



EXECUTIVE SUMMARY
Guam Housing and Urban Renewal Authority
Unclassified Employees' Pay Raises and Bonuses
Report No. 20-05, September 2020

We initiated a three-part audit series of the autonomous agencies unclassified employees' pay raises and bonuses. This resulted from a request by the Attorney General's Office to review potential violations of the Open Government Law in relation to the employee's compensation within autonomous agencies. Part A reported on the Guam Power Authority and Guam Waterworks Authority and was issued in December 2019. Part B reported on the Port Authority of Guam and was issued in July 2020. This audit is Part C and will report on the Guam Housing and Urban Renewal Authority (GHURA).

Our audit of the GHURA unclassified employees' pay raises and bonuses found that the Board of Commissioners generally complied with the Open Government Law when they discussed and decided on unclassified employees' salaries and bonuses. In our review of the Board of Commissioners' executive and general session meetings as well as personnel action forms, we did not find any bonuses given to unclassified employees. In addition, we found the following:

GHURA Did Not Retain Minutes of February 2015 Executive Session

In our inspection of the executive session and special meeting minutes provided, we did not find any discussions or decisions relating to salaries, salary levels, or salary adjustments of any employee or officer within GHURA. However, we found that GHURA was not consistent in its compliance with the Open Government Law when the Board of Commissioners did not retain minutes of its February 2015 executive session. As a result, we were unable to verify GHURA's compliance with the Open Government Law in its February 2015 meeting.

Board of Commissioners Voted on Two Matters during Executive Sessions

In our inspection of GHURA's executive session minutes from October 1, 2014 through September 30, 2019, we found that the Board of Commissioners violated the Open Government Law when they voted on two matters related to ongoing litigation in its September 27, 2018 and January 11, 2019 executive sessions.

Ratification of Former and Current Executive Directors' Pay Adjustments

From the *former* Executive Director's hiring in January 2013 until his retirement in December 2018, the *former* Executive Director received six pay adjustments in total. Of the six pay adjustments provided to the *former* Executive Director, five were given due to formal performance evaluations, while one pay adjustment was provided as the result of the Board of Commissioners' preference to adjust his starting salary. While the Board of Commissioners ratified the March 2013 pay adjustment, the former Executive Director's pay adjustments due to annual performance evaluations from June 2014 through April 2018 were not formally ratified.

The *current* Executive Director was appointed in January 2019. In July 2019, the Board of Commissioners restored FY 2019 salary increments to eligible employees and implemented a one-step pay shift to all employees based on GHURA's new pay schedule. Therefore, the *current*

Executive Director's pay was adjusted to \$144,792 in October 2019 and \$153,479 in December 2019. Both pay adjustments were effective July 8, 2019. The Board of Commissioners ratified the *current* Executive Director's pay adjustments through Resolution FY2019-018.

Ratification of Former and Current Deputy Directors' Pay Adjustments

While the *former* Deputy Director served at the pleasure of the Board of Commissioners, the *former* Executive Director formally conducted and approved his performance evaluations for the periods covering May 2016 through May 2018. Like the *former* Executive Director's performance evaluations, none of the evaluations that were given as a result of the *former* Deputy Director's performance were discussed and approved by the Board of Commissioners.

The *current* Deputy Director was hired in January 2019. However, in February 2019, the *current* Deputy Director received a pay adjustment to correct her salary to \$100,930. The Board of Commissioners ratified this pay adjustment through Resolution No. FY2019-008. In December 2019, the *current* Deputy Director's pay was adjusted to \$106,985 due to GHURA's one-step pay shift for all employees. Like the *current* Executive Director, the *current* Deputy Director's pay adjustment was effective July 8, 2019 and ratified through Resolution No. FY2019-018.

GHURA Former and Current Executive Director Performance Reviews

GHURA conducted performance reviews for the *former* Executive Director and *current* Executive Director in compliance with Title 5 Guam Code Annotated § 43202. The Board of Commissioners conducted six formal evaluations of the *former* Executive Director's performance annually from November 2013 through April 2018. These six formal evaluations were for the periods covering January 2013 through January 2018. In July 2019, the Board of Commissioners conducted the *current* Executive Director's 6-month performance evaluation for the period covering January 2019 through July 2019.

GHURA Lacks Performance Evaluation Policy for Executive and Deputy Director

In June 2005, the Board of Commissioners approved and implemented the Work Planning and Performance Evaluation System policy. However, the Executive Director and Deputy Director positions are not covered by the policy. Without written policies and procedures, there is a risk of operational inefficiency, inconsistency, and accountability in retaining the Executive Director and Deputy Director.

The Open Government Law states that the people do not yield their individual rights to the public agencies, which serve them. As a result of this audit, we recommended the Board of Commissioners:

1. Consistently adhere to the requirement of the Open Government Law to ensure the minutes of every meeting are fairly recorded and open to public inspection;
2. Ensure that voting on matters takes place during general sessions;
3. Consistently ratify all pay adjustments for GHURA unclassified employees on a going-forward basis; and
4. Develop policies and procedures to ensure consistency in the evaluation process of GHURA's Executive Director and Deputy Director.

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