



OFFICE OF PUBLIC ACCOUNTABILITY
Doris Flores Brooks, CPA, CGFM
Public Auditor

Office of Public Accountability

Fiscal Year 2015 Budget Request and Presentation

As of March 2014

Distribution:

Committee on Appropriations, Public Debt,
Legal Affairs, Retirement, Public Parks,
Recreation, Historic Preservation, and
Land
Office of Finance and Budget



OFFICE OF PUBLIC ACCOUNTABILITY
Doris Flores Brooks, CPA, CGFM
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March 7, 2014

Honorable Vicente C. Pangelinan
Chairman, Committee on Appropriations, Taxation,
Public Debt, Banking, Insurance, Retirement, and Land
32nd Guam Legislature
155 Hesler Place
Hagatna, Guam 96910

Subject: FY 2015 Budget Request

Dear Senator Pangelinan and Committee Members,

The Office of Public Accountability (OPA) is pleased to present our FY 2015 budget request of \$1,472,243 which is a 17.4% increase from our FY 2014 appropriation of \$1,254,327 and factors a \$70 thousand increase in salaries and benefits for the implementation of OPA's Compensation Study salary rates. Our office did factor the Government of Guam's mounting deficit as our budget request is a 9% increase from our FY 2008 appropriation of \$1,350,432. The increase is mainly attributed to personnel costs to include higher retirement contribution and medical insurance rates.

The attached power point presentation provides the details of OPA's accomplishments for this past year and outlines OPA's audit and procurement appeals plans to achieve our future outlook goals. As part of OPA's FY 2015 proposal, we respectfully request that the Legislature:

- Approve OPA's lump sum budget of \$1,472,243 to allow for flexibility;
- Approve OPA's Compensation Study;
- Give the Public Auditor the authority to hire a Deputy Public Auditor and an Executive Secretary in the unclassified service as well as at least one limited-term clerical staff;
- Give the Public Auditor authority to hire employees conditionally subject to post review and ratification by DOA;
- Continue to give OPA the same privilege given to other elected offices and the Judiciary and be exempted from Bureau of Budget and Management Research's allotment control in FY 2015; and
- Approval to carry over personnel lapses from FY 2014 into the FY 2015 budget appropriation.

Si Yu'os Ma'ase.

Senseramente,


Doris Flores Brooks, CPA CGFM
Public Auditor

**BUREAU OF BUDGET AND MANAGEMENT RESEARCH
FISCAL YEAR 2015
BUDGET DOCUMENT CHECKLIST**

Department/Agency: Office of Public Accountability Date Received by BBMR: _____
 Division/Program: Office of Public Accountability Date Reviewed: _____

	Department/Agency		BBMR	
	Yes	No	Yes	No
General				
Is the department/agency request within the Governor's established ceiling?	X			
Is the summary digest consistent with detail pages?	X			
Are the required budget forms attached?	X			
a. Agency Budget Certification [BBMR ABC]	X			
b. Agency Narrative Form [BBMR AN-N1]	X			
c. Decision Package [BBMR DP-1]	X			
d. Program Budget Digest Forms [BBMR BD-1, BBMR TA-1, BBMR 96A]	X			
e. FY 2015 (Proposed) Agency Staffing Pattern [BBMR SP-1] All Fund Sources	X			
f. FY 2014 (Current) Agency Staffing Pattern [BBMR SP-1] All Fund Sources	X			
g. Federal Program Inventory Form [BBMR FP-1]	X			
h. Equipment/Capital Listing & Space Requirement Form [BBMR EL-1]	X			
i. Prior Year Obligation	X			
I. Agency Budget Certification [BBMR ABC]				
1. Is the budget certified as to its accuracy and BBMR requirements.	X			
II. Agency Narrative Form [BBMR AN-N1]				
1. Is the mission statement correct and consistent with the department/agency's enabling act?	X			
2. Are the goals and objectives correct and consistent with the department/agency's mission?	X			
III. Decision Package [BBMR DP-1]				
1. Is activity description correct?	X			
2. Is major objective correct?	X			
3. Are short term goals correct?	X			
4. Is workload output reflected correctly?	X			
IV. Program Budget Digest Forms [BBMR BD-1, BBMR TA-1, BBMR 96A]				
A.) [BBMR BD-1]				
Personnel Services				
1. Are figures reflected consistent with the attached staffing pattern(s)?	X			
2. Are amounts reflected in each column accurate?	X			
3. Are computations correct?	X			
Operations				
1. Are the amounts reflected under columns, "Governor's Request", for each object category consistent with respective schedules (Schedule A - E) as detailed in the budget digest subforms (BBMR TA-1 & BBMR 96A)?	X			
2. Are amounts reflected in each column accurate?	X			
3. Are computations correct?	X			
Utilities				
Are amounts reflected in each column correct?	X			
Capital Outlay				
Are amounts reflected under columns, "Governor's Request", consistent with schedule F as detailed in the budget digest subform, [BBMR 96A)?	X			
Full Time Equivalencies (FTEs)				
Are the number of FTEs for both "Unclassified" and "Classified" accurately reflected under each column?	X			
B.) [BBMR TA-1]				
1. Is the purpose/justification for travel defined?	X			
2. Is/Are the travel date(s) and number of travelers reflected?	X			
3. Is/Are the position title(s) of the traveler(s) reflected?	X			
4. Are all columns (Air Fares, Per Diem, Registration, and Total Cost) accurate?	X			
C.) [BBMR 96A]				
1. Are "Items" under schedules B - F listed in detail?	X			
2. Is the "Quantity" under schedules B - F reflected for respective items?	X			
3. Is the "Unit Price" and "Total Price" accurate for each item under schedules B - F?	X			
V. Agency Staffing Pattern Forms [BBMR SP-1]				
1. Are position titles correct?	X			
2. Are position numbers reflected?	X			
3. Are the salary levels consistent with the Civil Service Commission, Classification and Pay Plan?	X			
4. Are filled positions funded?	X			
5. Are increment amounts reflected?	X			
6. Are rates reflected under "Benefits" correct?	X			
7. Are computations correct?	X			
VI. Federal Program Inventory Form [BBMR FP-1]				
Is the form complete and accurate?	X			
VII. Equipment/Capital Listing & Space Requirement Form [BBMR EL-1]				
1. Is the description of the equipment and/or capital item(s) detail?	X			
2. Is the "quantity" and "percentage of use" reflected?	X			
3. Are space requirements descriptive and total space reflected and accurate?	X			
VIII. Prior Year Obligation [BBMR PYO-1]				
	X			

DEPARTMENT:
 Prepared By: Rodalyh Gerardo, Audit Supervisor
 Date: _____
 Approved By: *[Signature]*
Doris Flores Brooks, Public Auditor
 (Signature of Dept/Agency Head)
 Date: 3/7/14

BBMR ACTION:
 Recommendation
 Approval
 Disapproval

 Analyst

 Date

**Government of Guam
Fiscal Year 2015**

Agency Budget Certification

Agency: **Office of Public Accountability**

Agency Head: **Doris Flores Brooks, Public Auditor**

I certify that the attached budget, submitted herewith, has been reviewed for accuracy and that all requirements by the Bureau of Budget & Management Research (BBMR) have been met. I also acknowledge that this budget document will be returned to this department if any of the BBMR requirements is not met.

Agency Head: 
(Signature)

Date: 3/7/14

**Government of Guam
Fiscal Year 2015 Budget
Department / Agency Narrative**

FUNCTION: Office of Public Accountability (Audit & Procurement Appeals)

DEPT. / AGENCY: Office of Public Accountability

****Please see Power Point Presentation for Complete Narrative Details****

MISSION STATEMENT:

To ensure the public trust and assure good governance, we conduct audits and administer procurement appeals, independently, impartially, and with integrity.

VISION STATEMENT:

Guam is the model for good governance in the Pacific.

GOALS AND OBJECTIVES:

To ensure the public trust and assure good governance, we will:

- Protect the independence of the OPA;
- Deliver impactful, reliable, and quality reports;
- Recruit and retain qualified staff; and
- Increase public knowledge and trust of OPA's mission, work and impact.

CORE VALUES:

- **Objectivity:** To have an independent and impartial mind.
- **Professionalism:** To adhere to ethical and professional standards.
- **Accountability:** To be responsible and transparent in our actions.

Government of Guam

[BBMR BD-1]

Function: Office of Public Accountability
 Department/Agency: Office of Public Accountability
 Program: Office of Public Accountability

Fiscal Year 2015

Budget Digest

(Option B- Competitive Wage Act of 2014 Salary Rates)

AS400 Account Code	Appropriation Classification	A	B	C	D	E	F	G	H	I	J	K	L
		GENERAL FUND			SPECIAL FUND 1/			FEDERAL MATCH			GRAND TOTAL (ALL FUNDS)		
		FY 2013 Expenditures & Encumbrances	FY 2014 Authorized Level	FY 2015 Governor's Request	FY 2013 Expenditures & Encumbrances	FY 2014 Authorized Level	FY 2015 Governor's Request	FY 2013 Expenditures & Encumbrances	FY 2014 Authorized Level	FY 2015 Governor's Request	FY 2013 Expenditures & Encumbrances (A + D + G)	FY 2014 Authorized Level (B + E + H)	FY 2015 Governor's Request (C + F + I)
	PERSONNEL SERVICES												
111	Regular Salaries/Increments/Special Pay:	559,973	652,658	821,970	0	0	0	0	0	0	559,973	652,658	821,970
112	Overtime:	0	0	0	0	0	0	0	0	0	0	0	0
113	Benefits:	210,801	279,710	299,375	0	0	0	0	0	0	210,801	279,710	299,375
	TOTAL PERSONNEL SERVICES	\$770,774	\$932,368	\$1,121,345	\$0	\$0	\$0	\$0	\$0	\$0	\$770,774	\$932,368	\$1,121,345
	OPERATIONS												
220	TRAVEL- Off-Island/Local Mileage Reimburs:	11,110	13,000	16,800	0	0	0	0	0	0	11,110	13,000	16,800
230	CONTRACTUAL SERVICES:	220,977	165,000	175,255	0	0	0	0	0	0	220,977	165,000	175,255
233	OFFICE SPACE RENTAL:	102,594	107,723	115,943	0	0	0	0	0	0	102,594	107,723	115,943
240	SUPPLIES & MATERIALS:	7,575	7,236	7,200	0	0	0	0	0	0	7,575	7,236	7,200
250	EQUIPMENT:	22,552	20,000	27,200	0	0	0	0	0	0	22,552	20,000	27,200
270	WORKERS COMPENSATION:	0	0	0	0	0	0	0	0	0	0	0	0
271	DRUG TESTING:	0	0	0	0	0	0	0	0	0	0	0	0
280	SUB-RECIPIENT/SUBGRANT:	0	0	0	0	0	0	0	0	0	0	0	0
290	MISCELLANEOUS:	2,479	5,000	4,500	0	0	0	0	0	0	2,479	5,000	4,500
	TOTAL OPERATIONS	\$367,287	\$317,959	\$346,898	\$0	\$0	\$0	\$0	\$0	\$0	\$367,287	\$317,959	\$346,898
	UTILITIES												
361	Power:	0	0	0	0	0	0	0	0	0	0	0	0
362	Water/ Sewer:	0	0	0	0	0	0	0	0	0	0	0	0
363	Telephone/ Toll:	2,781	4,000	4,000	0	0	0	0	0	0	2,781	4,000	4,000
	TOTAL UTILITIES	\$2,781	\$4,000	\$4,000	\$0	\$0	\$0	\$0	\$0	\$0	\$2,781	\$4,000	\$4,000
450	CAPITAL OUTLAY	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	TOTAL APPROPRIATIONS	\$1,140,842	\$1,254,327	\$1,472,243	\$0	\$0	\$0	\$0	\$0	\$0	\$1,140,842	\$1,254,327	\$1,472,243
	1/ Specify Fund Source												
	FULL TIME EQUIVALENCIES (FTEs)												
	UNCLASSIFIED:	1	1	1	0	0	0	0	0	0	1	1	1
	CLASSIFIED:	13	20	20	0	0	0	0	0	0	13	20	20
	TOTAL FTEs	14.00	21.00	21.00	0.00	0.00	0.00	0.00	0.00	0.00	14.00	21.00	21.00

Schedule A - Off-Island Travel

Department/Agency: Office of Public Accountability

Division: Office of Public Accountability

Program: Office of Public Accountability

Purpose / Justification for Travel				
To attend the National State Auditor Association (NSAA) Annual Conference and the Association of Local Government Auditors (ALGA) Conferences held in the summer each year.				
Travel Date: Summer 2015			No. of Travelers: <u>1</u> 1/	
Position Title of Traveler(s)	Air Fare	Per diem 2/	Registration	Total Cost
Public Auditor (NASACT)	\$ 1,600.00	\$ 1,400.00	\$ 600.00	\$ 3,600.00
Public Auditor (ALGA)	\$ 400.00	\$ 1,200.00	\$ 700.00	\$ 2,300.00

Purpose / Justification for Travel				
To attend the Association of Certified Fraud Examiners (ACFE) Annual Conference and the Government Finance Officers Association Conference (GFOA) held in the summer of each year.				
Travel Date: <u>Summer 2015</u>			No. of Travelers: <u>1</u> 1/	
Position Title of Traveler(s)	Air Fare	Per diem 2/	Registration	Total Cost
Public Auditor (ACFE)	\$ 1,800.00	\$ 1,300.00	\$ 1,000.00	\$ 4,100.00
Public Auditor (GFOA)	\$ 400.00	\$ 1,300.00	\$ 800.00	\$ 2,500.00

Purpose / Justification for Travel				
Travel Date: <u>Fall 2015</u>			No. of Travelers: <u>1</u> 1/	
Position Title of Traveler(s)	Air Fare	Per diem 2/	Registration	Total Cost
Public Auditor (APIPA)	\$ 2,500.00	\$ 1,400.00	\$ 400.00	\$ 4,300.00
	\$ -	\$ -	\$ -	\$ -

TOTAL \$ 16,800.00

1/ Provide justification for multiple travelers attending the same conference / training / etc.
 2/ Rates must be consistent with Title 5 GCA, Div.2, Ch.23, §23104 and federal Joint Travel Regulations

Schedule B - Contractual

Item	Quantity	Unit Price	Total Price	Funded in FY 2014?	
				Yes	No
Website Hosting & Maintenance	12	1050	\$ 12,600.00	X	
OPA Consulting Services	12	1000	\$ 12,000.00	X	
Audit Fees:					
MCOG NAF Attestation Svc (FY 14 Report)	1	40000	\$ 40,000.00	X	
Liberation Day Committee (FY 14 Report)	1	7500	\$ 7,500.00	X	
Solid Waste (FY 14 Report)	1	15000	\$ 15,000.00	X	
OPA Legal Services	12	1200	\$ 14,400.00	X	
Hearing Officers	12	5000	\$ 60,000.00	X	
OPA Copier Lease, Maintenance, & Supply Plan	12	425	\$ 5,100.00	X	
Professional Publications & Subscriptions	3	385	\$ 1,155.00	X	
Professional Association Memberships	30	250	\$ 7,500.00	X	
			\$ -		
			\$ -		
Total Contractual			\$ 175,255.00		

Schedule C - Supplies & Materials

Item	Quantity	Unit Price	Total Price	Funded in FY 2014?	
				Yes	No
General Office Supplies	12	600	\$ 7,200.00	X	
			\$ -		
			\$ -		
			\$ -		
			\$ -		
			\$ -		
Total Supplies & Materials			\$ 7,200.00		

Schedule D - Equipment

Item	Quantity	Unit Price	Total Price	Funded in FY 2014?	
				Yes	No
Automated Workpaper Software	20	1000	\$ 20,000.00		X
Laptop Computers Upgrades	5	900	\$ 4,500.00	X	
Printers Upgrade	3	400	\$ 1,200.00	X	
Ipads	3	500	\$ 1,500.00	X	
			\$ -		
			\$ -		
Total Equipment			\$ 27,200.00		

Schedule E - Miscellaneous

Item	Quantity	Unit Price	Total Price	Funded in FY 2014?	
				Yes	No
Print Advertisement	3	400	\$ 1,200.00	X	
Others	1	3300	\$ 3,300.00	X	
			\$ -		
			\$ -		
			\$ -		
			\$ -		
Total Miscellaneous			\$ 4,500.00		

Schedule F - Capital Outlay

Item	Quantity	Unit Price	Total Price	Funded in FY 2014?	
				Yes	No
			\$ -		
			\$ -		
			\$ -		
			\$ -		
			\$ -		
			\$ -		
Total Capital Outlay			\$ -		

**Government of Guam
Fiscal Year 2014
Agency Staffing Pattern
(CURRENT)**

FUNCTIONAL AREA: OFFICE OF PUBLIC ACCOUNTABILITY
DEPARTMENT/AGENCY: OFFICE OF PUBLIC ACCOUNTABILITY
PROGRAM: OFFICE OF PUBLIC ACCOUNTABILITY
FUND: 5100A14CT001.111.113

Input by Department										Input by Department										
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)		(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)	(R)	(S)	
No.	Position Number	Position Title	Name of Incumbent	Grade / Step	Salary	Overtime	Special*	Increment		Subtotal (E+F+G+I)	Retirement (J + 30.03%)	Retire (DDI) (\$19.02*26PP)	Social Security (6.2% * J)	Benefits (1.45% * J)			Medical (Premium)	Dental (Premium)	Total Benefits (K thru Q)	(J + R) TOTAL
								Date	Amt.					Medicare	Life	I/				
1	1	Public Auditor	Dores Flores Brooks	PA-01	\$110,000	\$0	0		\$0	\$110,000	\$33,033	\$495	\$0	\$1,595	\$153	\$1,923	\$239	\$37,438	\$147,438	
2	2	Administrative Officer	Anissa Acfalle	L-01	37,100	0	0	7-Oct-2014	1,406	38,506	11,563	495	0	409	153	1,572	223	14,415	\$52,921	
3	3	Chief Auditor/Audit Supervisor	Rodalyn May A. Gerardo	O-05	57,900	0	0	6-Mar-2014	2,194	60,094	18,046	495	0	871	153	1,572	223	21,360	\$81,454	
4	4	Auditor I	Jerrick J. G. Hernandez	K-03	36,530	0	0	3-Apr-2014	1,384	37,914	11,386	495	0	550	153	1,572	223	14,378	\$52,292	
5	5	Deputy (Assistant) Public Auditor	Vacant	L5	0	0	0		0	0	0	0	0	0	0	0	0	0	\$0	
6	6	Auditor II	Clariza Mae G. Roque	M-01	40,762	0	0	3-Feb-2015	1,545	42,307	12,705	495	0	613	153	1,572	223	15,761	\$58,068	
7	7	Auditor I	Maria Thyrsa D. Bagana	K-08	36,530	0	0	11-Aug-2014	1,384	37,914	11,386	495	0	550	153	6,510	403	19,496	\$57,410	
8	8	Auditor III	Franklin J. T. Cooper-Nurse	N-03	50,328	0	0	1-Sep-2014	1,907	52,235	15,686	495	0	757	153	1,923	239	19,253	\$71,488	
9	9	Auditor I	Rachel P. Field	K-03	36,530	0	0	30-Mar-2014	1,384	37,914	11,386	495	0	550	153	1,572	223	13,718	\$51,632	
10	10	Auditor III	Vacant	M-01	0	0	0		0	0	0	0	0	0	0	0	0	0	\$0	
11	11	Auditor I	Vacant	L-01	0	0	0		0	0	0	0	0	0	0	0	0	0	\$0	
12	12	Auditor I	Jocelyn B. Untalan	K-03	36,530	0	0	17-Nov-2014	1,384	37,914	11,386	495	0	550	153	0	0	11,535	\$49,449	
13	13	Auditor I	Vacant (50% Funded)	K-01	16,956	0	0		0	16,956	5,092	0	0	246	0	0	0	0	5,338	\$22,293
14	14	Auditor II	Joy V. Bulatao	M-01	40,762	0	0	3-Feb-2015	1,545	42,307	12,705	495	0	613	153	1,572	223	13,330	\$55,637	
15	15	Auditor III	Llewelyn R. Terlaje	N-03	50,328	0	0	1-Sep-2014	1,907	52,235	15,686	495	0	757	153	1,572	223	18,886	\$71,121	
16	16	Auditor I	Vacant	L-01	0	0	0		0	0	0	0	0	0	0	0	0	0	\$0	
17	17	Auditor II	Vacant	M-01	0	0	0		0	0	0	0	0	0	0	0	0	0	\$0	
18	18	Auditor I	Vacant (50% Funded)	K-01	16,956	0	0		0	16,956	5,092	0	0	246	0	0	0	0	5,338	\$22,293
19	19	Auditor I	Michele S. Brillante	K-01	33,911	0	0	17-Jun-2014	1,285	35,196	10,569	495	0	510	153	1,572	223	12,942	\$48,138	
20	20	Auditor I	Travis Lee Carbon	K-02	35,196	0	0	24-Oct-2014	1,334	36,530	10,970	495	0	530	153	1,572	223	12,942	\$49,472	
21	21	Auditor I	Ashley A. Gaerlan	K-01	33,911	0	0	10-Jun-2014	1,285	35,196	10,569	495	0	510	153	1,572	0	12,719	\$47,915	
22	0				0	0	0		0	0	0	0	0	0	0	0	0	0	0	
23	0				0	0	0		0	0	0	0	0	0	0	0	0	0	0	
24	0				0	0	0		0	0	0	0	0	0	0	0	0	0	0	
25	0				0	0	0		0	0	0	0	0	0	0	0	0	0	0	
			Grand Total:	----	\$670,229	\$0	\$0	----	\$19,944	\$690,173	\$207,259	\$6,924	\$0	\$9,858	\$2,142	\$26,076	\$2,888	\$248,848	\$939,021	

* Night Differential / Hazardous / Worker's Compensation / etc.
1/ FY 2014 GovGuam contribution for Life Insurance is \$153 per annum

Input by Department											
No.	Position Number	Position Title	Name of Incumbent	Holiday Pay	Special Pay Categories						D+E+F+G+H+I+J Subtotal
					(E) 1/	(F) 2/	(G) 3/	(H) 4/	(I) 5/	(J) 6/	
					Night Differential Pay 10%	Hazard 10%	Hazard 8%	Nurse Sunday Pay 1.5	Nurse Pay 1.5	EMT Pay 15%	
1	1	Public Auditor	Dores Flores Brooks	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	2	Administrative Officer	Anissa Acfalle	0	0	0	0	0	0	0	0
3	3	Chief Auditor/Audit Supervisor	Rodalyn May A. Gerardo	0	0	0	0	0	0	0	0
4	4	Auditor I	Jerrick J. G. Hernandez	0	0	0	0	0	0	0	0
5	5	Deputy (Assistant) Public Auditor	Vacant	0	0	0	0	0	0	0	0
6	6	Auditor II	Clariza Mae G. Roque	0	0	0	0	0	0	0	0
7	7	Auditor I	Maria Thyrsa D. Bagana	0	0	0	0	0	0	0	0
8	8	Auditor III	Franklin J. T. Cooper-Nurse	0	0	0	0	0	0	0	0
9	9	Auditor I	Rachel P. Field	0	0	0	0	0	0	0	0
10	10	Auditor III	Vacant	0	0	0	0	0	0	0	0
11	11	Auditor I	Vacant	0	0	0	0	0	0	0	0
12	12	Auditor I	Jocelyn B. Untalan	0	0	0	0	0	0	0	0
13	13	Auditor I	Vacant (50% Funded)	0	0	0	0	0	0	0	0
14	14	Auditor II	Joy V. Bulatao	0	0	0	0	0	0	0	0
15	15	Auditor III	Llewelyn R. Terlaje	0	0	0	0	0	0	0	0
16	16	Auditor I	Vacant	0	0	0	0	0	0	0	0
17	17	Auditor II	Vacant	0	0	0	0	0	0	0	0
18	18	Auditor I	Vacant (50% Funded)	0	0	0	0	0	0	0	0
19	19	Auditor I	Michele S. Brillante	0	0	0	0	0	0	0	0
20	20	Auditor I	Travis Lee Carbon	0	0	0	0	0	0	0	0
21	21	Auditor I	Ashley A. Gaerlan	0	0	0	0	0	0	0	0
22	0			0	0	0	0	0	0	0	0
23	0			0	0	0	0	0	0	0	0
24	0			0	0	0	0	0	0	0	0
25	0			0	0	0	0	0	0	0	0
			Grand Total:	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

1/ 10% of reg. rate, applicable from 6pm- 6am, employee must work 4 hours consecutive after 6pm for entitlement of the pay
2/ Applies to law enforcement personnels
3/ Applies to solid waste employees
4/ 1 1/2 of reg. rate of pay from 12am Friday to 12 midnight Sunday
5/ 1 1/2 of reg. rate of pay on daily work exceeding 8 hours
6/ Applicable only to GFD ambulatory service personnel. 15% of reg. rate of pay

Office of Public Accountability
 Actual Expenditures
 FY 2005 - 2013

[OPA
 Expenditure
 History]

Function: Office of Public Accountability
 Department/Agency: Office of Public Accountability
 Program: Office of Public Accountability

		A	B	C	D	E	F	G	H	I	I	L
		Actual Expenditures										
AS400 Account Code	Appropriation Classification	FY 2005 Expenditures	FY 2006 Expenditures	FY 2007 Expenditures	FY 2008 Expenditures	FY 2009 Expenditures	FY 2010 Expenditures	FY 2011 Expenditures	FY 2012 Expenditures	FY 2013 Expenditures	FY2014 Appropriations	FY2015 Budget Requests
	PERSONNEL SERVICES											
111	Regular Salaries/Increments/Special Pay:	548,498	719,354	706,179	514,491	491,681	601,784	658,527	586,775	559,973	652,658	821,970
112	Overtime:	0	0	0	0	0	0	0	0	0	0	0
113	Benefits:	152,356	216,375	215,039	131,486	137,437	190,403	229,594	206,138	210,801	279,710	299,375
114	Insurance Benefits (Medical / Dental / Life):	0	0	0	0	0	0	0	0	0	0	0
	TOTAL PERSONNEL SERVICES	\$700,854	\$935,728	\$921,217	\$645,976	\$629,118	\$792,188	\$888,121	\$792,913	\$770,774	\$932,368	\$1,121,345
	OPERATIONS											
220	TRAVEL- Off-Island/Local Mileage Reimburs:	14,772	10,313	11,820	7,081	838	14,175	7,727	12,487	11,110	13,000	16,800
230	CONTRACTUAL SERVICES:	18,050	20,206	26,531	39,539	39,653	95,056	79,024	167,416	166,148	165,000	175,255
233	OFFICE SPACE RENTAL:	77,925	76,426	75,826	74,026	75,945	94,856	102,594	102,594	102,594	107,723	115,943
240	SUPPLIES & MATERIALS:	11,862	10,461	5,872	7,696	9,327	11,964	7,214	7,674	7,575	7,236	7,200
250	EQUIPMENT:	0	15,271	15,865	10,888	40,544	17,140	28,949	8,233	17,966	20,000	27,200
	TRAINING:	7,493	9,271	5,823	4,965	7,090	9,877	15,088	17,227	14,188	0	0
	DEPRECIATION:	11,668	18,241	14,459	12,050	15,543	10,143	9,284	7,819	4,586	0	0
	VEHICLES		0	0		0	0	24,929	0	0	0	0
290	MISCELLANEOUS:	15,513	10,582	4,304	3,103	7,881	3,662	4,152	6,627	43,120	5,000	4,500
	TOTAL OPERATIONS	\$157,281	\$170,770	\$160,499	\$159,348	\$196,820	\$256,872	\$278,960	\$330,076	\$367,287	\$317,959	\$346,898
	UTILITIES											
361	Power:	0	0	0	0	0	0	0	0	0	0	0
362	Water/ Sewer:	0	0	0	0	0	0	0	0	0	0	0
363	Telephone/ Toll:	8,061	6,285	6,718	6,647	6,238	6,304	5,333	3,174	2,781	4,000	4,000
	TOTAL UTILITIES	\$8,061	\$6,285	\$6,718	\$6,647	\$6,238	\$6,304	\$5,333	\$3,174	\$2,781	\$4,000	\$4,000
450	CAPITAL OUTLAY	\$0	\$0									
	TOTAL	\$866,197	\$1,112,783	\$1,088,434	\$811,972	\$832,176	\$1,055,364	\$1,172,414	\$1,126,163	\$1,140,842	\$1,254,327	\$1,472,243
	1/ Specify Fund Source											
Note:	De-Appropriation [P.L. 31-233, Ch. XI, Sec.1 (a) -(g)]	0	0	0	0	0	0	0	0	0	0	0
	15% Reserve Requirement	0	0	0	0	0	0	0	0	82,413	0	0
	Revised Appropriation	866,197	1,112,783	1,088,434	811,972	832,176	1,055,364	1,172,414	1,126,163	1,058,429	1,254,327	1,472,243
	FULL TIME EQUIVALENCIES (FTEs)											
	UNCLASSIFIED:	0	0	0	0	0	0	0	1	1	1	1
	CLASSIFIED:	0	0	0	0	0	0	0	11	13	20	20
	TOTAL FTEs	0.00	12.00	14.00	21.00	21.00						



Office of Public Accountability

FY 2015 – Budget Presentation

March 2014

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Overview of Agency Mandate

- The Office of Public Accountability (OPA) was established by Public Law (P.L.) 21-122 on July 20, 1992.
- The OPA is an instrumentality of the Government of Guam (GovGuam), independent of the executive, legislative, and judicial branches.

March 2014

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Motto, Mission & Vision

- **Motto:** *“Auditing for Better Government”*
- **Mission:** To improve the public trust, we audit, assess, analyze, and make recommendations for accountability, transparency, effectiveness, efficiency, and economy of GovGuam, independently, impartially, and with integrity.
- **Vision:** “Guam is the model for good governance in the Pacific.”

March 2014

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Goals & Objectives

To improve the audited entity’s effectiveness, efficiency, and economy, and promote good governance, we will:

- Maintain the independence of OPA;
- Deliver timely, reliable, and nonpartisan reports;
- Advance staff competence;
- Increase public knowledge of OPA’s mission and work;
and
- Build and improve relations with government entities.

March 2014

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Core Values

- Independence
- Accountability
- Integrity
- Transparency
- Impartiality

March 2014

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1 GCA §1908

- The Public Auditor shall annually audit or cause to be conducted post audits of all the transactions and accounts of all departments, offices, corporations, authorities, and agencies in all branches of GovGuam.
- The Public Auditor may conduct the audit through her staff or may retain the services of an independent audit firm or organization, which shall be under the direction and supervision of the Public Auditor.

March 2014

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1 GCA §1909

- Conduct audits of government programs and entities to determine if goals and objectives are being achieved effectively, economically, and efficiently.
- Direct and supervise all financial and management audits conducted pursuant to §1908, so that annual audits are completed for the prior fiscal year no later than June 30.
- Submit reports to the Governor and the Legislature that include recommendations for necessary legislation to improve and to protect the integrity of the financial transactions and condition of the government.
- Report to Attorney General (AG) of Guam for prosecution of violations of law, where such violations pertain to the expenditures of funds and property of GovGuam.
- Hear and decide all procurement appeals that arise under Title 5 of the Guam Code Annotated (GCA) §5425(c), as provided for by 5 GCA §5425(e).

March 2014

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OPA's Stakeholders

- The People of Guam
- Governor of Guam, Senators, and all Elected Officials
- All branches, departments, and instrumentalities of GovGuam
- Federal Government
- Boards and Commissions
- Private Businesses as Vendors of GovGuam

March 2014

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Future Outlook & Goals

In line with OPA's vision that Guam is the model for good governance in the Pacific, OPA also strives to be a model robust audit office. OPA will endeavor to:

- Issue performance audits to improve the accountability, transparency, effectiveness, efficiency, and economy of government programs and agencies.
- Improve the timely issuance of the government wide financial audit and its component units to 6 months.
 - GovGuam would join over 40 states and over 3,600 jurisdictions, cities, and counties, who issue their audits within 6 months after fiscal year end.
 - Presently, there are 11 agencies that are able to get their financial audits completed and released within 6 months.
- Participate in the Performance Measurement Framework sponsored by the International Organization of Supreme Audit Institutions (INTOSAI) Development Initiative through the Pacific Audit of Supreme Audit Institutions (PASAI) to assess OPA's performance in relation to international standards.

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Future Outlook & Goals

- Improve compliance with federal expenditures and financial reporting.
 - For those government agencies subject to OMB Circular A-133 (Single Audit of federal grants) to become low-risk auditees.
 - For those government agencies not subject to the Single Audit requirements to have no material weaknesses and significant deficiencies.
- Issue government agency and component unit audits within 6 months after the end of the fiscal year.
- Monitor the General Fund's fund balance and find ways to address revenue leakage, enhance revenue collections, and identify cost savings.

March 2014

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Future Outlook & Goals

OPA will continue to:

- Issue timely procurement appeals decisions:
 - For appeals to be resolved within 90 to 120 days of the appeal filing; and
 - For decisions to be rendered within 30 to 60 days of the conclusion of appeal hearing.
- Participate in comprehensive procurement reform through the Procurement Advisory Council and use of technology.
- Work with government agencies as GovGuam addresses the uncertainty of federal funding due to the federal deficit and budget sequestration coupled with the reduced military buildup being pushed back.

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How OPA Supports its Mission

- Accountability [and Transparency] for use of public resources and government authority is key to our nation's governing processes (GAGAS 1.01).
- Government auditing is essential in providing accountability to legislators, oversight bodies, those charged with governance, and the public (GAGAS 1.03).
- Auditing is essential to the credibility of accounting and financial reporting by state and local governments (GFOA Elected Officials Guide to Auditing, pg. vii).
- Auditing provides reasonable assurance that our government is:
 - Operating in accordance with laws, rules, regulations, policies, and procedures;
 - Functioning economically, efficiently, and effectively; and
 - Responding to citizens' needs.

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Staffing Level Challenges

- OPA staff recruitment, compensation, promotion, and retention continue to be among our primary concerns after 12 years.
- OPA operations have been hindered largely due to the shortage of staff. OPA's highest staff complement was 18 full-time staff in 2006 when OPA staff were in the unclassified service.
- The change in law in 2006 removing OPA from the jurisdiction of the Civil Service Commission to DOA has been and continues to be problematic.
- 2007 and 2008 were the low points of OPA's total staff complement with only 11 staff.

March 2014

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Staffing Level Challenges

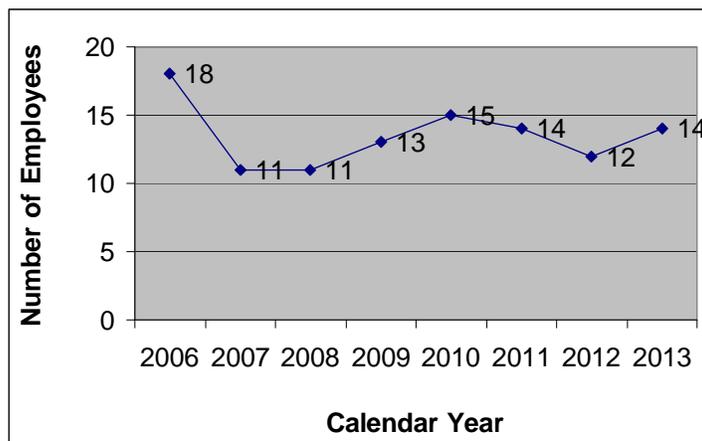
- In 2009 and 2010, staff recruitment increased by 2 each year.
- In 2011 and 2012, OPA again lost 5 more staff, but hired 2 staff.
- In 2013, OPA lost 2 staff, but hired 4 more staff.
- As of December 31, 2013, OPA had 14 full-time staff composed of 12 auditors, 1 Administrative Officer, and the Public Auditor.
- Of the 12 auditors, the 3 Supervisors averaged 10 years of service at OPA, while the 9 Staff Auditors averaged less than 3 years.

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Staffing Levels



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Staffing Level Challenges

Difficulty in Recruiting

- Between 2011 and 2013, OPA lost 7 full-time staff consisting of 2 Administrative Officers, 1 Management Analyst III, 3 Auditor III's and 1 Audit Supervisor. The Auditor III's and Audit Supervisor had an average of 12 years of audit experience ranging from 8 to 20 years.
- Most auditors have resigned to accept higher salaries offered by other government agencies.
- OPA has continuous announcements for Auditor I, II, and III's and Paralegal II since April 2011. However, it was only in 2013 that OPA hired 3 new Auditor I's.

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Staffing Level Challenges

Difficulty in Recruiting

- Currently, OPA has 7 vacancies. OPA continues to face difficulty in recruiting new staff for 2 main reasons:
 - Low pay compensation package, and
 - DOA's bureaucratic and lengthy hiring process
- Aside from the Administrative Officer, OPA is in need of temporary clerical assistance to periodically maintain and update OPA's filing system. However, OPA was informed that it is unable to hire limited term appointees at the present time.

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OPA Staff Recruited to Autonomous Entities

- Since 2006, OPA lost 14 professional staff. Nearly all of the 14 individuals left because of significantly higher salaries elsewhere.
- An Audit Supervisor earning \$71,541 was hired by UOG for \$85,500 in November 2007 .
- An Auditor II earning \$39,780 was hired by GPA for \$62,765 (M-05B) in November 2008.
- The Deputy Public Auditor earning \$60,528 was hired by GWA for \$73,596 (M9B) in January 2009.
- An Auditor III earning \$44,524 (M-11) was hired by GPA for a salary of \$64,666 (M-06A) in December 2011.
- An Audit Supervisor earning \$51,662 (N-13) was hired by GDOE for a salary of \$56,231 (O-13) in February 2012.
- An Auditor III earning \$47,695 (M-13) was hired by GWA for a salary of \$68,645 (M7-C) in October 2013.

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Authority to Hire Deputy Public Auditor and Executive Secretary

- The OPA's enabling legislation previously provided for the appointment of a Deputy Public Auditor and Executive Secretary, however, this was repealed by P.L. 28-68:IV:63.
- In November 2013, the Office of Attorney General issued a memo explaining while 1 G.C.A. 1909(i) authorizes the Public Auditor to employ necessary staff to carry out the functions and responsibilities of the office, this provision alone may not be enough to appoint a deputy or secretary.
- To ensure the legality of the appointments, the suggested best method is to enact a law to establish the positions of deputy and executive secretary, to authorize the appointment of individuals to these positions, as well as provide the appropriation to fund these positions.

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Recommendations to Address Staffing Level Challenges

- To address the challenges of staffing, OPA respectfully requests the Legislature:
 - Give the Public Auditor authority to hire employees conditionally subject to post review and ratification by DOA.
 - Approve OPA's Compensation Study.
 - Afford OPA the flexibility to hire at least 1 limited-term clerical staff to assist with the upkeep of OPA's files and assist with other administrative duties.
 - Give the Public Auditor the authority to hire a Deputy Public Auditor and an Executive Secretary in the unclassified service.

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2013 – Year in Review

- Despite staffing challenges, OPA continues its commitment and dedication to “**Auditing for Better Government**” by:
 - Issuing 6 performance audits that collectively identified over \$16.6 million (M) in questioned costs and other financial impacts;
 - Making 16 recommendations to the audited government entities to improve accountability and operational effectiveness and efficiency;
 - Monitoring and providing oversight in the issuance of 24 financial audits (the government-wide audit and its component units); and
 - Administering 16 procurement appeals.

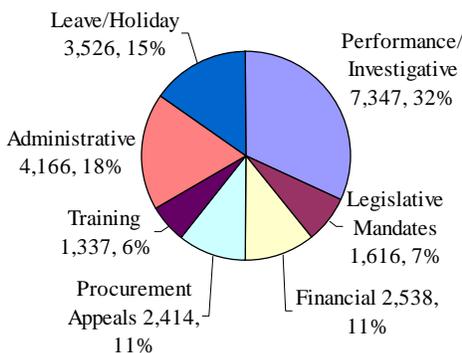
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2013 Staff Hours Distribution

- As of December 31, 2013, OPA had 14 full-time employees.
- Total hours expended was 22,944. The chart illustrates the composition of hours.



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Audits Completed in 2013

- The 6 performance audits released in 2013 is the lowest since 2007, when OPA issued 7 audits. Several factors are attributed to this:
 - 3 new Auditor I's were hired during 2013, which required extensive amount of time to train them in conducting performance audits;
 - The existing Staff Auditors were being trained to become Auditors-in-Charge of their audit assignments, which also required a learning curve;
 - For the 6-month period from March to October 2013, OPA operated without an Administrative Officer and several Staff Auditors were asked to assist in administrative duties, which took away time from their audits;
 - Current Senior Auditors were holding dual roles as AIC's and Audit Supervisors.

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Audits Completed in 2013

- 4 of the 6 audits took an average of 1,631 hours to complete due to various challenges that arose in the conduct of the audits; and
- Fewer man-hours were available.
 - While the number of employees at December 31, 2012 and 2013 stayed constant at 14, there were fewer man-hours available in 2013 (18,100) compared to 2012 (20,000) due to several staff leaving OPA in 2012 and the timing of when new staff were hired in 2013.
 - Of the 20,000 available hours in 2012, 8,500 were used conducting performance audits and another 3,900 for financial audits.
 - In comparison, of the 18,100 hours available in 2013, 7,200 were used for performance audits and another 2,500 hours for financial audits.
 - Of the available hours, administrative duties consumed 3,500 of the staff's time in 2012, while 4,200 were used in 2013.

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Audits Completed in 2013

1. Department of Revenue and Taxation Gross Receipts Tax Exemptions (Legislative Request)
2. Guam Economic Development Authority Qualifying Certificate Program (Legislative Request)
3. Department of Revenue and Taxation Real Property Taxes (Audit Plan)
4. Guam Memorial Hospital Authority Compensation Controls for Employees' Salaries Below \$100,000 (Audit Plan)
5. Government of Guam Wide Personnel Costs Analysis (Audit Plan)
6. Government of Guam Wide Submission of FY 2012 Citizen-Centric Reports Pursuant to Public Law 31-77 (Legislative Mandate)

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Audits Completed in 2013

Report No. 13-01: Department of Revenue and Taxation Gross Receipts Tax Exemptions Performance Audit

We found:

- DRT has not processed GRT forms and assessed taxes and exemptions since March 2011 due to a breakdown in DRT's system and optical image scanner along with the expiration/termination of the service agreement with the contracted vendor; and
- GRT and exemption data is incomplete, possibly unreliable, and lacking necessary information for management and elected leaders to make sound decisions related to GRT.

We recommended the Governor, Legislature, DRT, and DOA Director:

1. Establish a tax administration task force to develop an action plan for revitalizing DRT and ensuring complete filing and payment of all taxes due to Guam.
2. Establish a financial management task force to develop an action plan for the acquisition of updated financial management systems at both DRT and DOA; and
3. Establish and meet a target date to fully transition to e-filing of GRT taxes and other related taxes.

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Audits Completed in 2013

Report No. 13-02: Guam Economic Development Authority Qualifying Certificate Program Performance Audit

We found:

- The total financial impact of the QC program is unknown after 50 years in existence;
- QCs awarded to the insurance industry are more generous and are awarded regardless of the economic impact to GovGuam;
- A tax benefit may have been granted to an ineligible QC beneficiary; and
- Tax benefits were not processed in accordance with law.

We recommended:

1. GEDA and DRT collaborate to compile, analyze, and post data on the QC program;
2. The Governor, the Legislature, and the GEDA and DRT Directors to revisit the QC law for elimination of the application of QCs to the domestic insurance industry; and
3. DRT, as the tax administrator, to perform its own due diligence in determining the appropriate tax benefits of eligible QC beneficiaries.

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Audits Completed in 2013

Report No. 13-03: Department of Revenue and Taxation Real Property Taxes Performance Audit

We found:

- \$15.7M in unrealized, lost and forgone tax revenues and \$858,000 (K) in questioned costs based on testing and analytical review.
- Guam property tax rates are among the lowest in 50 United States & District of Columbia and property values are the lowest; and
- Real property tax exemptions and reduced tax rates for senior citizens and home exemptions represents \$2.6M annually or \$13.2M in the past five years.

We recommended for the DRT Director to work with the Governor and Legislature to:

1. Enact legislation that allows DRT to utilize current market values for new construction, renovations, and current sales;
2. Place a moratorium on senior citizens and home exemptions until the reappraisal is updated; and
3. Increase the eligibility for senior citizens for reduced tax rates from 55 to 65.

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Audits Completed in 2013

Report No. 13-04: Guam Memorial Hospital Authority Compensation Controls for Employees' Salaries Below \$100,000 Performance Audit

We found:

- Certain exempt employees were compensated \$9K in overtime and \$31K in additional straight-time;
- Four Housekeeping employees consistently worked over 3,000 hours annually, of which 2 received \$115K in overtime over a 3-year period; and
- Part-time employees were compensated as high as 316% over their base pay; and

We recommended that GMHA's Director:

- 1) Amend classification of exempt positions to reflect the CFR requirements of said duties;
- 2) Restrict positions considered "exempt" from overtime compensation; and
- 3) Formally adopt a Safe Hours of Work Policy to ensure the safety of patients and employees.

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Audits Completed in 2013

Report No. 13-05: Government of Guam Wide Personnel Costs Analysis

We found that between FY 2008 to FY 2012:

- Personnel costs increased by \$86M or 15%;
- Number of GovGuam employees increased by 402 employees or 3%;
- The average salary of a GovGuam employee increased from \$38.1K in 2008 to \$40.6K in FY 2012, an 8% increase; and
- Of the 12,282 GovGuam employees in FY 2012, 252 employees from 21 agencies received a salary over \$100K.

• While personnel costs and employee counts generally increased, the largest growth in personnel costs went into the priority areas of education, health, and public safety which is in line with the past and current administration policies.

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Audits Completed in 2013

OPA Report No. 13-06: Government of Guam Wide Submission of FY 2012 Citizen-Centric Reports Pursuant to Public Law 31-77

We found:

- 24 entities completed their CCR reports;
- 24 entities did not submit a FY 2012 CCR as of December 27, 2013;
- Five entities submitted a CCR but did not post on their website;
- All FY 2012 CCR reports are posted on OPA website; and
- It appears that agencies rely on OPA to issue reminder notices as evidenced by the 45% compliance rate. Although the CCR promoted accountability and transparency, OPA does not believe that it is the best use of our limited resources to monitor the CCR reporting compliance as agencies are familiar with the law.

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Summary of Audit Focus

- In 2013, we conducted performance audits based on requests, mandates, and OPA's audit plan.
- Of the 6 reports issued:
 - 2 were requested by two senators (DRT Gross Receipts Tax and GEDA Qualifying Certificates Program);
 - 1 was a legislative mandate (CCR compliance);
 - 3 were from the 2013 audit plan (DRT Real Property Tax, GMHA Compensation Controls and GovGuam Personnel Analysis).
- Moving forward, OPA looks to provide continued **oversight**, **insight**, and **foresight** for our government. Our audits will continue to focus on economy, efficiency, accountability, and transparency of all instrumentalities of GovGuam.

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OPA Identified Financial Impact

OPA issued 6 reports and made 16 recommendations, that identified \$16.6M in financial impact to our government in 2013.

Financial impacts are questioned costs, waste and abuse, lost revenue opportunities, dormant bank accounts, unreported amounts, and un-reconciled accounts identified by OPA audits.

Calendar Year	Reports Issued	Recommendations Issued	Financial Impact
2013	6	16	\$16.6M
2012	9	25	\$ 4.3M
2011	12	39	\$14.5M
2010	9	37	\$22.6M
2009	7	6	\$ 1.2M
2008	10	28	\$ 9.6M
2007	18	45	\$33.3M
2006	19	76	\$20.9M
2005	9	19	\$ 6.2M
2004	14	91	\$16.4M
2003	11	77	\$26.8M
2002 & 2001	13	127	\$ 3.8M
Totals	137	586	\$176.2M

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Financial Impact Identified in 2013

Report No.	Report Title	Questioned Costs	Financial Impact		# of Recommendations
			Lost Revenues	Total	
#13-01	Department of Revenue and Taxation Gross Receipts Tax Exemptions	\$ -	\$ -	\$ -	3
#13-02	Guam Economic Development Authority Qualifying Certificate Program	\$ -	\$ -	\$ -	3
#13-03	Department of Revenue and Taxation Real Property Taxes	\$ 858,240	\$ 15,696,245	\$ 16,554,485	7
#13-04	Guam Memorial Hospital Authority Compensation Controls for Employees' Salaries Below \$100,000	\$ 39,648	\$ -	\$ 39,648	3
#13-05	Government of Guam Wide Personnel Costs Analysis	\$ -	\$ -	\$ -	0
#13-06	Government of Guam Wide Submission of FY 2012 Citizen-Centric Reports Pursuant to Public Law 31-77	\$ -	\$ -	\$ -	0
Totals		\$ 897,888	\$ 15,696,245	\$16,594,133	16

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Audits in Progress in 2014

1. Government of Guam Wide Public Debt Analysis
2. Government of Guam Use Tax
3. Department of Corrections Cost per Prisoner and Overcrowding
4. Government of Guam Retirement Fund Effect of Non-Base Pay on Annuities
5. Department of Revenue and Taxation Hotel Occupancy Tax
6. Tiyan Campus Tax Credits

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Audit Plan Development

- When conducting audits, we apply a risk-based approach to audit selection; identifying those areas that have the highest risk of loss or possible mismanagement of funds.
- The OPA has enhanced its system of review wherein auditors assess various audit topics and rank each selection on the basis of the following factors:
 - Financial Impact (Lost Revenues, Cost Savings)
 - Public Concern and Social Impact
 - Likelihood of Poor Control
 - Program Risk
 - Leadership Interest
- Each factor is assigned a weighted percentage, then scored individually by the auditors, and averaged to determine priority ranking. This process ensures objective results and aids OPA in making decisions of where to invest its limited human resources.

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2014 Audit Work Plan

- Through extensive deliberations with staff, audit requests from stakeholders, and risk assessments, OPA establishes an annual Audit Work Plan.
- In preparation for the 2014 Audit Work Plan, OPA sent out letters to all agency heads and public officials; however, few responses were received.
- Based on an audit staff of 12 (3 Audit Supervisors, 2 Auditor II's, and 7 Auditor I's) and coupled with staff development, OPA anticipates completing at least 12 audits in 2014.
- Our Work Plan is a guide and not necessarily limited to the aforementioned audits. We have allowed for flexibility and may initiate other audits based on priority, requests from elected officials, changing developments, and staff availability.

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Financial Audits Issued in 2013

- 1 GCA §1909(a) and the Federal Single Audit Act require all financial audits to be issued by June 30th (9 months after year end).
- OPA's goal is to issue financial audits no later than 6 months after year end, rather than 9 months.

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Financial Audits Issued in 2013

- In 2013, of the 24 financial audits:
 - 11 were issued within 6 months
(GIAA, PAG, GHC, PBS Guam, UOG, GGRF, GVB, GCC, GEDA, GPT, and MCOG FY 2011 NAF)
 - 10 were issued within 9 months
(DCA, GPA, GMHA, TAF, THF, GWA, LDC 2011, GHURA, GovGuam General Fund, and DOE)
 - 3 were issued after 9 months
(SWOF, MCOG FY 2012 NAF, and LDC 2012)

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Financial Audits Issued in 2013

- We monitored, reviewed, and analyzed 24 financial audits of autonomous agencies and the General Fund, which identified \$486K in questioned costs for FY 2012.
- OPA works with DOA, the line agencies, and the autonomous entities to resolve questioned costs.
- As a result of these continuous monitoring activities, questioned costs have dropped dramatically from prior years of \$10M in FY 2002, \$22M in FY 2003, and \$13M in FY 2004.
- 5 entities had questioned costs:
 - PAG (\$7K)
 - GMHA (\$154K)
 - GovGuam (\$36K)
 - GHURA (\$98K)
 - LDC (\$96K for 2011 and \$96K for 2012)

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Financial Audits Issued in 2013

- 20 entities have unqualified or “clean” opinions on the financial statements. Two have qualified opinions and were MCOG and the Liberation Day Fund.
- 10 entities were subject to an A-133 Single Audit and include GIAA, PAG, UOG, GCC, GPA, GMHA, GWA, GHURA, DOE, and GovGuam General Fund.
- Of the 10 entities, 5 agencies have unqualified opinions in their compliance over major federal programs. These entities are: GIAA, PAG, GCC, GPA, and GWA.
- 5 entities have qualified opinions in their compliance over Major federal programs due to material weaknesses and/or significant deficiencies. The entities are: Government-Wide, UOG, GMHA, GHURA, and GDOE.
- 3 agencies did not have any material weaknesses and/or significant deficiencies over major federal programs and were GIAA, PAG, and GCC. We applaud their efforts in accomplishing this.
- GCC has been the only low-risk auditee.

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Financial Audit Definitions

- Government Finance Officers Association Elected Officials Guide to Auditing states:
 - **Unqualified or “Clean” Opinion** is one in which the independent auditor can state, without reservation, that the financial statements are fairly presented in all material respects in conformity with generally accepted accounting principles or GAAP (pg. 31).
 - **Qualified Opinion** is one in which the auditor expresses reservations about the fair presentation of the financial statements in conformity with GAAP (pg. 32).
- Statement on Auditing Standards No. 115 states:
 - **Significant Deficiency** is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.
 - **Material Weakness** is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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Financial Audits issued in 2013

#	Auditee	Issue Date	Opinion	Compliance Findings		Federal Awards Findings (A-133)			Total # of Findings	Total Questioned Costs	Management Comments
				# of Material Weaknesses	# of Significant Deficiencies	Opinion	# of Material Weaknesses	# of Significant Deficiencies			
1	GAA	01/30/13	Unqualified	1	0	Unqualified	0	0	1	\$ -	6
2	PAG	02/25/13	Unqualified	0	1	Unqualified	0	0	1	\$ 7,996	6
3	GHC	02/11/13	Unqualified	0	1	N/A	N/A	N/A	1	\$ -	3
4	KGITF (PBS Guam)	02/19/13	Unqualified	0	0	N/A	N/A	N/A	0	\$ -	5
5	UOG	03/11/13	Unqualified	0	1	Qualified	2	0	3	\$ -	1
6	GGRF	03/05/13	Unqualified	0	0	N/A	N/A	N/A	0	\$ -	1
7	GVB	02/21/13	Unqualified	0	0	N/A	N/A	N/A	0	\$ -	3
8	GCC	03/07/13	Unqualified	0	0	Unqualified	0	0	0	\$ -	0
9	GEDA	03/14/13	Unqualified	0	0	N/A	N/A	N/A	0	\$ -	5
10	GPT	03/19/13	Unqualified	0	1	N/A	N/A	N/A	1	\$ -	2
11	DCA	05/21/13	Unqualified	1	2	N/A	N/A	N/A	3	\$ -	2
12	GPA	04/11/13	Unqualified	0	1	Unqualified	0	2	3	\$ -	8
13	GMI	05/23/13	Unqualified	0	3	Qualified	1	1	5	\$ 153,568	15
14	TAF	04/02/13	Unqualified	0	0	N/A	N/A	N/A	0	\$ -	0
15	MCOG 2011	01/17/13	Qualified	1	2	N/A	N/A	N/A	3	\$ -	5
16	MCOG 2012	11/05/13	Qualified	1	2	N/A	N/A	N/A	3	\$ -	5
17	THF	04/15/13	Unqualified	0	0	N/A	N/A	N/A	0	\$ -	0
18	GWA	06/10/13	Unqualified	0	1	Unqualified	0	1	2	\$ -	6
19	LDC 2011	05/13/13	Qualified	1	1	N/A	N/A	N/A	2	\$ 95,585	9
20	LDC 2012	12/04/13	Unqualified	1	1	N/A	N/A	N/A	2	\$ 96,422	7
21	GHURA	06/27/13	Unqualified	0	0	Qualified	4	7	11	\$ 97,751	3
22	DOE	07/01/13	Unqualified	0	1	Qualified	2	1	3	\$ -	0
23	GovGuam	07/08/13; 07/13/13	Unqualified	3	1	Qualified	2	1	7	\$ 35,923	5
24	SWOF	09/11/13	Unqualified	0	1	N/A	N/A	N/A	1	\$ -	4
Totals				9	20		11	13	52	\$ 486,345	101
Totals since 2001									1,869	\$ 63,782,204	637

Only entities that receive substantial federal awards undergo a Single Audit and are rendered an opinion by the independent financial auditors (as required by OMB A-133).

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2013 Financial Audit RFPs

OPA, together with the entities, issued the following audit services Request for Proposals in 2013:

1. Guam Housing Corporation, May 2013
2. Guam Educational Telecommunications Corporation (PBS Guam), September 2013

Other agencies whose contracts were set to expire in 2013, exercised the option to renew for one additional year as allowed in their respective contracts.

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Procurement Appeals

- Procurement Appeals became fully operational and OPA began accepting appeals in October 2006, when the rules of procedures were promulgated through the Administrative Adjudication Act.
- As we have gained knowledge and experience, the Procurement Appeals' goals are:
 - Resolve an appeal within 90 to 120 days from time of filing, and
 - Render a decision within 30 to 60 days upon conclusion of the appeal hearing.
- A Year in Review follows.

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Procurement Appeals

- During 2013, 16 appeals were filed with OPA.
 - 5 were GSA, 5 were GDOE, 3 were GIAA, 2 were GPA and 1 was for GMHA.
 - The notice of the appeals ranged from air conditioning units and maintenance to police patrol vehicles, school buses, cleaning and custodial services, fire alarm system and repair, bucket trucks, fuel supply, specialty retail concession, and a portable kidney machine.
 - The dollar value of these appeals ranged from air conditioning equipment and maintenance of over \$11.9M, bucket trucks of \$456K, police cars of over \$300K, and portable kidney machine of \$380K.

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Procurement Appeals

- OPA addressed these 16 appeals as follows:
 - 8 Decisions rendered
 - 5 were Dismissed after Appellant and Purchasing Agency's resolution via stipulated agreements
 - 1 moved to Superior Court and then to Supreme Court
 - 1 was Dismissed because OPA lacked jurisdiction
 - 1 was Dismissed because it was an untimely appeal

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Procurement Appeals in 2013

Appeal No.	Appellant	Purchasing Agency	Nature of Appeal	Procurement Value	Status	Action	Days
OPA-PA-13-001	Morrico Equipment, LLC	GSA	Custom Cab-Forward Pumpers, Urban/Wildland Interface Pumpers, and Extended Service/Maintenance Agreement	\$ 1,419,999	Decision	Upheld	96
OPA-PA-13-002	J & B Modern Tech	GDOE	Determination and Notice of Suspension	\$ 1,000,000	Decision	Upheld	79
OPA-PA-13-003	J & B Modern Tech	GDOE	Air Conditioning Equipment	\$ 10,926,274	Decision	Upheld	42
OPA-PA-13-004	K Cleaning Services	GIAA	Cleaning Services	\$ -	Decision	Upheld in part and Denied in part	173
OPA-PA-13-005	VITOL Asia Private Limited	GPA	Fuel Supply Contract	\$ -	Dismissed	Stipulated Agreement	74
OPA-PA-13-006	DFS Guam L.P.	GIAA	Specialty Retail Concession	\$ -	Dismissed	Moved to Superior Court	6
OPA-PA-13-007	Able Industries of the Pacific	GIAA	Custodial Services	\$ -	Dismissed	Not a timely appeal	43
OPA-PA-13-008	Triple J Enterprises	GSA	School Bus (84 Passenger)	\$ -	Dismissed	Stipulated Agreement	57
OPA-PA-13-009	JMI Edison	GMHA	Portable Kidney Machine with Reverse Osmosis	\$ 380,925	Decision	Upheld in part and Denied in part	92
OPA-PA-13-010	JMI Edison	GDOE	Air Conditioning Equipment	\$ 10,926,274	Decision	Upheld	54
OPA-PA-13-011	Triple J Motors	GSA	Police Patrol Vehicles 2013-2014 Interceptors	\$ 294,904	Dismissed	Settlement Agreement	44
OPA-PA-13-012	Triple J Motors	GSA	Police Patrol Vehicles 2013-2014 Interceptors	\$ 73,726	Dismissed	Settlement Agreement	37
OPA-PA-13-013	G4S Security Systems	GDOE	Fire Alarm System and Repair	\$ -	Decision	Upheld	97
OPA-PA-13-014	Cars Plus, LLC	GSA	Police Patrol Vehicles 2013-2014 Interceptors	\$ 294,904	Dismissed	Settlement Agreement	17
OPA-PA-13-015	Morrico Equipment, LLC	GPA	Bucket Trucks	\$ 456,000	Decision	Upheld	86
OPA-PA-13-016	Teleguam Holdings, LLC	GDOE	Part 6 Wide Area Network Services LIT	\$ -	Dismissed	Lack of Jurisdiction	49

* In appeals 13-004, 13-009, and 13-013, the purchasing agencies violated the automatic stay on procurement. February 2014 48



Procurement Appeals

Since OPA first accepted appeals in October 2006, 104 appeals have been filed.

APPEALS	2006	2007	2008	2009	2010	2011	2012	2013	Totals	% Subtotal	% Total
DECISIONS											
Upheld	1	3	5	1	4	4	0	6	24	44%	23%
Denied		2	1	4		8	7	1	23	43%	22%
Upheld and Denied In Part		2	1			2	1	1	7	13%	7%
Subtotal:	1	7	7	5	4	14	8	8	54	100%	52%
DISMISSALS											
Stipulation Agreement	1	1	1	2	2	4	7	5	23	46%	22%
Appeal withdrawn	1	1			1		3		6	12%	6%
PA Recusal		1	3	1	1				6	12%	6%
No Protest Decision			1	1	1	2	1		6	12%	6%
Moved to Superior Court				1	1			1	3	6%	3%
Untimely Notice of Appeal						1		1	2	4%	2%
Cancel/Re-issue Bid		1		1					2	4%	2%
Protest Decision Released				1					1	2%	1%
Lack of Jurisdiction								1	1	2%	1%
Subtotal:	2	4	5	7	6	7	11	8	50	100%	48%
TOTAL APPEALS FILED:	3	11	12	12	10	21	19	16	104	100%	100%

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Appeals Addressed in 2013

- **13-001 (Morrico Equipment/ GSA)**
 - The appeal was upheld as GSA violated several procurement regulations.
 - Most notably, GSA included in the IFB:
 - Two unnecessary inspection trips for 2 GFD employees; and
 - A 240 day delivery time that unduly restricted competition.
 - OPA found that the trips were invalid specifications and an unnecessary extra cost.
- **13-002 (J & B Modern Tech/ GDOE)**
 - This was an appeal related to Determination and Notice of Suspension by GDOE.
 - OPA found that the suspension was improper because GDOE failed to comply with procedural requirements under Guam law and J & B was not provided with due process.

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Appeals Addressed in 2013

- **13-003 (J & B Modern Tech/ GDOE)**
 - The appeal is related to 13-002, as GDOE refused to consider J & B's bid for IFB 008-2013 because of the prior suspension.
 - Since OPA vacated the suspension in 13-002, it ordered GDOE to consider J & B's bid for IFB 008-2013.
- **13-004 (K Cleaning Services/ GIAA)**
 - OPA found that K Cleaning Services bid was untimely and GIAA's rejection of said bid was proper.
 - However, OPA also found that GIAA issued Notices of Award to other bidders prior to final resolution of K Cleaning's protest procedures which violated the automatic stay that should have been in place.

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Appeals Addressed in 2013

- **13-005 (VITOL Asia Private Limited/ GPA)**
 - The parties stipulated and agreed that this appeal be dismissed.
- **13-006 (DFS Guam L.P./ GIAA)**
 - OPA shall not take any action on an appeal when the appeal is brought to the Superior Court of Guam.
 - The appeal is now pending by the Supreme Court.

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Appeals Addressed in 2013

- **13-007 (Able Industries of the Pacific/ GIAA)**
 - Dismissed as Able Industries did not file a timely protest or a timely appeal.
- **13-008 (Triple J Enterprises/ GSA)**
 - A settlement agreement was reached between all parties.

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Appeals Addressed in 2013

- **13-009 (JMI Edison/ GMHA)**
 - OPA determined that JMI Edison's protest was filed timely, which triggered an automatic stay until final resolution.
 - GMHA violated the automatic stay when it simultaneously rejected JMI's Protest and awarded the contract to MedPharm.
 - The OPA admonished GMHA for its violation of JMI's rights and procurement procedures.
 - While GMHA's actions were not fair, equitable, or conducive to an open and transparent procurement process, Medpharm did not act fraudulently or in bad faith.
 - Unbeknownst at the filing of the appeal, GMHA already paid \$100K and the kidney machine was already on island. Therefore the contract to Medpharm was affirmed in the best interests of the Territory.
 - JMI subsequently appealed OPA's decision to the Superior Court.

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Appeals Addressed in 2013

- **13-010 (JMI Edison/ GDOE)**
 - JMI Edison appealed GDOE’s determination that JMI submitted an unresponsive bid.
 - The automatic stay was triggered upon the filing of the appeal, which GDOE and interested third party J & B Modern Tech motioned for reconsideration. The motion was denied and the automatic stay remained in place.
 - OPA found that JMI’s bid was responsive and ordered GDOE to expeditiously evaluate JMI’s bid along with the other bidders.

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Appeals Addressed in 2013

- **13-011, 13-012 (Triple J Motors/ GSA) and 13-014 (Cars Plus LLC/ GSA)**
 - All three appeals were related to Police Patrol Vehicles 2013-2014 Interceptors.
 - A Global Settlement Agreement was reached with all parties. Inclusive in the agreement was that GSA would ratify and award the sale of 8 interceptors to Triple J Motors and award 2 interceptors to Cars Plus LLC, at their bid process.

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Appeals Addressed in 2013

- **13-013 (G4S Security Systems/ GDOE)**
 - OPA found that GDOE violated several procurement regulations to include:
 - Failing to provide G4S a copy of Amendment No. 2; and
 - Failing to waive G4S's Bid omission of the Amendment Acknowledgment for Amendment No. 2 as a minor informality.
 - GDOE violated the automatic stay.
 - The appeal was upheld.
 - OPA ordered GDOE to consider G4S's bid for award and complete the IFB solicitation no later than 30 days after the appeal decision was issued.

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Appeals Addressed in 2013

- **13-015 (Morrico Equipment LLC/ GPA)**
 - Far East Equipment LLC was originally awarded the IFB. However, Far East defaulted and GPA proceeded to the next lowest bidder, Mid Pac Far East.
 - GPA violated the terms of the IFB and procurement regulations by re-awarding the IFB contract to Mid Pac, whose bid could not be the second lowest bid because it was rejected by GPA as being non-conforming to the IFB specifications. GPA also did not notify all parties of re-awarding the contract to Mid Pac.
 - Bucket trucks were received from Mid Pac and paid for future purchases of trucks to be purchased through Morrico.
 - OPA found that Morrico's protest was timely and upheld their appeal.

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Appeals Addressed in 2013

- **13-016 (Teleguam Holdings LLC (GTA)/ GDOE)**
 - GTA’s protest and appeal solely involved the issue of whether Pacific Data Systems properly performed its obligations related to sections of the IFB and not to GDOE’s method of source selection, solicitation or award of the IFB.
 - To date, DOE has not sought federal reimbursements for a percentage of the WAN services costs.
 - The appeal was dismissed as OPA lacked jurisdiction to hear the matter as this was an issue of contract performance and not source selection.

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Procurement Appeals Hearing Officers

- Cost savings have also been realized through hiring contractual attorneys on an as-needed basis versus a full-time attorney.
 - In FY 2013, three attorneys \$91,901;
 - In FY 2012, three attorneys \$63,700;
 - In FY 2011, two attorneys \$38,000;
 - In FY 2010, two attorneys \$71,000;
 - In FY 2009, three attorneys \$50,000;
 - In FY 2008, two attorneys \$69,000; and
 - In FY 2007, a full-time attorney’s salary of \$80,000 plus benefits of \$21,900.

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Procurement Appeals Hearing Officers

It is OPA's goal to have its Hearing Officers:

- (1) Be readily available to handle the time-sensitive appeals, considering potential conflicts, and time constraints;
- (2) Resolve appeals within 90 to 120 days from the time of filing; and
- (3) To issue a decision from 30 to 60 days upon the conclusion of the hearing.

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Procurement Advisory Council

- OPA has advocated comprehensive procurement reform. In September 2011, P.L. 31-93 established the Guam Procurement Advisory Council (Council) to research, evaluate, analyze, review, and make recommendations to improve, address, and modernize government procurement and contracting.
- During 2013, the Council did not meet as often due to scheduling conflicts and resulted in little progress made to the updating of procurement rules and regulations.

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Proposed Amendments to Guam Procurement Law

- Exhaustion of Remedies
 - Amend to prevent an agency or appellant from going to Superior Court until OPA has rendered its decision. This ensures administrative remedies are exhausted and prevents forum shopping (5 GCA §5708 and §5703).
- Decision by Agency
 - Amend to require an agency to render a protest decision to the vendor within a reasonable time period of approximately 30 to 60 days (5 GCA §5707).

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Procurement Appeals Hearing Room

- After 4 years of hearing procurement appeals by borrowing space from other agencies, OPA obtained a Procurement Appeals Hearing Room located on the 9th Floor of the DNA Building.
- The lease space of approximately 800 square feet is the result of an IFB issued by OPA for a facility to conduct procurement appeal public hearings. OPA pays an annual rent of \$18,103 for the space.
- Prior to the commencement of the lease, OPA worked with Department of Integrated Services for Individuals with Disabilities (DISID) and Department of Corrections (DOC) (both tenants in the DNA Building) to schedule public hearings on an “as needed” arrangement.
- This method proved to be cumbersome and often ineffective because OPA was only allowed to use their hearing rooms when available.
- This method limited OPA’s ability to effectively plan hearing schedules in advance because DISID and DOC use their rooms frequently to carry out their own mandated missions.

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Procurement Appeals Hearing Room

- OPA's Procurement Appeals Hearing Room provides adequate space for OPA to conduct procurement appeal hearings as appeals are filed.
- The new hearing room allows OPA to better plan and coordinate hearings to meet an internal target of hearing and closing appeals within 90 to 120 days of the appeals filing date.
- The Procurement Appeals Hearing Room has also been made available to all government agencies for their official use, such as trainings, meetings, civil weddings by senators, etc.
- Both OPA and other agencies, such as GDOE, GFD, BBMR, Education Financial Supervisory Commission (EFSC), and the Parole Board, have used the space to conduct training classes or other government-related planning events, to hold meetings or civil weddings.

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OPA Website

- To ensure public accountability and enhance transparency in our government, all OPA audit reports, financial audits of government entities, procurement appeals, ARRA guidance, CCR reporting requirements, audio recordings of Boards and Commissions are among the reports and information posted on OPA's website, www.guamopa.org.
- In addition, the OPA website also contains budget and expenditure reports, and staffing patterns required by the various Budget Acts.
- The OPA website continues to be an important source of reliable transparent information about the financial condition of our government.

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OPA Website Hits vs. Visits

- As suggested by our website carrier, we are now using website visits instead of hits, a more accurate measurement of our website’s popularity.
- Hit. A hit is a request for a file from a Web server. This includes every item on a Web page including graphics. A single web page can generate dozens or hundreds of hits to the server. As such, it is a bad metric to use for evaluating Web page popularity (About.com, Website Design/HTML Glossary).
- Visit/Session. A visit is an interaction, by an individual, with a website. If an individual has not taken another action on the site within a specified time period, the visit session will terminate (Web Analytics Association, 2007).
- In 2013, the OPA website had 18,500 visits compared to 16,734 in 2012, an increase of 11%.

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2013 OPA Website Activity

Months	Visits		Unique Visitors		Pageviews	
	2013	2012	2013	2012	2013	2012
January	1,472	1,239	718	714	4,830	3,832
February	1,384	1,184	659	620	4,984	3,753
March	1,725	1,543	774	721	5,483	7,678
April	1,647	1,554	732	697	5,399	5,957
May	1,782	1,199	811	620	5,702	4,828
June	1,548	1,111	746	564	5,234	3,866
July	1,448	1,573	676	754	4,297	5,303
August	1,552	1,397	727	748	4,695	5,341
September	1,477	1,280	680	653	4,622	4,560
October	1,666	1,693	693	748	5,633	5,782
November	1,345	1,580	569	795	5,348	4,969
December	1,454	1,381	644	736	4,975	4,645
Totals	18,500	16,734	8,429	8,370	61,202	60,514
Averages	1,542	1,395	702	698	5,100	5,043

OPA uses Google Analytics to gather information about OPA’s website activity.

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Boards and Commissions Audio Reporting Requirements

- In September 2012, P.L. 31-233 required “governing Boards and Commissions of all public corporations, and departments of the Government of Guam” to provide audio recording of each monthly Board and Commission meeting to OPA within 7 calendar days after the meeting. OPA posts audio files on its website upon receipt.
- Since then, OPA posted meeting audio files of 28 Board and Commissions. Almost every week, OPA receives at least one audio file, which can be as large as 851 MB, that requires extraction from a CD and posting onto the OPA website. This causes undue burden on OPA’s limited staff resources and consumes valuable space on its server.
- OPA requests the audio files instead be posted on the website of the agency with the Board or Commission and only the link to the audio to be posted on the OPA website.

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Hotline Tips 47AUDIT (472-8348)

- The OPA HOTLINE provides the public with the means to pass on questions and concerns about our government.
- During the first year (2001), we received 163 tips.
- In 2013, we received 34 tips.
- Our highest number of tips was 177 in 2004 and our lowest number of tips was 23 in 2012.
- The public can contact the hotline by dialing 47AUDIT or by email at our website.

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Hotline Tips

- In addition to audit duties, audit staff are assigned to handle HOTLINE tips and to follow-up and coordinate with the AG's Office for indictment and prosecution.
- Responding to citizen concerns requires time and effort as it entails research, interviews, and follow-up in order to provide an answer. Given OPA's limited staff, OPA will endeavor to respond timely to these tips.
- OPA staff addressed all 34 hotline tips/citizen concerns received in 2013. Of the 34 tips received: 19 were hotline tips and 15 were citizen concerns.
- While OPA encourages employees and the public to use the hotline, OPA does not have the staff resources to address these tips and concerns in a timely manner.

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Hotline Statistics 2001 - 2013

Agencies or Programs	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	TOTAL
Guam International Airport Authority	0	0	0	2	0	0	3	5	2	10	13	12	22	69
Department of Education	2	3	3	1	18	9	46	17	14	9	11	13	13	159
Department of Public Works	1	2	2	1	0	6	15	9	3	3	10	11	14	77
Guam Power Authority	2	2	1	0	1	2	7	6	4	5	6	12	4	52
Department of Corrections	2	1	2	3	2	5	1	1	2	2	2	11	10	44
Guam Memorial Hospital Authority	0	0	1	4	2	2	2	1	7	4	1	11	8	43
Government of Guam Retirement Fund	0	0	0	1	0	0	3	3	1	15	1	6	0	30
Department of Administration	2	1	2	5	0	0	3	1	2	4	5	6	5	36
Mayors Council of Guam	2	2	1	2	0	5	11	8	9	4	6	2	7	59
Guam Housing and Urban Renewal Authority	1	1	0	0	0	0	2	1	6	10	3	2	3	29
Guam Waterworks Authority	1	0	0	0	1	0	7	5	12	4	7	4	3	44
Guam Fire Department	1	0	0	2	0	3	1	2	1	6	4	3	4	27
Guam Mass Transit Authority	0	1	0	0	0	0	0	0	1	3	5	5	4	19
Department of Public Health and Social Services	1	1	1	1	2	2	0	1	4	5	0	4	8	30
Guam Telephone Authority	1	0	0	0	0	0	0	0	1	9	3	3	1	18
Office of the Attorney General	0	0	1	2	0	1	1	3	3	4	9	1	0	25
Guam Police Department	0	2	1	0	1	0	2	1	0	2	3	3	5	20
Guam Visitors Bureau	0	0	0	0	0	1	2	0	3	5	1	1	5	18
Superior Court of Guam	0	0	0	0	3	0	3	2	4	4	2	4	2	24
University of Guam	3	0	0	1	1	2	2	1	0	4	3	3	2	22
Port Authority of Guam	4	1	1	0	0	0	0	1	3	3	4	1	3	21
Department of Land Management	0	0	0	0	0	0	0	0	1	3	0	1	4	9
Office of the Governor	0	0	0	2	2	5	0	1	0	4	3	1	0	18
Department of Parks & Recreation	0	0	0	1	0	1	7	4	1	1	1	1	5	22
Department of Labor	0	0	0	0	1	0	0	0	0	2	3	2	1	9
Guam Economic Development Authority	1	1	1	0	1	0	0	0	0	2	4	0	1	11
General Services Agency	0	0	1	1	0	0	2	2	3	3	3	0	1	16
Other Agencies and Programs	10	5	12	13	19	18	40	37	29	47	31	22	28	311
Total	34	23	30	42	54	62	160	112	116	177	144	145	163	1,262

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Technology Roadmap

- OPA utilizes information technology to improve the economy, efficiency, and effectiveness of audit and procurement work.
- OPA has transitioned to a more automated audit process, utilizing various data mining and Microsoft applications.
- Our website serves as a portal for government financial information, and our hotline provides an outlet for audit requests and tips.
- Filings of procurement appeals are posted in real time on the web.
- The audio of all procurement appeal hearings are posted on our website.
- We upgraded our website with new search features that will allow users access to audits and other government financial information at a click of the mouse.
- We post government agencies' Citizens Centric Reports averaging over 50.
- Pursuant to P.L. 31-233, we post audio recording of each monthly meeting of Boards and Commissions of all agencies, public corporations, and departments of the Government of Guam.
- We also upgraded our phone system, which will improve communications, as well as provide multi-user conferencing.

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Transition to More Work Paper Automation

- OPA continues to find ways to make its processes more efficient.
- OPA upgraded its server to Microsoft Office Server 2008 in FY 2012. The server included a free, bundled software- Microsoft SharePoint, a web-based document management software intended to transition OPA to become more paperless in its auditing process. However, without an Information Technology expert on staff to devote time in the software implementation and the lack of a contractor to assist in the administration of SharePoint, the transition never fully materialized.
- In FY 2013, OPA upgraded its Microsoft Office suite from 2003 to 2013, as well as its Adobe Acrobat from Adobe VI to XI.

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Transition to More Work Paper Automation

- After several years of surveying other audit shops within the United States, as well as our counterparts in the Pacific through the Association of Pacific Islands Public Auditors (APIPA) and PASAI, many audit organizations are moving towards more efficient, paperless work paper automation. OPA is requesting authorization to procure an automated software geared specifically for managing audit work papers.
- We estimate the cost of this acquisition to be upwards of \$20,000 plus additional annual maintenance costs in the years following the installation.
- Accordingly, we included a \$20,000 request within our FY 2015 equipment budget.

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Additional Rental Space

- OPA has an opportunity to acquire additional office space at the DNA building, which is adjacent to its current office space. The potential office space is currently occupied by a tenant, who has been in the building for over 20 years.
- Preliminary discussions with building management has indicated that monthly lease for this space is estimated at no more than \$685 per month or \$8,220 a year.
- Therefore, OPA is requesting for an additional \$8,220 in its budget to account for this space, should it become available for lease.

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OPA Staff Composition

- As of January 31, 2014, the current OPA staff complement is 14 full-time employees.
 - Public Auditor
 - 3 Audit Supervisors
 - 9 Auditors
 - 1 Administrative Officer
- In addition, OPA contracts 1 primary Hearing Officer and 2 Conflicts Attorneys for Procurement Appeals on an as needed basis.

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OPA Compensation Study

- OPA enlisted the services of Dr. Karri Perez, PMP, SPHR, GPHR to review the positions in the agency and make recommendations (if required) on the position descriptions to better reflect the actual level and composition of the tasks within the position.
- These services were requested based on attrition that OPA is experiencing to other individual agencies that actually fall within the realm of their oversight, which indicates a problem.
- Based on the U.S. Department of Labor- Bureau of Labor and Statistics website <http://www.bls.gov/ooh/business-and-financial/accountants-and-auditors.htm#tab-1>, the median paid to accountants and auditors with a minimum of a bachelors degree in the United States is \$61,690.

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OPA Compensation Study

- The median salary for the 12 OPA Auditors as of December 31, 2013 is \$34,518, which is \$27K or 44% less than the \$62K U.S. median. The average salary for these 12 Auditors is \$38,018, and ranged from \$32,053 to 54,329.
- In order to retain qualified staff, OPA is requesting Legislative approval of its compensation study and implementation beginning in FY 2015, which we estimate would cost \$100K to implement in the first year.
- OPA plans to submit the compensation study to the Governor, Legislature, and DOA no later than the second quarter of CY 2014.

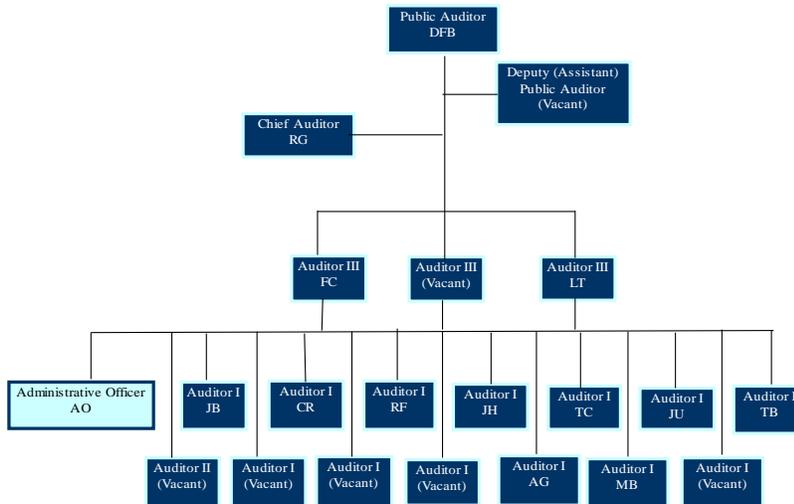
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Organizational Chart

as of December 2013



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Staff Certifications

- For a staff of 13, there are 5 OPA staff who collectively have the following degrees and certifications (some staff hold 2 or more certifications):
 - 2 Certified Public Accountants (CPA)
 - 1 Certified Internal Auditor (CIA)
 - 2 Certified Government Financial Managers (CGFM)
 - 3 Certified Government Auditing Professionals (CGAP)
 - 1 Chartered Global Management Accountant (CGMA)
 - 2 Masters of Business Administration
- All staff have a Bachelor’s Degree
- 3 staff have passed at least one of the three CGFM exam parts
- 2 staff are currently obtaining their Masters Degree

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DOI OIA Training Grant

- Working with the Department of the Interior’s Office of Insular Affairs (DOI OIA) Technical Assistance Division, the OPA received approval for the following:

Technical Assistance Grant No. TA-Guam-OPA-2012-8

Grant Amount	Date Approved	Grant Period
\$ 76,000	May 9, 2012	May 04, 2012 to December 31, 2014

- Approved for Professional Training and Development of Auditors /Investigators Only.
- Eligible expenses include Airfare, Per Diem, Ground Transportation, Conference Fee, Data Mining, and Library Resources.
- OPA will be working with DOI OIA to secure a new training grant for 2015.

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DOI OIA Training Grant

- The primary purpose of the training grant has been to send auditors to the DOI Office of Inspector General (OIG) On-the-Job Training (OJT) Internships, and fund local training seminars and certain off-island conferences.
- In December 2012, the OJT Internship was put on hold by DOI OIG until sometime after April 2013 due to concerns over sequestration and ability to travel.
- Government Audit Standards require auditors to maintain their professional competence through Continuing Professional Education (CPE) . Auditors are required to take a total of 80 hours of CPE in a two year period with a minimum of 20 hours each year. (GAS 3.76).
- OPA Auditors averaged 73 CPE hours in 2013, which is largely funded by the DOI OIA Training Grant.

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OPA Strategic Plan

- With the help of a consultant (funded by the Department of the Interior Office of Insular Affairs' PITI-VITI grant) in October 2013, OPA updated its Strategic Plan for the third time since 2001.
- The Public Auditor and staff revisited its 2008 Strategic Plan and recommended certain modifications to reflect the current trends and future outlook for the OPA.
- The OPA finalized its 2013 Strategic Plan in the first quarter of calendar year 2014.

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OPA Strategic Plan

“Auditing for Good Governance”

MISSION STATEMENT

To ensure the public trust and assure good governance, we conduct audits and administer procurement appeals, independently, impartially, and with integrity.

VISION

Guam is the model for good governance in the Pacific.

GOALS & OBJECTIVES

To ensure public trust and assure good governance, we will:

- Protect the independence of the OPA;
- Deliver impactful, reliable, and quality reports;
- Recruit and retain qualified staff; and
- Increase public knowledge and trust of OPA’s mission, work, and impact.

CORE VALUES

- [O]bjectivity: To have an independent and impartial mind.
 [P]rofessionalism: To adhere to ethical and professional standards.
 [A]ccountability: To be responsible and transparent in our actions.

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Updated in 2014

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16th PASAI Congress

- OPA hosted the 16th Pacific Association of Supreme Audit Institutions (PASAI) Congress from September 10 to 13, 2013 at the Sheraton Laguna Resort.
- On the opening day of the Congress, the Chairperson of the 15th Congress Francois Monti, the President de la Chambre of New Caledonia handed the gavel to incoming Chairperson Doris Flores Brooks, Guam’s Public Auditor.
- The Congress was attended by the heads or representatives of 25 Supreme Audit Institutions (SAI) from PASAI, the SAI of China, the Office of Inspector-General of the U.S. Department of the Interior, the United Nations Development Program, and a number of PASAI development partners including AusAID, The INTOSAI Development Initiative, the New Zealand Ministry of Foreign Affairs, and the World Bank.
- The Congress adopted a new strategic plan for the next ten years. Among the goals are: the public resources of all participating countries and territories are audited in a timely manner, and that government resources are to be assessed for effectiveness and efficiency, to uniformly high standards with enhanced audit impacts and improved audit capacity.

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PASAI Trainings & Cooperative Audits

- For the past four years, PASAI has funded the following training for OPA audit staff in performance auditing and other workshops:
 - 2 staff attended the Tier 1 Fundamentals of Government Auditing
 - 5 staff attended the Tier 2 Intermediate Government Auditing Skills
 - 1 staff attended the Tier 3 Supervisory Roles in Government Auditing
 - 1 staff attended the Tier 4 Management of Government Audits
 - 2 staff attended the Communications Workshop
 - 1 staff attended the 3i Management Workshop
 - 2 staff attended the Strategic Management and Operational Guidelines Management Workshop
- The OPA also participated in the development of PASAI's performance audit manual and two PASAI cooperative audits: the Solid Waste Management Audit and the Public Debt Audit.

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Appropriation History

Fiscal Year	Budget Request (OPA)	OPA	Budget Request (PA)	Procurement Appeals	Total Appropriation	Adjustment	Final Budget	Diff. between Final Budget and Total Appropriation
2014	\$ 1,379,663	\$ 1,254,327	\$ -	\$ -	\$ 1,254,327		\$ 1,254,327	\$ -
2013	\$ 1,375,533	\$ 1,302,388	\$ -	\$ -	\$ 1,302,388	\$ (67,073) (F) \$ (185,297) (G)	\$ 1,050,018	\$ (252,370)
2012	\$ 1,462,038	\$ 1,260,507	\$ -	\$ -	\$ 1,260,507		\$ 1,260,507	\$ -
2011	\$ 1,362,006	\$ 1,263,867	\$ -	\$ -	\$ 1,263,867	\$ 180,007 (D) \$ 59,014 (E)	\$ 1,502,888	\$ 239,021
2010	\$ 1,100,000	\$ 1,226,349	\$ 150,000	\$ -	\$ 1,226,349	\$ (180,007) (A)	\$ 1,046,342	\$ (180,007)
2009	\$ 1,133,066	\$ 1,108,676	\$ 177,643	\$ 163,106	\$ 1,271,782	\$ (253,037) (A)	\$ 1,018,745	\$ (253,037)
2008	\$ 1,177,239	\$ 1,177,239	\$ 173,193	\$ 173,193	\$ 1,350,432	\$ (320,692) (B)	\$ 1,029,740	\$ (320,692)
2007	\$ 1,105,000	\$ 1,102,731	\$ 105,000	\$ 134,014	\$ 1,236,745	\$ (162,225) (C)	\$ 1,074,520	\$ (162,225)
2006	\$ -	\$ 950,000	\$ -	\$ 100,000	\$ 1,050,000	\$ 22,395 (D)	\$ 1,072,395	\$ 22,395

In prior fiscal years, from FY 2006 to 2009, there were separate appropriations for OPA and Procurement Appeals. Beginning in FY 2010, these separate appropriations were combined to only one appropriation which now includes Procurement Appeals

- (A) Personnel lapses due to recruitment difficulties.
 (B) Governor's Transfer Authority (TR-2008-01).
 (C) Pursuant to P.L. 29-02.
 (D) Carryover Authorization.
 (E) Hay Study Implementation Allotment
 (F) Income Tax Refund Appropriations
 (G) 15% Reserve

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BBMR Allotment Control

- In FY 2013, OPA was the only elected office not exempted from BBMR allotment control. We have been given this exemption for the past 12 budget cycles as other elected offices. The Legislature, the Mayor's Council, the elected AG, and the Judiciary were all exempted.
- The exemption was again granted in FY 2014.
- OPA respectfully requests the Legislature continue to give OPA the same privilege given to other elected offices and the Judiciary and be exempted from BBMR allotment control in FY 2015.

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Personnel Lapses

- In FY 2013, OPA had reserves of \$85K. However, unlike past years, the Legislature did not allow us to carry over the funds.
- The Legislature allowed us to carry over personnel lapses in the following fiscal years:
 - In FY 2012, OPA had personnel lapses of \$176K.
 - In FY 2011, OPA had personnel lapses of \$305K.
 - In FY 2010, OPA had personnel lapses of \$182K.
 - In FY 2009, OPA had personnel lapses of \$253K.
- Due to recruitment difficulties, OPA again anticipates personnel lapses for FY 2014 before any carry over of funds.
- We ask the Legislature's approval to carry over personnel lapses from FY 2014 into the FY 2015 budget appropriation.

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Independence

- One way to render an audit office ineffective is by lack of adequate funding.
- For an effective audit office to function independently, it must have adequate funding, financial autonomy, and staff resources in order to perform the work required.
- The continued minimal funding and lack of staff selection independence of OPA will render OPA ineffective.

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Budget Request

- OPA submits two proposed budgets:
 - **Option A:** An increase of 11.8% to **\$1,402,185** compared to its FY 2014 budget appropriation of \$1,254,327. This proposed budget takes into consideration the implementation of the Competitive Wage Act of 2014.
 - **Option B:** An increase of 17.4% to **\$1,472,243** compared to its FY 2014 budget. This proposed budget considers an addition of \$70K for the implementation of OPA's proposed Compensation Study.

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FY 2015 Budget Request: Option A*

Salaries	\$ 771,279
Benefits	\$ 280,008
Subtotal	\$ 1,051,287
Travel	\$ 16,800
Contractual	\$ 175,255
Rent	\$ 115,943
Supplies	\$ 7,200
Equipment	\$ 27,200
Miscellaneous	\$ 4,500
Telephone	\$ 4,000
FY 2015 Total Budget Request	\$ 1,402,185

*Implementation of the Competitive Wage Act of 2014 Salary Rates

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FY 2015 Budget Request: Option B[^]

Salaries	\$ 821,970
Benefits	\$ 299,375
Subtotal	\$ 1,121,345
Travel	\$ 16,800
Contractual	\$ 175,255
Rent	\$ 115,943
Supplies	\$ 7,200
Equipment	\$ 27,200
Miscellaneous	\$ 4,500
Telephone	\$ 4,000
FY 2015 Total Budget Request	\$ 1,472,243

[^]Implementation of OPA's Compensation Study Salary Rates

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Retirement Fund Contribution Rates

- The Retirement Fund unfunded liability has now reached \$1.5 billion, with an amortization period of approximately 20 years.
- This has placed significant financial pressure on GovGuam as the trend for the DB contribution rate has steadily increased over the last 6 years, from 26.02% to 28.3% in FY 2012 to 30.09% in FY 2013.
- The FY 2014 DB contribution rate is 30.03%. These rates over the last several years are among the highest in the country and future increases are unsustainable at the General Fund level.

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Define Contribution Employees

- A major concern on the horizon is the lack of a safety net for Define Contribution (DC) employees. The average retirement account balance of \$40K for DC plan members is not enough to support their basic needs. DC plan members need some other retirement plan like Social Security to ensure a reliable stream of retirement income.
- All OPA employees, except the Public Auditor, are members of the DC plan.
- DC plan members are left with the performance of their 5% base salary contribution and the 5% matching contribution from the government.
- However, GovGuam is contributing 30.03% in FY 2014 of DC members salaries, of which only 5% is only going to DC members. The remaining 25.03% goes towards the unfunded liability of the Define Benefit (DB) members.

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Define Contribution Employees

- When the DC plan was originally envisioned in 1995, there was no intent to include social security for DC members, but rather to reduce costs and provide an additional funding source for the unfunded liability of DB members.
- By not establishing the DC plan with social security as a major component, this has put DC members at risk upon retirement. The Retirement Fund reasons that social security will only increase costs to GovGuam.
- If a viable solution is not implemented soon, DC members will be left with inadequate income when they retire.
- Ensuring retirement income for DC retirees requires difficult choices.
- One alternative would be to provide the option for DC members to choose between the DC plan or contributing to Social Security. OPA had experienced this option when employees were in the unclassified system.

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Budget Request

- Upon hiring additional staff during the year, we anticipate increases in expenses in most categories.
- Travel request to attend the National Association of State Auditors, Comptrollers, and Treasurers (NASACT) Conference, Association of Government Accountants (AGA) Professional Development Training, Association of Pacific Island Public Auditors (APIPA), Government Finance Officer Association (GFOA), and Association of Local Government Auditors (ALGA) conferences.

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GovGuam Audit Spending

- Two critical aspects can be considered in assessing OPA's performance:
 - The first aspect is the Budget Execution Process. In FY 2013, GovGuam spent \$2.3M on audits or less than one-half cent of every dollar of General Fund revenues of \$552M. The \$2.3M is comprised of \$1.1M in financial audits and \$1.2M in OPA expenditures.
 - With an operational budget of \$1.2M, the OPA completed 6 audits, analyses, and reports that identified \$16.6M in questioned cost and other financial impact; monitored 24 financial audits that identified \$486K in questioned costs; and administered 16 procurement appeals in 2013. This equates to a return on investment of 1,424% for every dollar appropriated.
 - The second aspect is OPA's quality of work. Government Auditing Standards require audit organizations to undergo a quality control review, or peer review, every three years. In 2011, OPA received its fourth consecutive "Full Compliance" peer review rating since 2002 and the first time no management letter was issued.

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New Programs

- Outreach efforts at nominal costs include procurement training, serving as a member of the Guam Procurement Advisory Council, and the EFSC.
- Undergoing performance measurement assessments
- The transition of manual work papers to an automated audit software

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Prior Year Obligations & Unbudgeted Items

The OPA does not have any Prior Year Obligations to report and unbudgeted items.

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FY 2015 Budget Request Summary

As part of OPA's FY 2015 proposal, we respectfully request that the Legislature:

- Approve OPA's lump sum budget of \$1,472,243 to allow for flexibility.
- Approve OPA's Compensation Study.
- Give the Public Auditor the authority to hire a Deputy Public Auditor and an Executive Secretary in the unclassified service.
- Give the Public Auditor authority to hire employees conditionally subject to post review and ratification by DOA.
- Afford OPA the flexibility to hire at least one limited-term clerical staff to assist with the upkeep of OPA's files and assist with other administrative duties.

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FY 2015 Budget Request Summary

(Cont'd.)

- Amend legislation to instead require the audio files be posted on the website of the agency with the Board or Commission and only have the link to the audio files to be posted on the OPA website.
- Continue to give OPA the same privilege given to other elected offices and the Judiciary and be exempted from BBMR allotment control in FY 2015.
- Approval to carry over personnel lapses from FY 2014 into the FY 2015 budget appropriation.

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Si Yu'os Ma'ase.

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