \$864,443.</li> <li>• 5 POs that lacked running balance logs.</li> <li>• Over-payment of \$130,697.</li> <li>• 52 POs, totaling \$779,948, were issued in the amount of \$14,999 each in a short period of time for the same type of items to avoid bidding.</li> <li>• 8 POs totaling \$460,100, were issued to the same vendor just three days prior to the end of the fiscal year.</li> <li>• One vendor received \$84,681 more than the original amount awarded,</li> <li>• 6 POs, totaling \$74,996, was awarded to the same vendor and there was no written documentation to justify the selection.</li> </ul>
General Services Agency's Competitive Sealed Bidding, Sole Source, and Emergency Procurement Functions	\$12,345,544	<ul style="list-style-type: none"> <li>• \$3,061,846 in improper payments for POs citing "existing territorial contracts".</li> <li>• \$2,978,805 in improper payments of expired copier bids/contracts for FY 2000 and FY 2001.</li> <li>• \$699,825 in payments for 57 sole source Pos the validity of the sole source were not independently verified.</li> <li>• \$4,107,806 for 331 ratified unauthorized purchases.</li> <li>• 13 POs totaling \$129,125 did not have three solicited quotes documented within the procurement files.</li> <li>• \$1,368,137 for 7 POs where GSA provided less than the minimum 15-day bidding time requirement.</li> </ul>
<b>TOTAL</b>	<b>\$23,749,068</b>	

**Appendix A, Cont.**  
**Waste, Abuse, and Other Questionable Amounts Identified in 2003**

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

**Appendix A, Cont.**  
**Waste, Abuse, and Other Questionable Amounts Identified in 2003**

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

**Savings Identified in 2003**

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

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

<b>Auditee / Report Title</b>	<b>Amount</b>	<b>Questioned Costs Identified</b>
Department of Corrections Overtime Practices	\$ 4,000,000	<ul style="list-style-type: none"> <li>• Estimated dollar value of unaccounted hours at DOC could be as high as \$4M. Overtime has been reduced by 78% since the release of our interim report.</li> </ul>
Department of Land Management Permit for Use of the Matapang Beach Park	\$ 1,563,000	<ul style="list-style-type: none"> <li>• \$1.5M rent not collected by DPR (\$91,000/year).</li> <li>• \$63,000 not collected by DPW.</li> </ul>
Department of Parks and Recreation Revolving Fund	\$ 100,000	<ul style="list-style-type: none"> <li>• \$100,000 missing from the DPR Revolving Fund.</li> </ul>
Guam International Airport Authority's Credit Cards and Travel	\$ 1,205,500	<ul style="list-style-type: none"> <li>• \$1.05M in total travel costs over 24 months.</li> <li>• \$144,000 in travel costs by Executive Manager over 24 months.</li> <li>• \$11,500 abuse by Deputy Executive Manager (\$8,000 recovered).</li> <li>• Credit cards cancelled at GIAA.</li> </ul>
Guam Mass Transit Authority's Credit Card	\$ 21,000	<ul style="list-style-type: none"> <li>• \$15,000 abuse by Assistant General Manager.</li> <li>• \$6,000 abuse by General Manager.</li> </ul>
Guam Memorial Hospital Authority	\$ 450,000	<ul style="list-style-type: none"> <li>• \$150,000 wrongful death settlement paid to a high-ranking GMHA official.</li> <li>• \$300,000 settlement paid to a physician who claimed her rights had been violated by GMHA due to disciplinary actions taken against her.</li> </ul>

**Appendix A, Cont.**  
**Waste, Abuse, and Other Questionable Amounts Identified in 2002**

<b>Auditee / Report Title</b>	<b>Amount</b>	<b>Questioned Costs Identified</b>
Southern High School's Non-Appropriated Funds	\$ 106,000	<ul style="list-style-type: none"> <li>• \$102,000 in undocumented expenditures.</li> <li>• \$4,000 in funds not reimbursed to SHS Close-Up Fund.</li> </ul>
University of Guam	\$ 1,700,000	<ul style="list-style-type: none"> <li>• \$1.7M wasted on an energy project, which was abandoned.</li> </ul>
Department of Parks and Recreation Employees Association	\$ 29,900	<ul style="list-style-type: none"> <li>• \$29,900 paid to DPR employees and family.</li> </ul>
<b>TOTAL</b>	<b>\$ 9,175,400</b>	

**Savings Identified in 2002**

<b>Auditee / Report Title</b>	<b>Amount</b>	<b>Savings Identified</b>
Guam Mass Transit Authority	\$ 13,500	<ul style="list-style-type: none"> <li>• \$13,500 saved by rolling audit into General Purpose Financial Statements.</li> </ul>
Supreme Court of Guam	\$ 8,000	<ul style="list-style-type: none"> <li>• \$8,000 saved by rolling audit into General Purpose Financial Statements.</li> </ul>
<b>TOTAL</b>	<b>\$ 21,500</b>	

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

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

## Appendix B

## Financial Audits Issued in Calendar Year 2006

Auditee	Report Year	Issue Date	# of Findings	Management Comment(s)	Questioned Costs	Number of Employees	Salaries and Wages	Auditing Firm <sup>8</sup>
Guam International Airport Authority	FY 2005	30-Jan-06	5	11	\$ -	202	\$ 10,741,086	EY
Port Authority of Guam	FY 2005	1-Mar-06	0	5	\$ -	324	\$ 16,527,930	DTT
Guam Educational Telecommunications Corporation (KGTF)	FY 2005	5-Apr-06	2	0	\$ -	10	\$ 617,728	BC
Guam Housing Corporation	FY 2005	8-May-06	12	0	\$ -	24	\$ 1,099,962	JSM
Guam Waterworks Authority	FY 2005	1-May-06	5	7	\$ -	235	\$ 11,590,367	DTT
Guam Power Authority	FY 2005	18-May-06	9	11	\$ -	536	\$ 28,441,443	DTT
Government of Guam Retirement Fund	FY 2005	8-Jun-06	1	0	\$ -	43	\$ 1,445,855	BC
Guam Economic Development and Commerce Authority	FY 2005	7-Jun-06	0	1	\$ -	19	\$ 1,227,080	DTT
Guam Community College	FY 2005	19-Jun-06	1	2	\$ -	193	\$ 12,400,015	DTT
University of Guam	FY 2005	15-Jun-06	1	5	\$ -	420	\$ 24,439,502	DTT
Tourist Attraction Fund <sup>9</sup>	FY 2005	26-Jun-06	3	0	\$ -	0	\$ -	DTT
Territorial Highway Fund	FY 2005	26-Jun-06	4	0	\$ -	93	\$ 3,518,906	DTT
Government of Guam General Purpose Financial Statements & Single Audit Reports	FY 2005	30-Jun-06	33	8	\$584,348	4,063	\$ 284,622,453	DTT
Government of Guam's Interim Transition Coordinating Committee and Guam Telephone Authority Privatization Proceeds Funds <sup>10</sup>	FY 2005	5-Jul-06	1	0	\$ -	4	\$ 114,913	EY

<sup>8</sup> Ernst & Young (EY), Deloitte Touche, Tohmatsu (DTT), Burger & Comer (BC), J. Scott Magliari and Co. (JSM), Grant Thornton (GT), Slater, Nakamura, & Co. (SNC).

<sup>9</sup> Tourist Attraction Fund accounted for by the Department of Administration.

<sup>10</sup> Audit is for the period from December 31, 2004 to September 30, 2005. The Guam Telephone Authority was privatized December 31, 2004.

**Financial Audits Issued in Calendar Year 2006**

Auditee	Report Year	Issue Date	# of Findings	Management Comment(s)	Questioned Costs	Number of Employees	Salaries and Wages	Auditing Firm
Guam Housing and Urban Renewal Authority	FY 2005	3-Aug-06	23	0	\$ 12,609	105	\$ 4,669,978	JSM
Guam Visitors Bureau	FY 2005	15-Aug-06	0	6	\$ -	33	\$ 1,451,256	DTT
Guam Memorial Hospital Authority	FY 2005	2-Nov-06	22	21	\$ 1,692,678	844	\$ 44,931,154	JSM
<b>SUBTOTAL</b>			143	79	\$ 3,760,433	11,789	\$ 579,815,171	
Guam Visitors Bureau	FY 2004	6-Mar-06	6	0	\$ -	32	\$ 1,245,072	GT
Guam Memorial Hospital Authority	FY 2004	4-Apr-06	39	0	\$ 682,771	796	\$ 20,391,638	JSM
<b>GRANDTOTAL</b>			188	79	\$ 4,443,204	12,617 <sup>11</sup>	\$ 601,451,881 <sup>12</sup>	

**Schedule of Federal Awards for Financial Audits issued in 2006**

Auditee	Report Year	Accrued (Deferred) Balance	Cash Receipts and Adjustments	Federal Expenditures	Accrued (Deferred) Balance
Government of Guam General Purpose Financial Statements & Single Audit Reports	FY 2005	\$ 9,225,711	\$ 157,542,575	\$ 154,515,119	\$ 6,198,255
Guam Public School System	FY 2005	\$ 3,589,383	\$ 54,512,506	\$ 52,423,100	\$ 1,499,977
Guam Housing and Urban Renewal Authority	FY 2005	Not available	Not available	\$ 38,336,178	Not available

<sup>11</sup> Adjusted for the Guam Public School System and Guam Telecommunications Corp. (KGTF)

<sup>12</sup> The number of employees and amount of salaries and wages were derived from all CY 2005 audits.



## Schedule of Federal Awards for Financial Audits issued in 2006

Auditee	Report Year	Accrued (Deferred) Balance	Cash Receipts and Adjustments	Federal Expenditures	Accrued (Deferred) Balance
University of Guam	FY 2005	\$ 274,101	\$ 21,983,602	\$ 22,371,993	\$ 662,492
Guam International Airport Authority	FY 2005	\$ 2,480,761	\$ 9,968,097	\$ 9,441,243	\$ 1,953,907
Guam Memorial Hospital Authority	FY 2005	\$ 1,217,042	\$ 8,591,656	\$ 8,076,205	\$ 701,591
Guam Community College	FY 2005	\$ 663,396	\$ 4,136,459	\$ 4,372,447	\$ 789,762
Guam Waterworks Authority	FY 2005	\$ 172,118	\$ 2,917,377	\$ 2,738,951	\$ (6,308)
Guam Power Authority	FY 2005	\$ -	\$ 311,708	\$ 1,426,669	\$ 1,114,961
Port Authority of Guam	FY 2005	\$ -	\$ 692,521	\$ 856,441	
Guam Educational Telecommunications Corporation (KGTF)	FY 2005	\$ 800,133	\$ 1,458,208	\$ 559,572	\$ 891,524
Guam Economic Development and Commerce Authority	FY 2005	\$ -	\$ 383,606	\$ 437,957	\$ 54,351
Guam Housing Corporation	FY 2005	\$ -	\$ -	\$ -	\$ -
Tourist Attraction Fund (1)	FY 2005	\$ -	\$ -	\$ -	\$ -
Territorial Highway Fund	FY 2005	\$ -	\$ -	\$ -	\$ -
Government of Guam's Interim Transition Coordinating Committee and Guam Telephone Authority Privatization Proceeds Funds (2)	FY 2005	\$ -	\$ -	\$ -	\$ -
Guam Visitors Bureau	FY 2005	\$ -	\$ -	\$ -	\$ -
Government of Guam Retirement Fund	FY 2005				
<b>Subtotal</b>		<b>\$ 18,422,645</b>	<b>\$ 262,498,315</b>	<b>\$ 295,555,875</b>	<b>\$ 13,860,512</b>
Guam Visitors Bureau (3)	FY 2004	\$ -	\$ -	\$ -	\$ -
Guam Memorial Hospital Authority (3)	FY 2004	\$ -	\$ 4,237,271	\$ 5,384,875	\$ -
<b>GRAND TOTAL</b>		<b>\$ 18,422,645</b>	<b>\$ 266,735,586</b>	<b>\$ 300,940,750</b>	<b>\$ 13,860,512</b>

## Financial Audits Issued in Calendar Year 2005

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

\*

\*

## Financial Audits Issued in Calendar Year 2005

Auditee	Report Year	Issue Date	# of Findings	Questioned Costs	Number of Employees	Salaries and Wages	Auditing Firm
Guam Community College	FY 2004	07-Jul-05	2	\$ -	193	\$ 11,327,315	DTT
Guam Housing and Urban Renewal Authority	FY 2004	08-Jul-05	27	\$ 33,646	105	\$ 4,596,744	JSM
Guam Housing Corporation	FY 2004	26-Jul-05	20	\$ 45,584	23	\$ 985,802	JSM
Government of Guam General Purpose Financial Statements & Single Audit Reports	FY 2004	01-Aug-05	30	\$ 514,486	4023 <sup>13</sup>	\$ 225,277,870	DTT
Guam Telephone Authority	FY 2005 <sup>14</sup>	29-Aug-05	0	\$ -	347	\$ 7,849,199	EY
Territorial Highway Fund	FY 2004	18-Oct-05	4	\$ -	65	\$ 3,028,480	DTT
Tourist Attraction Fund	FY 2004	19-Oct-05	1	\$ -	0*	\$ -	DTT
Guam Visitors Bureau	FY 2003	22-Dec-05	6	\$ -	34	\$ 1,360,835	GT
<b>TOTAL</b>			236	\$ 2,112,369	11,958 <sup>15</sup>	\$527,198,106	

<sup>13</sup> Adjusted for the Department of Education and Guam Educational Telecommunications Corp. (KGTF)

<sup>14</sup> Special Audit for Three Months Ended December 31, 2005 due to the sale of GTA.

\* Tourist Attraction Fund accounted for by the Department of Administration.

<sup>15</sup> The number of employees and amount of salaries and wages were derived from all FY 2004 audits and FY 2003 audits issued in CY05.

## Financial Audits Issued in Calendar Year 2004

Auditee	Report Year	Issue Date	# of Findings	Questioned Costs	Auditing Firm
Tourist Attraction Fund	FY 2001	16-Jan-04	6	\$ -	EY
Government of Guam General Purpose Financial Statements & Single Audit Reports	FY 2002	27-Jan-04	113	4,258,861	DTT
Guam Waterworks Authority	FY 2002	15-Feb-04	24	-	DTT
Territorial Highway Fund	FY 2001	19-Feb-04	4	-	DTT
Port Authority of Guam	FY 2002	24-Feb-04	11	-	DTT
Guam International Airport Authority	FY 2003	18-Mar-04	9	3,217,419	DTT
Department of Education	FY 2002	01-Apr-04	28	894,428	DTT
Guam Educational Telecommunications Corp. (KGTF)	FY 2003	02-May-04	2	-	BC
Guam Telephone Authority	FY 2002	06-May-04	50	-	EY
Guam Visitors Bureau	FY 1999	12-May-04	6	-	DTT
Guam Visitors Bureau	FY 2000	12-May-04	7	-	DTT
Guam Visitors Bureau	FY 2001	12-May-04	9	-	DTT
Government of Guam Retirement Fund	FY 2002	13-May-04	10	-	BC
Guam Housing Corporation	FY 2002	09-Jun-04	11	-	JSM
Department of Education	FY 2003	30-Jun-04	25	705,419	DTT
University of Guam	FY 2003	06-Jul-04	5	-	DTT
Guam Telephone Authority	FY 2003	10-Aug-04	43	-	DTT
Guam Power Authority	FY 2003	14-Sep-04	20	-	DTT
Port Authority of Guam	FY 2003	27-Oct-04	7	-	DTT
Guam Housing Corporation	FY 2003	18-Nov-04	19	11,237	JSM
Guam Waterworks Authority	FY 2003	19-Nov-04	20	930,560	DTT
Government of Guam General Purpose Financial Statements & Single Audit Reports	FY 2003	22-Nov-04	30	1,243,982	DTT
Guam Memorial Hospital Authority	FY 2002	24-Nov-04	24	1,811,359	JSM
Guam Community College	FY 2002	29-Nov-04	1	-	DTT
Government of Guam Retirement Fund	FY 2003	16-Dec-04	1	-	BC
<b>TOTAL</b>			<b>485</b>	<b>\$ 13,073,265</b>	

## Financial Audits Issued in Calendar Year 2003

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

## Financial Audits Issued in Calendar Year 2002

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

## Financial Audits Issued in Calendar Year 2001

Auditee	Report Year	Issue Date	# of Findings	Questioned Costs	Auditing Firm
Guam International Airport Authority	FY 2000	January-01	0	\$ -	DTT
Guam Community College	FY 2000	July-01	2	14,594	DTT
Guam Community College Foundation	FY 2000	July-01	0	-	DTT
Guam Economic Development Authority	FY 2000	July-01	1	-	DTT
Guam Telecommunications Corporation- KGTF	FY 1998	March-01	0	-	BC.
Guam Housing Corporation	FY 2000	September-01	14	-	JSM
Guam Mass Transit Authority	FY 2000	July-01	5	-	DTT
Guam Rental Corporation	FY 2000	September-01	5	-	JSM
Guam Telephone Authority	FY 2000	July-01	10	-	DTT
Guam Waterworks Authority	FY 2000	May-01	0	-	DTT
University of Guam	FY 2000	August-01	2	-	DTT
<b>TOTAL</b>			<b>39</b>	<b>\$ 14,594</b>	

**Appendix C  
OPA Organizational Chart**

**Office of the Public Auditor  
December 31, 2006**

Public Auditor  
DFB

Administrative  
Officer  
AC

**Performance Audits and Financial Reviews**

**Procurement  
Appeals**

**Investigations  
and Hotline**

Attorney IV  
TMT

Administrative  
Assistant  
JF

Audit Supervisor  
LRP

Audit Supervisor  
ZN

Audit Supervisor  
YC

Investigator III  
AD

Auditor II  
RM

Auditor I  
LR

Auditor I  
JM

M. Analyst I  
VD

M. Analyst I  
TG

M. Analyst I  
MP

Auditor I  
OS

Auditor I  
PG

M. Analyst I  
FC

M. Analyst I  
MQ



**Appendix D**  
**Hotline Calls Logged in 2001 through 2006**

<b>Agencies or Programs</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>TOTAL</b>
Guam International Airport Authority	5	2	10	13	12	22	64
Guam Public School System	17	14	9	11	13	13	77
Department of Public Works	9	0	3	10	11	14	47
Guam Power Authority	6	3	3	10	11	14	47
Department of Corrections	1	2	2	2	11	10	28
Guam Memorial Hospital Authority	1	7	4	1	11	8	32
Government of Guam Retirement Fund	3	1	15	1	6	0	26
Department of Administration	1	2	4	5	6	5	23
Mayors Council of Guam	8	9	4	6	2	7	36
Guam Housing and Urban Renewal Authority	1	6	10	3	2	3	25
Guam Waterworks Authority	5	12	4	7	4	3	35
Guam Fire Department	2	1	6	4	3	4	20
Guam Mass Transit Authority	0	1	3	5	5	4	18
Department of Public Health and Social Services	1	4	5	0	4	8	22
Guam Telephone Authority	0	1	9	3	3	1	17
Office of the Attorney General	3	3	4	9	1	0	20
Guam Police Department	1	0	2	3	3	5	14
Guam Visitors Bureau	0	3	5	1	1	5	15
Superior Court of Guam	2	4	4	2	4	2	18
University of Guam	1	0	4	3	3	2	13
Port Authority of Guam	1	3	3	4	1	3	15
Department of Land Management	0	1	3	0	1	4	9
Office of the Governor	1	0	4	3	1	0	9
Department of Parks & Recreation	4	1	1	1	1	5	13
Department of Labor	0	0	2	3	2	1	8
Guam Economic Development and Commerce Authority	0	0	2	4	0	1	7
General Services Agency	2	1	3	3	0	1	10
Other Agencies and Programs	37	35	49	27	23	18	189
<b>Total</b>	<b>112</b>	<b>116</b>	<b>177</b>	<b>144</b>	<b>145</b>	<b>163</b>	<b>857</b>

## Appendix E OPA Website in Review

January 23, 2006

The Office of the Public Auditor has released OPA Report 06-01 - Internal Controls (Checks and Balances) Over Accounting and Reporting of a Non-Profit Organization

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



January 30, 2006

The Office of the Public Auditor has released the Guam International Airport Authority FY 2005 Financial Statements, Reports on Compliance/Internal Controls, and Management Letter.

- [Highlights](#)
- [2005 Financial Statements](#)
- [2005 Report on Compliance/Internal Controls](#)
- [2005 Management Letter](#)



February 27, 2006

The Office of the Public Auditor is soliciting proposals on behalf of the Guam Visitors Bureau (GVB) from qualified individuals or firms for an audit (may include the Single Audit Act provisions) of GVB's financial operations for FY 2005 - FY 2007. You may click the following links to download the RFP or pick up an RFP Package at:

- Guam Visitors Bureau  
401 Pale San Vitores Road  
Tumon, Guam 96913
- [GVB RFP Notice](#)
  - [GVB RFP \(Audit Services\)](#)



**Guam Visitors Bureau**  
*Setbision Bisitan Guahan*

February 28, 2006

The Office of the Public Auditor has released its response to Howard Hills' response to OPA Report 05-08, Superior Court of Guam Judicial Building Fund.

- [OPA Response to Howard Hills](#)
- [Response from Howard Hills](#)

March 1, 2006

The Office of the Public Auditor has released the Port Authority of Guam's FY 2005 Financial Statements and Reports on Compliance/Internal Controls

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



March 6, 2006

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

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



March 27, 2006

The Office of the Public Auditor is soliciting proposals on behalf of the Port Authority of Guam (PAG) from a U.S. Certified Public Accounting Firm 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:

Port Authority of Guam  
1026 Cabras Highway, Suite 201  
Piti, Guam 96915

- [PAG RFP Notice](#)
- [PAG RFP \(Audit Services\)](#)



April 4, 2006

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

- [Financial Highlights](#)
- [Financial Statements](#)



April 5, 2006

The Office of the Public Auditor has released the Guam Educational Telecommunications Corporation FY 2005 Financial Statements and Report on Compliance/Internal Controls

- [Highlights](#)
- [Financial Statements](#)



April 13, 2006

The Office of the Public Auditor is pleased to announce the appointment of Ms. Therese M. Terlaje as Hearings Officer for Procurement Appeals.

- [Click here for the Press Release](#)



April 17, 2006

The Office of the Public Auditor has released OPA Report 06-02 - Submission of FY 2006 1st Quarter Financial Reports Subject to the Deappropriation of Funds As Mandated by Public Law 28-68.

- [Full Report](#)

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April 18, 2006

The Office of the Public Auditor has released OPA Report 06-03 - Review of Department of Administration's Dormant and Inactive Funds As Mandated by Public Law 28-68.

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



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May 8, 2006

The Office of the Public Auditor has released the Guam Housing Corporation FY 2005 Financial Statements and Reports on Compliance/Internal Controls

- [Financial Highlights](#)
- [2005 Financial Statements and Report on Compliance/Internal Controls](#)



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May 9, 2006

The Office of the Public Auditor has released the Guam Waterworks Authority's FY 2005 Financial Statements, Report on Compliance and Internal Controls, and Management Letter

- [Financial Highlights](#)
- [2005 Financial Statements](#)
- [2005 Report on Compliance and Internal Controls](#)
- [Management Letter](#)



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May 17, 2006

The Office of the Public Auditor has released OPA Report 06-04 - Department of Administration's Stale-Dated Checks.

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



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May 18, 2006

The Office of the Public Auditor has released the Guam Power Authority FY 2005 Financial Statements and Reports on Compliance/Internal Controls

- [Financial Highlights](#)
- [2005 Financial Statements](#)
- [2005 Report on Compliance and Internal Controls](#)
- [Management Letter](#)

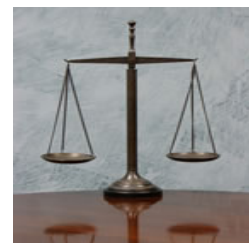


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May 23, 2006

The Office of the Public Auditor has released OPA Report 06-05 - Office of the Public Guardian's Ward Trust Accounts.

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



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May 24, 2006

The Office of the Public Auditor has released its 2005 Annual Report

➤ [2005 Annual Report](#)



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June 7, 2006

The Office of the Public Auditor has released the Guam Economic Development and Commerce Authority's FY 2005 Financial Statements, Report on Compliance and Internal Controls, and Management Letter

➤ [Highlights](#)  
➤ [2005 Financial Statements and Report on Compliance and Internal Controls](#)  
➤ [Management Letter](#)



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June 8, 2006

The Office of the Public Auditor has released the Government of Guam Retirement Fund FY 2005 Financial Statements, Reports on Compliance/Internal Controls, and Highlights

➤ [Highlights](#)  
➤ [2005 Financial Statements](#)  
➤ [2005 Report on Compliance/Internal Controls](#)



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June 15, 2006

The Office of the Public Auditor has released the University of Guam's FY 2005 Financial Statements, Reports on Compliance/Internal Controls, and Management Letter

➤ [Highlights](#)  
➤ [2005 Financial Statements](#)  
➤ [2005 Report on Compliance/Internal Controls](#)  
➤ [Management Letter](#)



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June 19, 2006

The Office of the Public Auditor has released the Guam Community College's FY 2005 Financial Statements, Reports on Compliance/Internal Controls, and Management Letter

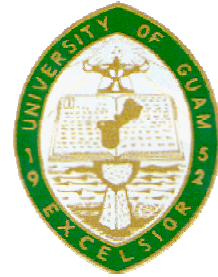
➤ [Highlights](#)  
➤ [2005 Financial Statements](#)  
➤ [2005 Report on Compliance/Internal Controls](#)  
➤ [Management Letter](#)



June 23, 2006

The Office of the Public Auditor is soliciting proposals on behalf of the University of Guam (UOG) 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:

University of Guam  
Consolidated Procurement Office  
Administration Building  
Mangilao, Guam 96923  
[UOG RFP Notice](#)  
[UOG RFP \(Audit Services\)](#)



June 26, 2006

The Office of the Public Auditor has released the Tourist Attraction Fund FY 2005 Financial Statements and Reports on Compliance/Internal Controls.

[Highlights](#)  
[2005 Financial Statements](#)  
[2005 Report on Compliance/Internal Controls](#)



June 27, 2006

The Office of the Public Auditor has released the Territorial Highway Fund FY 2005 Financial Statements and Reports on Compliance/Internal Controls.

[Highlights](#)  
[2005 Financial Statements](#)  
[2005 Report on Compliance/Internal Controls](#)



June 28, 2006

The Office of the Public Auditor is soliciting proposals on behalf of the Government of Guam Retirement Fund (GGRF) 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:

Government of Guam Retirement Fund  
Director's Office  
424A Route 8  
Maite, Guam 96910  
[GGRF RFP Notice](#)  
[GGRF RFP \(Audit Services\)](#)



June 28, 2006

The Office of the Public Auditor has released OPA Report 06-06 - Follow-Up Review of the Department of Administration's Returned Checks.

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



June 29, 2006

The Office of the Public Auditor has released the Guam Public School System's FY 2005 Financial Statements and Reports on Compliance/Internal Controls

[Highlights](#)  
[2005 Financial Statements](#)  
[2005 Report on Compliance/Internal Controls](#)



➤ [Management Letter](#)

June 30, 2006

The Office of the Public Auditor has released the Basic Financial Statements and Single Audit Reports of the Government of Guam for the fiscal year ended September 30, 2005.

- [Highlights](#)
- [2005 Basic Financial Statements](#)
- [2005 Single Audit Reports](#)
- [Management Letter](#)



July 3, 2006

The Public Auditor submitted testimony on Bill 11, a bill to exempt the wholesale of telecommunication services for telephone, internet, data transmission line, wired/cabled television and satellite service and to other telecommunication companies and resellers licensed to do business on Guam.

- [Testimony on Bill 11](#)

July 5, 2006

The Office of the Public Auditor has released the Government of Guam's Interim Transition Coordinating Committee and Guam Telephone Authority Privatization Proceeds Funds Financial Statements and Reports on Compliance/Internal Controls for the period from December 31, 2004 to September 30, 2005

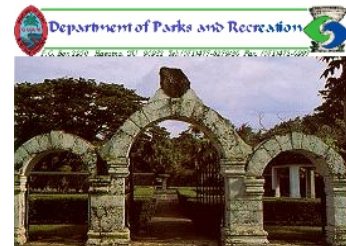
- [Highlights](#)
- [2005 Financial Statements](#)
- [2005 Report on Compliance/Internal Controls](#)



July 6, 2006

The Office of the Public Auditor has released OPA Report 06-07 - Follow-Up Review of the Department of Parks and Recreation's Unresolved Audit Recommendations

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



July 11, 2006

The Office of the Public Auditor has released OPA Report 06-08 - Ethics in Government Program as Mandated by Public Law 28-76.

- [Full Report](#)



July 19, 2006

The Office of the Public Auditor has released OPA Report 06-09 - Submission of FY 2006 2nd Quarter Financial Reports for the three month period ended March 31, 2006.

➤ [Full Report](#)



July 24, 2006

The Office of the Public Auditor is soliciting proposals on behalf of the Guam Economic Development and Commerce Authority (GEDCA) 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 Economic Development and Commerce Authority  
ITC Building, Suite 511  
590 South Marine Corps Drive  
Tamuning, Guam 96913

➤ [GEDCA RFP Notice](#)

➤ [GEDCA RFP \(Audit Services 2006\)](#)



August 3, 2006

The Office of the Public Auditor has released the Guam Housing and Urban Renewal Authority's FY 2005 Financial Statements and Reports on Compliance/Internal Controls

➤ [Highlights](#)

➤ [Financial Statements](#)



August 9, 2006

The Office of the Public Auditor transmitted the proposed Rules of Procedure for Procurement Appeals to the Guam Legislature. The Legislature is expected to approve, amend, or reject these rules no later than October 15, 2006.

➤ [View Transmittal to Guam Legislature](#)

➤ [Proposed Rules of Procedures](#)

August 15, 2006

The Office of the Public Auditor has released the Guam Visitors Bureau's FY 2005 Financial Statements, Reports on Compliance/Internal Controls, and Management Letter

➤ [Highlights](#)

➤ [2005 Financial Statements and Report on Compliance/Internal Controls](#)

➤ [Management Letter](#)





August 22, 2006

The Office of the Public Auditor is soliciting proposals on behalf of the Department of Administration (DOA) 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:



Government of Guam  
Department of Administration  
Director's Office  
Manuel F.L. Guerrero Bldg.  
212 Aspinall Avenue  
Hagatna, Guam 96910  
[➤ GovGuam RFP Notice](#)  
[➤ GovGuam RFP \(Audit Services\)](#)

September 5, 2006

The Office of the Public Auditor is soliciting proposals on behalf of the Department of Administration (DOA) for an audit (to include the Single Audit Act Provision) of the Tourist Attraction Fund (TAF) and Territorial Highway Fund (THF) for FY 2006 - FY 2008. You may click the following links to download the RFP or pick up an RFP Package at:

Government of Guam  
Department of Administration  
Director's Office  
Manuel F.L. Guerrero Bldg.  
212 Aspinall Avenue  
Hagatna, Guam 96910  
[➤ TAF/THF RFP Notice](#)  
[➤ TAF/THF RFP \(Audit Services\)](#)



September 6, 2006

The Office of the Public Auditor has released OPA Report 06-10 - Submission of FY 2006 3rd Quarter Financial Reports for the three month period ended June 30, 2006.

[➤ Full Report \( OPA Report 06-10 has been amended \)](#)

September 13, 2006

The Office of the Public Auditor has released OPA Report 06-10 - Submission of FY 2006 3rd Quarter Financial Reports for the three month period ended June 30, 2006.

[➤ Full Report](#)

October 11, 2006

The Office of the Public Auditor has released OPA Report 06-11 - Government of Guam Emergency Executive Orders and Certificates of Emergency.

[➤ Executive Summary](#)

[➤ Full Report](#)



October 16, 2006

Pursuant to the Administrative Adjudication Law, the Guam Legislature adopted by inaction the RULES OF PROCEDURE FOR PROCUREMENT APPEALS, the Office of the Public Auditor will begin to receive procurement appeals effective October 16, 2006.

- [Press Release](#)
- [Adopted Rules of Procedure for Procurement Appeals](#)
- [Appendix A](#)
- [Appendix B](#)
- [Appendix C](#)
- [Appendix D](#)

October 27, 2006

The Office of the Public Auditor has released OPA Report 06-12 - Guam Housing and Urban Renewal Authority's Credit Card Charges and Related Travel Expenditures.

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



October 30, 2006

The Office of the Public Auditor has released OPA Report 06-13 - Guam Public School System Payroll Analysis.

- [Full Report](#)



November 2, 2006

The Office of the Public Auditor has released the Guam Memorial Hospital Authority's FY 2005 Financial Statements, Reports on Compliance/Internal Controls, and Management Letter

- [Highlights](#)
- [2005 Financial Statements and Report on Compliance/Internal Controls](#)
- [Management Letter](#)



November 21, 2006

The Office of the Public Auditor has released OPA Report No. 06-14 - Guam Visitors Bureau Credit Cards and Travel.

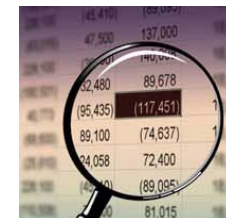
- [Executive Summary](#)
- [Full Report](#)



December 5, 2006

The Office of the Public Auditor has released OPA Report 06-15 - Submission of FY 2006 4th Quarter Financial Reports for the three month period ended September 30, 2006.

- [Full Report](#)



December 14, 2006

Public Auditor submits testimony on Bill 397 -- An Act To Authorize Credits Against Gross Receipts Taxes For Businesses Who Contribute To The Development And Construction Of The Multi-Purpose Sports Complex At Father Duenas Memorial School.

[Click here to see Testimony](#)

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December 18, 2006

The Office of the Public Auditor is inviting bids from qualified persons or businesses for a telephone system. You may click the following links to download the Invitation for Bid or pick up a package at:

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

[OPA IFB Notice](#)

[OPA IFB \(Telephone System\)](#)

[Pre-Bid Conference](#)

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December 18, 2006

The Office of the Public Auditor has released OPA Report 06-16 - Guam Ancestral Lands Commission's Non-Appropriated Funds.

[Executive Summary](#)

[Full Report](#)



December 20, 2006

The Office of the Public Auditor will be holding a public hearing on Thursday, December 28, 2006, at 10:00 AM relative to the appeal filed by Far East Equipment Company, LLC, from a decision of the Jose D. Leon Guerrero Commercial Port on a protest concerning Multi-Step Sealed Bid No. PAG 06-001, for the Fabrication and Installation of One (1) or Two (2) New Dockside Container Handling Gantry Cranes.

[Notice of Public Hearing](#)

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December 26, 2006

The Office of the Public Auditor has released OPA Report 06-17 - Guam Public School System's Utilities Analysis

[Full Report](#)

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December 27, 2006

The public hearing relative to the appeal filed by Far East Equipment Company, LLC, from a decision of the Jose D. Leon Guerrero Commercial Port on a protest concerning Multi-Step Sealed Bid No. PAG 06-001, for the Fabrication and Installation of One (1) or Two (2) New Dockside Container Handling Gantry Cranes has been cancelled due to the Port's decision to cancel and re-issue the bid.

[Click here for Press Release](#)

**CANCELLED**

December 28, 2006

The Office of the Public Auditor has released OPA Report 06-18 - Department of Parks and Recreation Paseo Stadium Lease Agreement.

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



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December 29, 2006

The Office of the Public Auditor has released OPA Report 06-19 - Follow-Up Review of the Office of the Attorney General's Child Support Enforcement Program.

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



## **Appendix F**

### **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.

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



- Call our HOTLINE at 47AUDIT (472-8348);
- Visit our website at [www.guamopa.org](http://www.guamopa.org);
- Call our office at 475-0390;
- Fax our office at 472-7951;
- Or visit us at the PNB Building, Suite 401  
In Hagåtña

**All information will be held in strict confidence.**