

GOVERNMENT OF GUAM COVID-19 QUARANTINE AND ISOLATION FACILITIES UTILIZATION ANALYSIS

PERFORMANCE AUDIT
March 2020 through April 2022

OPA Report No. 23-05
April 2023





**Government of Guam
COVID-19 Quarantine and Isolation Facilities
Utilization Analysis**

**Performance Audit
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EXECUTIVE SUMMARY
Government of Guam COVID-19 Quarantine and Isolation Utilization Analysis
OPA Report No. 23-05, April 2023

Our audit of the Government of Guam’s (GovGuam) utilization of the Coronavirus Disease 2019 (COVID-19) quarantine and isolation facilities from March 2020 to April 2022 found that 206,405 occupied rooms accounted for \$49 (M) million were utilized at 74% while 122,424 unoccupied rooms accounted for \$12M were utilized at 44%. The utilization rate is measured by the total occupied and unoccupied rooms divided by the total guaranteed rooms. (See table below for breakdown). Utilization was higher within the initial response and pandemic surge months between March 2020 and April 2021, and decreased significantly during recovery response months in June 2021 through October 2021. This is due to the changes in COVID-19 restrictions imposed by the Governor’s Executive Orders (E.O.), the Pandemic Condition of Readiness (PCOR) level, the COVID-19 Area Risk (CAR) Score, and other guidelines, and the vaccination rollout.

Table 1: Quarantine (QFAC) and Isolation (ISOFAC) Facilities Utilization

QFAC/ ISOFAC	Utilization Period	Occupied Rooms (%)	Occupied Rooms Cost ^a	Unoccupied Rooms (%)	Unoccupied Rooms Cost ^a	Total Guaranteed Rooms	Total Cost ^a
Hotel A (QFAC)	Mar. 18 – Sept.1, 2020	16,183 (67%) ^b	\$1,940,241	7,433 (31%) ^b	\$483,145	24,048	\$2,423,386
Hotel B (ISOFAC)	Mar. 18 – Sept. 1, 2020	5,535 (85%) ^b	\$904,224	915 (14%) ^b	\$86,468	6,488	\$990,692
Hotel C (QFAC)	Mar. 23 – June 17, 2020	14,482 (53%) ^b	\$3,640,015	12,748 (47%) ^b	\$1,274,800	27,230	\$4,914,815
Hotel D (QFAC)	Mar. 18 – May 27, 2020	1,231 (100%) ^b	\$163,300	0 (0%) ^b	\$0	1,231	\$163,300
Hotel E (QFAC & ISOFAC)	May 27, 2020– April 11, 2022	28,088 (29%) ^b	\$5,104,392	70,524 (72%) ^b	\$6,357,745	97,350	\$11,462,137
Hotel F (QFAC)	Sept. 2, 2020 – Nov. 30, 2021	140,886 (114%) ^{bc}	\$37,312,783	30,804 (25%) ^b	\$3,806,370	123,318	\$41,119,153
Total		206,405 (74%) ^b	\$49,064,955	122,424 (44%) ^b	\$12,008,528	279,665	\$61,073,483

^aCosts included additional charges (e.g., taxes, and other misc.).

^bUtilization rate is calculated by occupied and unoccupied rooms divided by the total guaranteed rooms.

^cNotes extensive authorized utilization of overflow facility in excess of P.O.

We also found that the unreliability of Guam National Guard (GUNG Reports) utilized by the Guam Homeland Security (GHS) is unreliable for validating the invoices that were transmitted to the Department of Administration (DOA) for payment, and reports submitted did not reconcile with the purchase order or invoices. Therefore, questioned costs totaling \$15.7M from the 171 invoices confirmed by the DOA as paid.

GovGuam’s Initial Response to COVID-19 Pandemic (March 2020 to May 2020)

In March 2020, the Governor of Guam issued E.O. 2020-04, which led to the emergency procurement of three quarantine facilities and one isolation facility. It also implemented quarantine requirements for all individuals traveling into Guam. The quarantine facilities: Hotel A, Hotel C, and Hotel D, and the isolation facility: Hotel B, generally started being occupied around the same

time in mid-March 2020. These facilities were negotiated at a flat room rate of \$100 per room regardless of the number of occupied and unoccupied rooms. The minimum daily guaranteed rooms were 144 for Hotel A, 389 for Hotel C, 103 for Hotel D, and 48 rooms for Hotel B.

In April 2020, E.O. No. 2020-11 established the PCOR System, which consisted of four levels, with one (1) as the most urgent condition and (4) as a return to normal operating conditions for the island's public and private sectors. The island was primarily in PCOR 1, and there was minimal travel globally as most borders were closed off or highly restrictive during this period. All four facilities were initially occupied through May 2020. For the quarantine facilities combined, we found that 65% of rooms were unoccupied, accounting for \$2.7M, and 35% of rooms occupied accounted for \$1.3M. The isolation facility did not distinguish between occupied or unoccupied rooms and was invoiced at 100% occupied, accounting for \$322 (K) thousand.

COVID-19 Pandemic Surge (May 2020 to December 2020)

At the end of May 2020, GovGuam continued to use emergency procurement for Hotel A through D. However, the daily rates changed to \$110 per person and \$65 per unoccupied room for Hotel A. For Hotel D, the minimum daily guaranteed rooms changed to 98, at \$99 for occupied rooms and \$90 for unoccupied rooms. Finally, Hotel E was a new quarantine facility with minimum-guaranteed rooms of 270 a day, at \$140 per person and \$90 per unoccupied room.

In July 2020, GovGuam continued to use Hotel A and Hotel E as quarantine facilities. Also in July, the Governor's Physicians Advisory Group established and implemented the COVID-19 Area Risk (CAR) Score, which became the primary tool used to assess the risk of an area's potential to spread COVID-19 to other states or countries through travel. In September 2020, GovGuam consolidated the quarantine facilities into one, procuring Hotel F as the only quarantine facility with minimum daily guaranteed rooms of 300, at \$159 per occupied room and \$120 per unoccupied room. In October 2020, Hotel E became the sole isolation facility with minimum daily guaranteed rooms between 48 and 150, at \$175 per person and \$90 per unoccupied.

Throughout this period, the island fluctuated between PCOR levels (max. 1 and min. 3) and CAR Scores, which directly impacted the requirements for quarantine and isolations. Of the combined quarantine facilities, based on available data, we found 32% of rooms were unoccupied, accounting for \$2.2M, and 95% of rooms occupied accounted for \$17.8M during the period. For the isolation facilities, we found that 62% of rooms were unoccupied, accounting for \$1.5M, and 38% of rooms occupied accounted for \$2.1M. Although isolation facilities experienced a disproportionate utilization rate, according to the Department of Public Health & Social Services (DPHSS), this resulted from the need to isolate those individuals with a positive COVID-19 test.

COVID-19 Recovery Response (January 2021 to April 2022)

Guam started moving towards recovery response with the rollout of vaccinations that began in December 2020 for the first dosage and January 2021 for the second dosage for those who were initially eligible. Vaccination eligibility began expanding in the subsequent months. In January 2021, the Governor of Guam launched the "Operation Liberate Guam" campaign to get the island to herd immunity, which would have 80% of the eligible population vaccinated. During this period, Guam continued to use Hotel F as the quarantine facility with a minimum guaranteed rooms of 300 a day, at a daily rate of \$159 per occupied room and \$120 per unoccupied room. Of the

quarantine facilities, we found that 36% of rooms were unoccupied, accounting for \$3.7M, and 97% of rooms were occupied, accounting for \$22M.

Starting in June 2021, the number of individuals required to quarantine began to decrease because of E.O. 2021-10, which removed the quarantine requirement for fully vaccinated travelers entering Guam and reduced the length of quarantine from 14 days to 10 days. In June 2021, E.O. 2021-13 was issued, and travelers with a negative COVID-19 test taken within 72 hours became exempted from quarantine requirements. In July 2021, the Acting Governor announced that Guam had reached the Operation Liberate Guam goal of an 80% fully vaccinated rate. Knowing this, GovGuam should have amended the minimum number of guaranteed rooms for Hotel F as early as July 2021. Instead, GovGuam waited until October 2021 to amend the minimum daily guaranteed rooms from 300 to 74 at a daily rate of \$150 per occupied room plus tax, regardless of occupied or unoccupied.

Hotel E was continually occupied as the isolation facility with a minimum guaranteed 48 to 150 rooms a day, at a rate of \$175 per person occupied and \$90 per unoccupied room. Of the isolation facilities, we found 77% of rooms were unoccupied, accounting for \$3.3M, and 22% of rooms occupied accounted for \$2.1M during the period. While GovGuam had control over the quarantine requirements, which directly impacted the number of rooms needed in the quarantine facility, we understand that it would not be the same for the isolation facility. Predicting utilization of the isolation facility is a lot more challenging as it solely depends on the number of positive COVID-19 cases in the community and if individuals cannot isolate at home.

Review and Payment Process of Invoices for Quarantine and Isolation Facilities

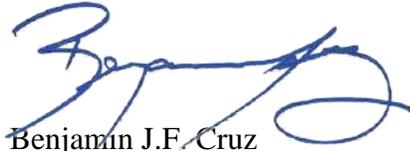
Although the GHS had no formalized standard operating procedures for invoice review and verification, they did have a process. Per purchase order guidelines, awarded hotels and lodging vendors directed all billings and invoices to GHS. GHS stated they review the invoices and compare them against the GUNG reports. GHS then submits the invoices to DOA for payment, which are reimbursable through the Coronavirus Aid, Relief, and Economic Security Act and the American Rescue Plan Act. Moreover, OPA could not ensure all invoices paid by DOA were accurately reviewed by GHS based on unreliable GUNG reports. Therefore, questioned costs totaling \$15.7M documenting 171 invoices identified by OPA and confirmed by DOA as paid.

Conclusion and Recommendation

The need for quarantine and isolation facilities was vital to combat the COVID-19 pandemic. While we recognize that a number of individuals needing isolation was harder to predict and control even with the rollout of vaccinations, the number of visitors and returning residents traveling to Guam requiring quarantine began to decrease significantly because of vaccinations and the lessening of quarantine requirements.

GovGuam was making amendments to purchase orders for quarantine facilities to increase utilization dates when it knew that quarantine was continually needed. However, GovGuam should have known quarantine numbers would significantly decline around June 2021 because of the reduction in quarantine days and lifting of quarantine requirements for fully vaccinated travelers and those coming in with a negative COVID-19 test. Therefore, they should have amended to reduce the minimum number of guaranteed rooms at the quarantine facility. Instead, it was not

until October 2021 that GovGuam reduced the number or minimum guaranteed quarantine rooms. GovGuam should use the available data and information to help reduce unnecessary expenses when possible. In addition, improvements in the review and approval of invoices are needed to ensure that all expenditures were valid. We made three recommendations to DOA and GHS.



Benjamin J.F. Cruz
Public Auditor

Introduction

This report presents the results of our analysis of the Government of Guam's (GovGuam) quarantine and isolation facilities utilization and expenditures. It was initiated as a subsequent audit to OPA Report No. 21-06, issued in July 2021, which focused on the procurement of facilities used for COVID-19 quarantine and isolation. During this period, GovGuam procured and awarded six hotels, four to operate as quarantine facilities and two to operate as isolation facilities.

Our objectives were to determine whether 1) the total number and costs of rooms versus unused allowed for the efficient use of GovGuam quarantine and isolation facilities and 2) GovGuam properly reviewed and paid invoices for quarantine and isolation facilities with applicable rules and regulations.

Our scope covered the COVID-19 quarantine and isolation facilities utilization from March 1, 2020 to April 30, 2022. Therefore, this report does not include a utilization analysis of Other COVID-19-related facilities (i.e., nurse lodging, homeless shelters, etc.).

Refer to Appendix 1 for the objective, scope, and methodology.

Background

In January 2020, the World Health Organization (WHO) declared a Global Health Emergency regarding the COVID-19 outbreak. COVID-19 is a respiratory disease that is a new strain of coronavirus not previously identified in humans and poses a significant public health risk.

On March 14, 2020, the Governor of Guam declared a state of emergency to respond to COVID-19 and issued Executive Order (E.O.) 2020-03, which provided GovGuam authority to suspend statutes, orders, rules, and regulations that prevent, hinder, or delay necessary action to respond to the emergency, including purchasing for a period of 30 days unless otherwise extended. In alignment with the Governor's E.O., GovGuam invoked the ability to utilize emergency procurement pursuant to §§ 19505 and 19803 of Chapter 19, Title 10, Guam Code Annotated (G.C.A.).

On March 16, 2020, the Governor issued E.O. 2020-04 that confirmed three COVID-19 cases and the notification of the Philippines going into nationwide lockdown. This led to a rapid emergency procurement response resulting in the temporary purchase and occupation of selected hotels to quarantine an expected influx of individuals into Guam, possibly affected by COVID-19.

Since March 2020, the Governor of Guam (Governor) has sustained a state of emergency to respond to the COVID-19 pandemic under the issuance of E.O. 2020-03, which provided GovGuam the necessary action to procure quarantine, isolation, and other COVID-19-related facilities. Our first audit identified issues regarding the procurement of facilities used for COVID-19 quarantine and isolation. See Appendix 2 for more details of the prior audit.

On April 30, 2020, the Governor issued E.O. 2020-11, which established a system of readiness that set the conditions for the gradual lifting of mandates and restrictions imposed in response to the public health emergency resulting from the pandemic event. There were four (4) Pandemic Conditions of Readiness (PCOR), which was categorized with one (1) as the most urgent condition and four (4) as a return to normal operating conditions for the island’s public and private sectors. See Figure 1 for the PCOR Chart and Appendix 3 for details of applicable laws & regulations.

Figure 1: Pandemic Condition of Readiness Chart



Emergency Procurement of Quarantine and Isolation Facilities

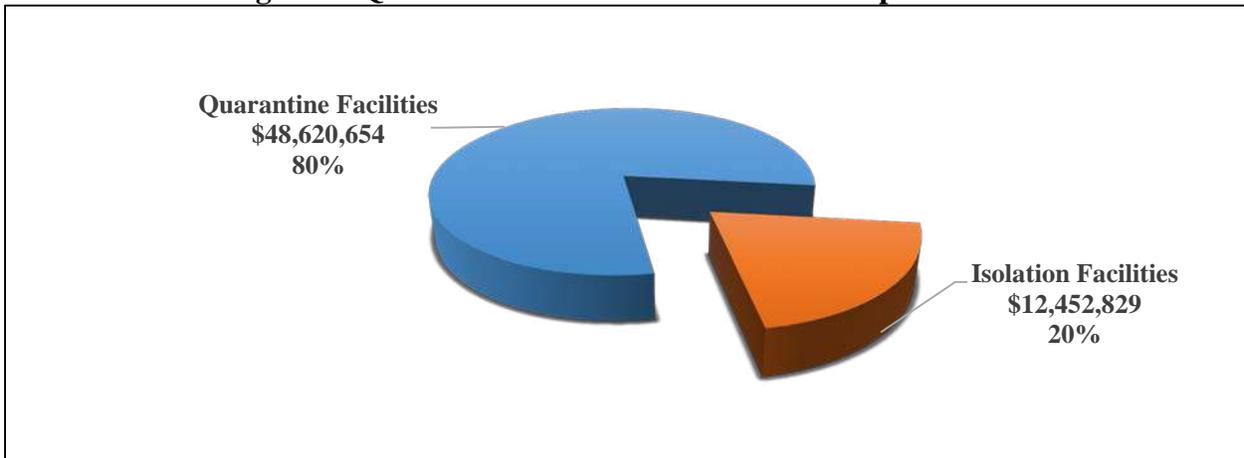
According to procurement records of the six hotels procured, four operated as a quarantine facility, one operated as an isolation facility, and one operating initially as a quarantine facility, only to be transitioned later to an isolation facility.

Invoiced costs totaling \$61.1 million (M) from the following facilities,

- Quarantine Facilities
 - 1) \$2.4M invoiced from Hotel A;
 - 2) \$4.9M invoiced from Hotel C;
 - 3) \$163 (K) thousand total to Hotel D, \$113K invoiced for rooms; and \$50K for a procurement appeal settlement; and
 - 4) \$41.1M invoiced from Hotel F.
- Isolation Facilities
 - 1) \$991K invoiced from Hotel B; and
 - 2) \$11.5M invoiced from Hotel E.

See figure below.

Figure 2: Quarantine and Isolation Facilities Expenditures



The expenditures were federally funded by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and American Rescue Plan (ARP). This \$ 61.1 M was expended during the GovGuam public health emergency under the management of Guam Homeland Security.

Guam National Guard (GUNG) Reports

The Guam National Guard was activated to manage the operations of the COVID-19 Quarantine and Isolation Facilities. In May 2020, GUNG reports were developed based on incoming passengers entering Guam and assessment of whether they would be taken to quarantine facilities or exempted.

Results of Audit

Our audit of the Government of Guam’s (GovGuam) utilization of the Coronavirus Disease 2019 (COVID-19) quarantine and isolation facilities from March 2020 to April 2022 found that 206,405 occupied rooms for \$49 (M) million were utilized at 74% while 122,424 unoccupied rooms for \$12M were utilized at 44%. The utilization rate is measured by the total occupied and unoccupied rooms divided by the total guaranteed rooms. (See Table 1 below for breakdown). Utilization was higher within the initial response and pandemic surge months between March 2020 and April 2021, and decreased significantly during recovery response months in June 2021 through October 2021. This is due to the changes in COVID-19 restrictions imposed by the Governor’s Executive Orders (E.O.), the Pandemic Condition of Readiness (PCOR) level, the COVID-19 Area Risk (CAR) Score, and other guidelines, and the vaccination rollout.

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^cNotes extensive authorized utilization of overflow facility in excess of P.O.

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regardless of the number of occupied and unoccupied rooms. The minimum daily guaranteed rooms were 144 for Hotel A, 389 for Hotel C, 103 for Hotel D, and 48 rooms for Hotel B.

In April 2020, E.O. No. 2020-11 established the PCOR System, which consisted of four levels, with one (1) as the most urgent condition and (4) as a return to normal operating conditions for the island’s public and private sectors. The island was primarily in PCOR 1, and there was minimal travel globally as most borders were closed off or highly restrictive during this period.

All four facilities were initially occupied through May 2020. For the quarantine facilities combined, we found that 65% were invoiced as occupied rooms, accounting for \$2.7M, and 35% were invoiced as unoccupied rooms accounted for \$1.3M. The isolation facility did not distinguish between occupied or unoccupied rooms and was invoiced at 100% occupied, accounting for \$322 (K) thousand.

Quarantine Facilities

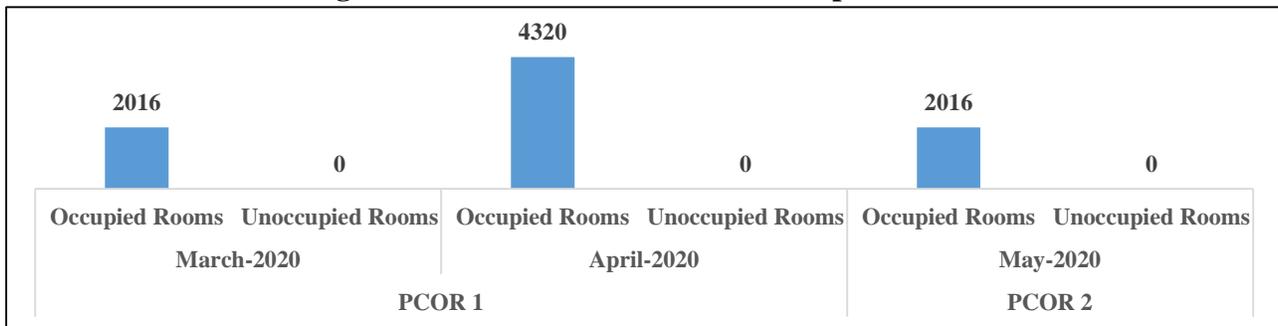
Hotel A

According to the initial contract with Hotel A, GovGuam guaranteed 144 rooms daily at a rate of \$100 per room per day, regardless of whether the room is occupied or unoccupied. From March 18, 2020 to May 17, 2020, Hotel A invoiced a total of 8,352 rooms for \$835K. Occupied and unoccupied room data was not detailed during this initial period. Since there was no difference between occupied and unoccupied room rates, we calculated occupied rooms based on the invoiced number of rooms by the hotel. See Table 2 and Figure 3 below.

Table 2: Hotel A Guarantee per P.O.

Quarantine Facility	Date Effective	Total Rooms Daily	Room Rates Daily
Hotel A	March 18, 2020	144 rooms	Occupied/Unoccupied: \$100 per room

Figure 3: Hotel A No. of Rooms Billed per invoice



Though Hotel A shows occupied rooms increasing from 2,016 in March 2020 to 4,320 in April 2020, the increase is primarily due to the number of days occupied per month. April had a full month of utilization versus March, which only occupied half the month. Under the initial procurement, Hotel A was occupied through mid-May 2020. GovGuam was in PCOR 1 during this period, which was changed to PCOR 2 in May 2020.

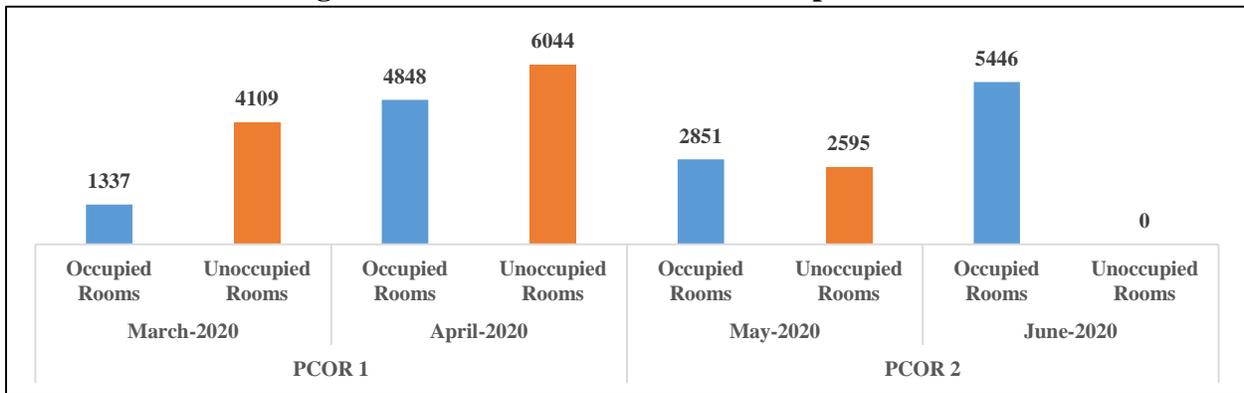
Hotel C

According to the initial contract with Hotel C, GovGuam guaranteed 389 rooms daily at a flat rate of \$100 per room regardless of occupied or unoccupied. From March 23, 2020 to April 19, 2020, Hotel C billed a total of 10,892 rooms for a total of \$1.6M. Of the total, 3,788 (35%) were rooms occupied, and 7,104 (65%) were rooms unoccupied. The unoccupied totaled approximately \$700K. Occupied and unoccupied room data was not detailed during this initial response period. Therefore, we calculated occupied and unoccupied rooms based on the 389-room daily guarantee by GovGuam. See Table 3 and Figure 4 below.

Table 3: Hotel C Guarantee per P.O.

Quarantine Facility	Date Effective	Total Rooms Daily	Room Rates per P.O.
Hotel C	March 23, 2020	389 rooms	Occupied/Unoccupied: \$100 per room

Figure 4: Hotel C No. of Rooms Billed per Invoice



Hotel C continued to be utilized beyond the contracted period, from April 20, 2020 to June 17, 2020, without an extension amendment or purchase order. Over the 57-day period, Hotel C totaled 10,694 (65%) rooms occupied and 5,644 (35%) rooms unoccupied totaling close to \$1.6M for a total of 16,338 rooms.

GovGuam received an additional June 18, 2020 invoice from Hotel C's regarding use for an additional \$544K for an additional period billed, with no detailing of occupied and unoccupied rooms on the notice provided which included \$1.9M in additional room charges.

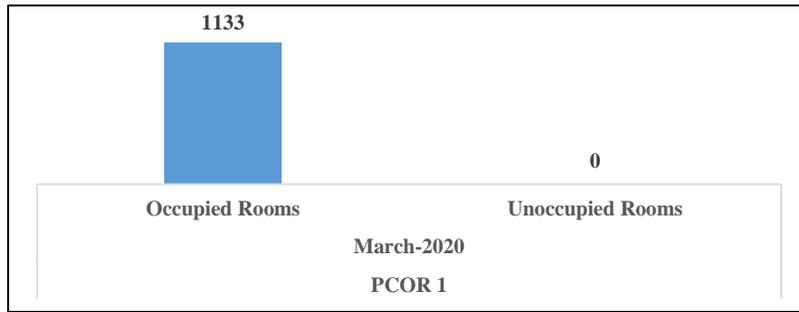
Hotel D

According to the initial contract with Hotel D, GovGuam guaranteed 103 rooms daily at a flat rate of \$100 per room regardless if occupied or unoccupied. Between March 18, 2020 and May 28, 2020, Hotel D invoiced for a total of 1,133 rooms during PCOR 1. However, occupied and unoccupied room data was not detailed during the 11 days within the initial response period. Therefore, we calculated occupied rooms based on the 103-room daily guarantee by GovGuam. See Table 4 and Figure 5 below.

Table 4: Hotel D Guarantee per P.O.

Quarantine Facility	Date Effective	Total Rooms Daily	Room Rates Daily
Hotel D	March 18, 2020	103 rooms	Occupied/Unoccupied: \$100 per room

Figure 5: Hotel D No of Rooms Billed per Invoice



Isolation Facilities

Hotel B

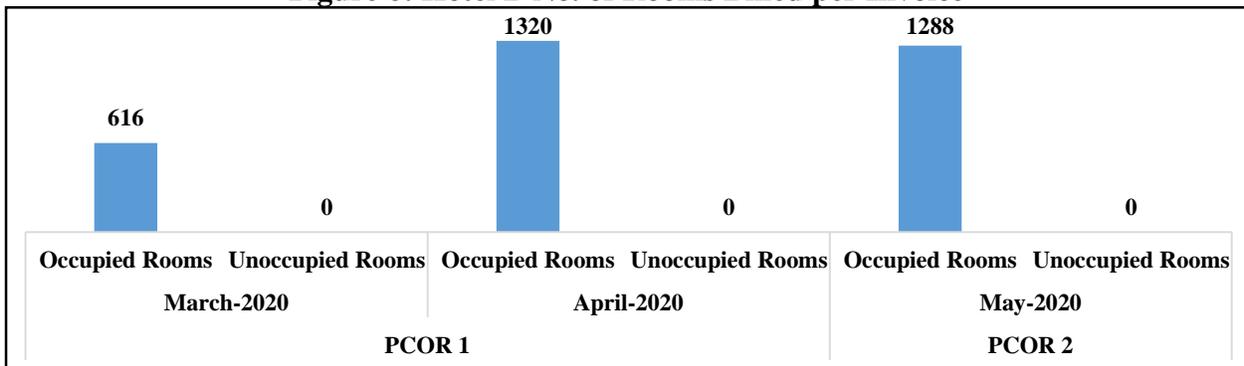
According to the initial contract, Hotel B was contracted to be occupied as an Isolation Facility. GovGuam was guaranteed a minimum of 48 rooms each day at a flat rate of \$100 regardless if occupied or unoccupied. Occupied and unoccupied room data was not detailed during this initial response period. We calculated occupied rooms based on the 48-room daily guarantee by GovGuam.

From March 2020 to May 2020, Hotel B invoiced a total of 3,224 rooms at \$322K, of which 1,936 rooms were occupied for March 2020 and April 2020, then later invoiced for 1,288 rooms during May 2020. See Table 5 and Figure 6 below.

Table 5: Hotel B Guarantee per P.O.

Isolation Facility	Date Effective	Total Rooms Daily	Room Rates Daily
Hotel B	March 18, 2020	48 rooms	Occupied/Unoccupied: \$100 per room

Figure 6: Hotel B No. of Rooms Billed per Invoice



Hotel B continued as an isolation facility for an additional 64 days from May 17, 2020 to July 20, 2020 with no purchase order or record of room usage after the initial contract ended on May 17, 2020 amounting to \$302K. These expenditures were without invoices and were based on the DOA internal expenditure report spreadsheet.

COVID-19 Pandemic Surge (May 2020 to December 2020)

At the end of May 2020, GovGuam continued to use emergency procurement for Hotel A through D. However, the daily rates changed to \$110 per person and \$65 per unoccupied room for Hotel

A. For Hotel D, the minimum daily guaranteed rooms changed to 98, at \$99 per occupied room and \$90 for unoccupied rooms. Finally, hotel E was a new quarantine facility with minimum-guaranteed rooms of 270 a day, at \$140 per person and \$90 per unoccupied room.

In July 2020, GovGuam continued to use Hotel A and Hotel E as quarantine facilities. Also in July, the Governor's Physicians Advisory Group established and implemented the COVID-19 Area Risk (CAR) Score, which became the primary tool used to assess the risk of an area's potential to spread COVID-19 to other states or countries through travel. In September 2020, GovGuam consolidated the quarantine facilities into one, procuring Hotel F as the only quarantine facility with minimum daily guaranteed rooms of 300, at \$159 per occupied room and \$120 per unoccupied room. In October 2020, Hotel E became the sole isolation facility with minimum daily guaranteed rooms between 48 and 150, at \$175 per person and \$90 per unoccupied room.

Throughout this period, the island fluctuated between PCOR levels (max. 1 and min. 3) and CAR Scores, which directly impacted the requirements for quarantine and isolations. Of the combined quarantine facilities, based on available data, we found 32% of rooms were unoccupied, accounting for \$2.1M, and 95% of rooms occupied accounted for \$17.8M during the period. For the isolation facilities, we found that 62% of rooms were unoccupied, accounting for \$1.5M, and 38% of rooms occupied accounted for \$2.1M. Although isolation facilities experienced a disproportionate rate of utilization, according to the Department of Public Health & Social Service (DPHSS), this resulted from the need to isolate those individuals with a positive COVID-19 test.

Quarantine Facilities

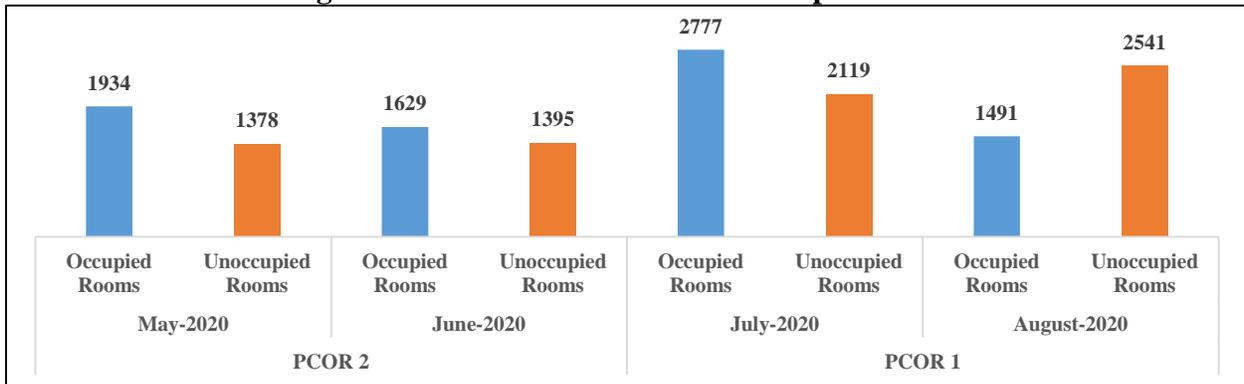
Hotel A

According to the PO, Hotel A was guaranteed 144 rooms daily. From May 2020 through August 2020, Hotel A invoiced for 15,264 rooms, of which 7,831 (or 51%) were rooms occupied, and 7,433 (or 49%) were rooms unoccupied. Occupied and unoccupied rooms were detailed within vendor invoices. The contracted room rate increased to \$110 per person (plus \$30 per additional person plus 11% occupancy tax) for an occupied room and \$65 unoccupied per room. See Table 6 and Figure 7 below.

Table 6: Hotel A Guarantee per PO

Quarantine Facility	Date Effective	Total Rooms Daily	Room Rates Daily
Hotel A	May 16, 2020	144 rooms	Occupied: \$110/person (+\$30 per add'l person +11% occupancy) Unoccupied: \$65 per room
	July 14, 2020	144 rooms	Occupied: \$110/person (+\$30 per add'l person +11% occupancy) Unoccupied: \$65 per room

Figure 7: Hotel A No. of Rooms Billed per Invoice



Hotel A showed occupied rooms adjusted for the utilization period, May 2020 through August 2020, to a total of 7,831 rooms, a 6% decrease from the previous March 2020 to May 2020 period of 8,352 rooms. Further, from May 2020 through August 2020 showed unoccupied rooms adjusted to a total of 7,433 rooms from the previous March 2020 to May 2020 period of zero rooms unoccupied. The zero total of unoccupied rooms accounting can be attributed to room utilization from March 2020 to May 2020 period did not distinguish between occupied and unoccupied rooms.

From May 2020 through August 2020, Hotel A showed an average of 1,958 rooms were occupied for the period and peaked in July 2020 with 2,777 rooms, 142% against the average. Unoccupied rooms showed an average of 1,858 rooms for the period and peaked in August 2020 with 2,541 rooms, 137% against the average. On September 1, 2020, Hotel A’s PO was terminated.

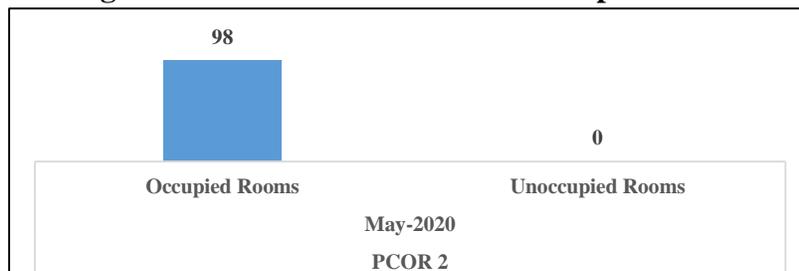
Hotel D

According to PO, Hotel D was guaranteed 98 rooms daily at a contracted room rate of \$99 per occupied room and \$90 per unoccupied room. Occupied and unoccupied room usage was not detailed through vendor invoices. See Table 7 and Figure 8 below.

Table 7: Hotel D Guarantee per PO

Quarantine Facility	Date Effective	Total Rooms Daily	Room Rates Daily
Hotel D	May 16, 2020	98 rooms	Occupied: \$99 per room Unoccupied: \$90 per room

Figure 8: Hotel D No. of Rooms Billed per Invoice



Hotel D’s PO, issued on May 2020 and to expire Aug. 16, 2020, showed an agreement for 98 rooms from the previous March 2020 period contracted request of 103-rooms. However,

GovGuam terminated the use of the facility after 6-days due to Hotel D not meeting the contract terms. After a procurement appeal decision, GovGuam and Hotel D agreed to a \$50K settlement.

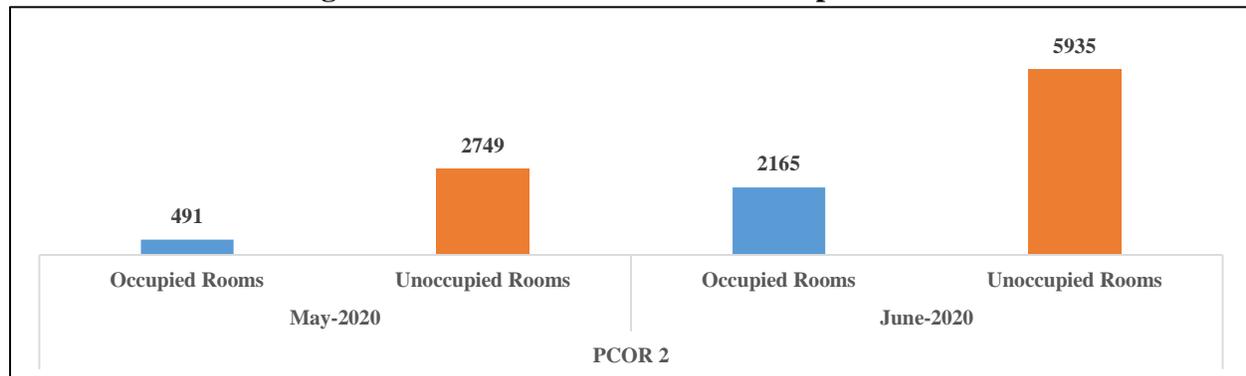
Hotel E

According to the PO, Hotel E was operating as a quarantine facility through emergency procurement on May 27, 2020. GovGuam was guaranteed 270 rooms daily at a contracted room rate of \$140 per person (plus \$30 per additional person) for occupied rooms and \$90 per unoccupied room. Between May 2020 and August 2020, Hotel E invoiced for 27,444 rooms, of which 9,496 (or 35%) were rooms occupied, and 17,948 (or 65%) were rooms unoccupied. See Table 8 and Figure 9 below.

Table 8: Hotel E Guarantee per PO

Quarantine Facility	Date Effective	Total Rooms Daily	Room Rates Daily
Hotel E	May 27, 2020	270 rooms	Occupied: \$140 per person (+\$30 per add'l person) Unoccupied: \$90 per room

Figure 9: Hotel E No. of Rooms Billed per Invoice



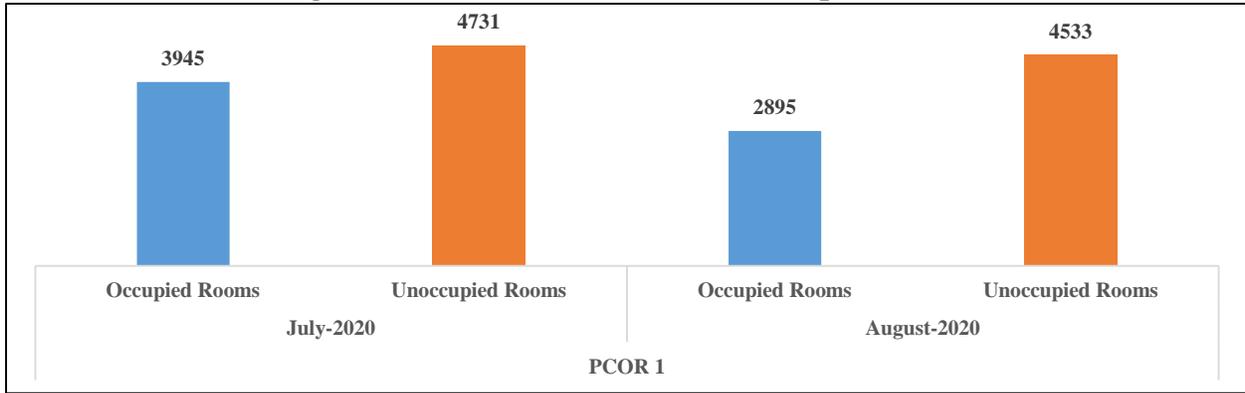
From May 22, 2020 to July 2, 2020, an average of 1,328 rooms were occupied for Hotel E. It peaked in June 2020 with 2,165 rooms, 163% against the average. Unoccupied rooms showed an average of 4,342 rooms for the period and peaked in June 2020 with 5,935 rooms, 137% against the average. See Figure 9 above.

Hotel E continued with a new PO effective July 14, 2020. GovGuam guaranteed 270 rooms at a contracted room rate of \$140 per person (plus \$30 per additional person) for occupied rooms and \$90 per unoccupied room. Hotel E invoiced a total of 16,104 rooms, of which 6,840 (or 42%) were rooms occupied, and 9,264 (or 58%) were rooms unoccupied. On July 20, 2020, Hotel E was converted to an isolation facility by GovGuam as part of the isolation facility operations. See Table 9 and Figure 10 below.

Table 9: Hotel E Guarantee per PO

Quarantine Facility	Date Effective	Total Rooms Invoiced	Room Rates per Daily
Hotel E	July 14, 2020	270 rooms	Occupied: \$140 per person (+\$30 per add'l person) Unoccupied: \$90 per room

Figure 10: Hotel E No. of Rooms Billed per Invoice



From July 2020 to August 2020, an average of 3,420 rooms were occupied for Hotel E and peaked in July 2020 with 3,945 rooms, 115% against the average. Unoccupied rooms averaged 4,632 rooms for the period and peaked in July 2020 with 4,731 rooms, though 102% against the average.

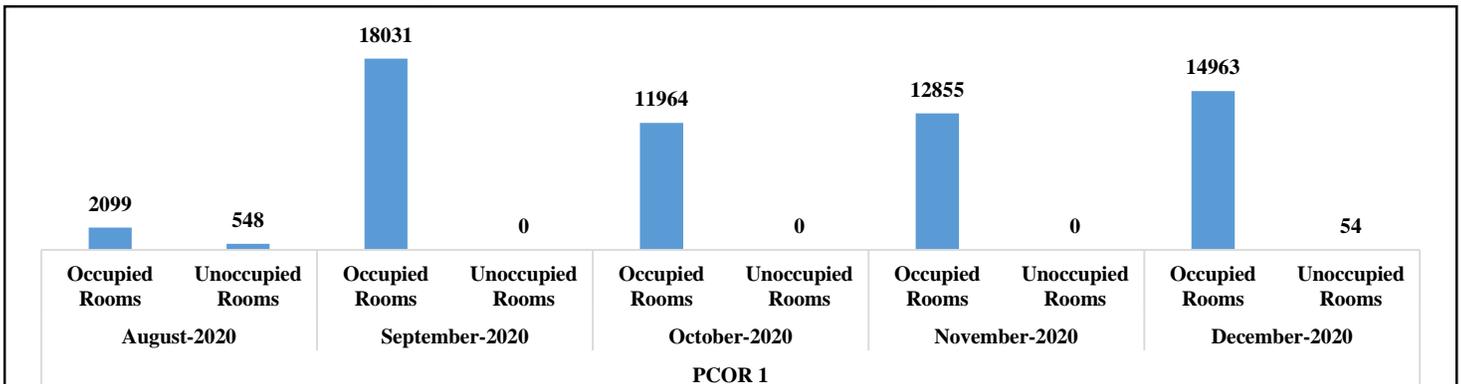
Hotel F

Hotel F was procured to operate as a quarantine facility through emergency procurement on September 2, 2020. GovGuam guaranteed 300 rooms at a contracted room rate of \$159 per occupied room and \$120 per unoccupied room. Hotel F totaled 60,514 rooms, of which 59,912 (or 99%) were rooms occupied, and 602 (or 1%) were rooms unoccupied. See Table 10 and Figure 11 below.

Table 10: Hotel F Guarantee per PO

Quarantine Facility	Date Effective	Total Rooms Daily	Room Rates Daily
Hotel F	September 2, 2020	300 rooms	Occupied: \$159 per room Unoccupied: \$120 per room
	October 1, 2020	300 rooms	Occupied: \$159 per room Unoccupied: \$120 per room

Figure 11: Hotel F No. of Rooms Billed per Invoice



From August 2020 to December 2020, an average of 11,982 rooms were occupied for Hotel F and peaked in September 2020 with 18,031 rooms, 150% against the average. Unoccupied rooms showed an average of 120 rooms for the period and peaked in August 2020 with 548 rooms, 455% against the average.

Isolation Facilities

From May 2020 through December 2020, the island experienced an increased surge in COVID-19-positive cases. GovGuam continued the utilization of Hotel B as an isolation facility and then added Hotel E. GovGuam renegotiated the room rates to document and distinguish between occupied and unoccupied rooms; however, the rooms rates were increased as much as 74% for occupied rooms for Hotel B and an increase of 40% for occupied rooms for Hotel E. The room rates for unoccupied rooms for both Hotel B and Hotel E were similar at \$90 per unoccupied room. GovGuam terminated all services of Hotel B as an isolation facility on September 1, 2020.

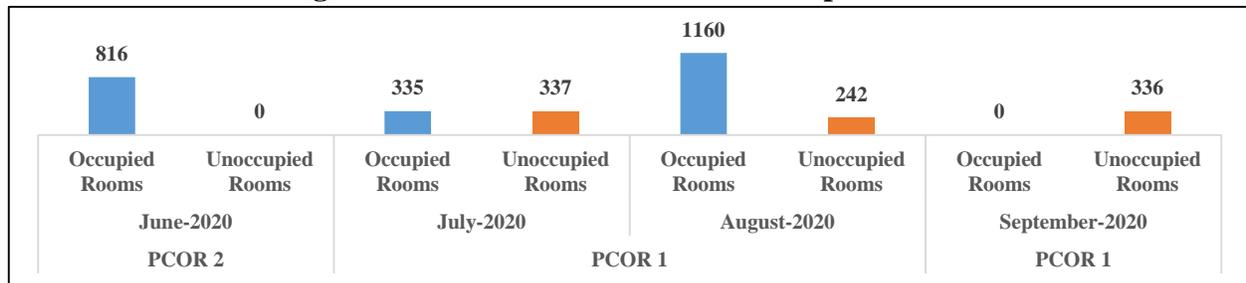
Hotel B

From May 17, 2020 (term expiry) through September 2020, Hotel B continued to operate as an isolation facility, however, 64 days lapsed before a new PO was completed on July 20, 2020. GovGuam guaranteed 48 rooms daily. Hotel B was invoiced for a total of 3,226 rooms, of which 2,311 (or 72%) were rooms occupied and 915 (or 28%) were rooms unoccupied. Occupied and unoccupied room data was documented through vendor invoices. See Table 11 and Figure 12 below.

Table 11: Hotel B Guarantee per PO

Isolation Facility	Dates Effective	Total Rooms Daily	Room Rates per P.O.
Hotel B	July 20, 2020	48 rooms	Occupied: \$174 per room (\$150 per+11% occupancy tax +5% business privilege tax) Unoccupied: \$90 per room (+5% business privilege tax)

Figure 12: Hotel B No. of Rooms Billed per Invoice



From June 2020 to September 2020, Hotel B showed an average of 578 rooms occupied for the period and peaked in August 2020 with 1,160 rooms, 201% against the average. Unoccupied rooms showed an average of 229 rooms for the period and peaked in July 2020 with 337 rooms, 147% against the average. On September 1, 2020, Hotel B’s PO was terminated.

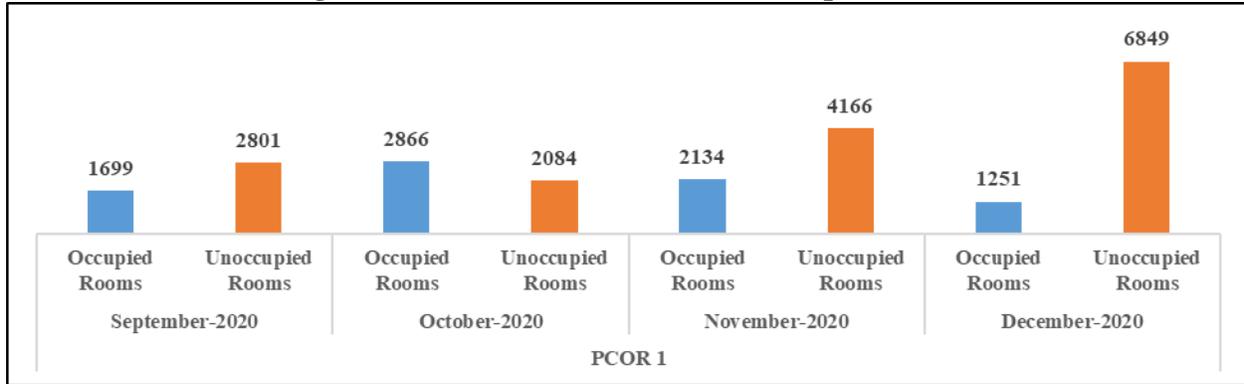
Hotel E

From July 2020 through December 2020, Hotel E was contracted as an isolation facility. However, data for individuals was not recorded until September 2020. GovGuam guaranteed 48 to 150 rooms daily. Hotel E invoiced 23,850 rooms, of which 7,950 (33%) were rooms occupied and 15,900 (67%) were rooms unoccupied. See Table 12 and Figure 13 below.

Table 12: Hotel E Guarantee per PO

Isolation Facility	Dates Effective	Total Rooms Daily	Room Rates per P.O.
Hotel E	July 20, 2020	48 rooms	Occupied: \$175 per person (+\$50 per add'l person) Unoccupied: \$90 per room
	September 15, 2020	48 rooms	Occupied: \$175 per person (+\$50 per add'l person) Unoccupied: \$90 per room
	October 1, 2020	48 to 150 rooms	Occupied: \$175 per person (+\$50 per add'l person) Unoccupied: \$90 per room

Figure 13: Hotel E No. of Rooms Billed per Invoice



From September 2020 to December 2020, Hotel E showed an average of 1,988 rooms occupied for Hotel E and peaked in October 2020 with 2,866 rooms, 144% against the average. Unoccupied rooms showed an average of 3,975 rooms for the period and peaked in December 2020 with 6,849 rooms, 172% against the average.

COVID-19 Recovery Response (January 2021 to April 2022)

Guam started moving towards recovery response with the rollout of vaccinations that began in December 2020 for the first dosage and January 2021 for the second dosage for those who were initially eligible. Vaccination eligibility began expanding in the subsequent months. In January 2021, the Governor of Guam launched the "Operation Liberate Guam" campaign to get the island to herd immunity, which would have 80% of the eligible population vaccinated. During this period, Guam continued to use Hotel F as the quarantine facility with minimum guaranteed rooms of up to 300 a day, at a daily rate of \$159 per occupied room and \$120 per unoccupied room. For Hotel F, we found 36% of rooms were unoccupied, accounting for \$3.7M, and 97% of rooms occupied accounted for \$22M during the period. Hotel E was continually occupied as the isolation facility with a minimum guaranteed 48 to 150 rooms a day, at a rate of \$175 per person per room occupied and \$90 per unoccupied room. For Hotel E, we found that 77% of rooms were unoccupied, accounting for \$3.3M, and 22% of rooms occupied accounted for \$2.1M. Although isolation facilities experienced a disproportionate rate of utilization, according to the DPHSS, this resulted from the need to isolate those individuals with a positive COVID-19 test.

Quarantine Facility

Hotel F

From January 2021 through November 2021, Hotel F continued operating as the sole quarantine facility. Hotel F was invoiced for a total of 111,176 rooms, of which 80,974 (or 73%) were rooms occupied and 30,202 (27%) were rooms unoccupied. See Table 13 and Figures 14 & 15 below.

Table 13: Hotel F Guarantee per PO

Quarantine Facility	Dates Effective	Total Rooms Daily	Room Rates Daily
Hotel F	October 1, 2020	300 rooms	Occupied: \$159 per room Unoccupied: \$120 per room
	October 5, 2021	74 rooms	Occupied/Unoccupied: \$150 per room (plus tax)

Figure 14: Hotel F No. of Rooms Billed per Invoice

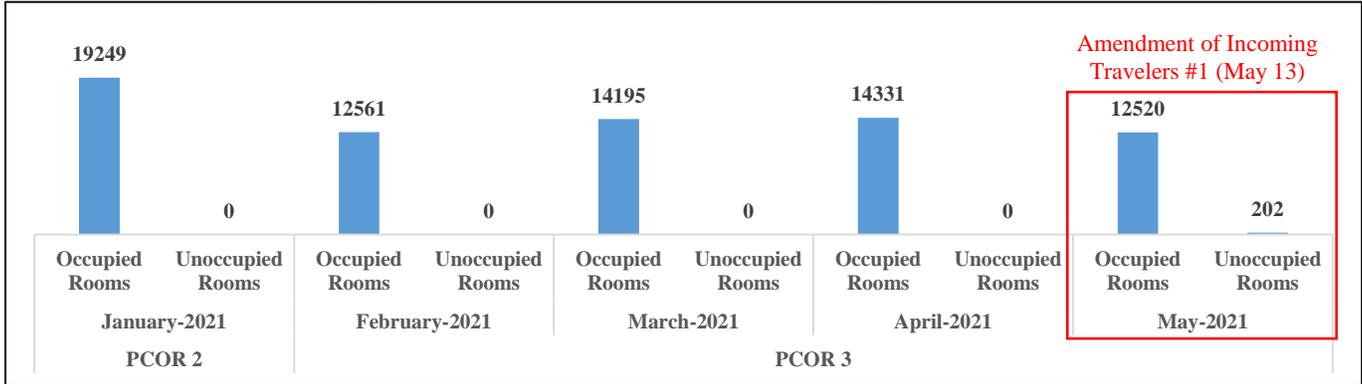
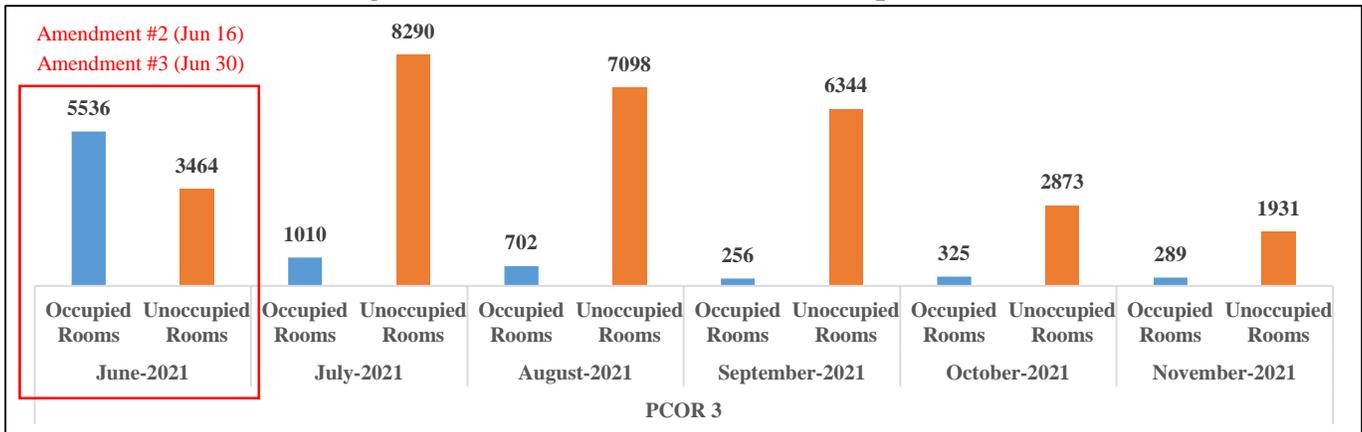


Figure 15: Hotel F No. of Rooms Billed per Invoice



On May 13, 2021, the Governor of Guam issued Executive Order No. 2021-10, which amended the quarantine program for incoming travelers and further amended restrictions during PCOR 3. The amendment stated, effective May 15, 2021, that all incoming travelers who have been fully vaccinated with a U.S. Federal Drug Administration-approved COVID-19 vaccine are not subject to quarantine. For May 2021, GovGuam reported Hotel F had 12,520 occupied rooms and 202 unoccupied rooms, a 13% decrease in occupied rooms and a 100% increase in unoccupied rooms compared to 14,331 (peak period) occupied rooms and zero unoccupied rooms in April 2021. Though with an amendment to quarantine restrictions in place, documents indicated a steady decrease in quarantine facility admissions but continued utilization of Hotel F by GovGuam until November 2021.

On June 16, 2021, the Governor of Guam issued Executive Order No. 2021-13 which amended restrictions for incoming travelers and quarantine facilities, and other conditions during PCOR 3.

Subsequently, on June 30, 2021, the Governor of Guam issued Executive Order No. 2021-15 which extended the public health emergency declared to respond to COVID-19 and amended restrictions for incoming travelers and quarantine facilities. These amendments further stated the inclusion of travelers with a negative PCR and antigen test taken within 72 hours of arrival to Guam are exempt from quarantine in addition to vaccinated travelers. However, in June 2021, GovGuam reported Hotel F had 5,536 occupied rooms and 3,464 unoccupied rooms. This was a 56% decrease in rooms occupied and a 1,615% increase in rooms unoccupied compared to 12,520 rooms occupied and 202 rooms unoccupied in May 2021. Though with further amendments to quarantine restrictions in place, documents indicated a steady decrease in quarantine facility admissions but continued utilization of Hotel F by GovGuam until November 2021.

In July 2021, the Acting Governor announced that Guam had reached the Operation Liberate Guam goal of an 80% fully vaccinated rate. Knowing this, GovGuam should have amended the minimum number of guaranteed rooms for Hotel F as early as July 2021. Instead, GovGuam waited until October 2021 to amend the minimum daily guaranteed rooms from 300 to 74 at a daily rate of \$150 per occupied room plus tax, regardless of occupied or unoccupied. From July 2021 through November 2021, the facility averaged 516 rooms occupied and 5,307 rooms unoccupied, which meant GovGuam paid a lot more for those unoccupied rooms than occupied rooms. GovGuam terminated all services with Hotel F as a quarantine facility effective November 30, 2021.

Isolation Facility

Hotel E

From January 2021 through April 2022, Hotel E continued operating as the sole isolation facility. During the period, Hotel E invoiced a total of 47,318 rooms, of which 10,642 (or 22%) were occupied rooms and 36,676 (or 78%) were unoccupied rooms. See Table 14 and Figures 16, 17, & 18 below.

Table 14: Hotel E Guarantee per PO

Isolation Facility	Dates Effective	Total Rooms Daily	Room Rates Daily
Hotel E	October 1, 2020	48 to 150 rooms	Occupied: \$175 per person (+\$50 per add'l person) Unoccupied: \$90 per room
	October 11, 2021	48 to 150 rooms	Occupied: \$175 per person (+\$50 per add'l person)

Figure 16: Hotel E No. of Rooms Billed per Invoice (FY 21)

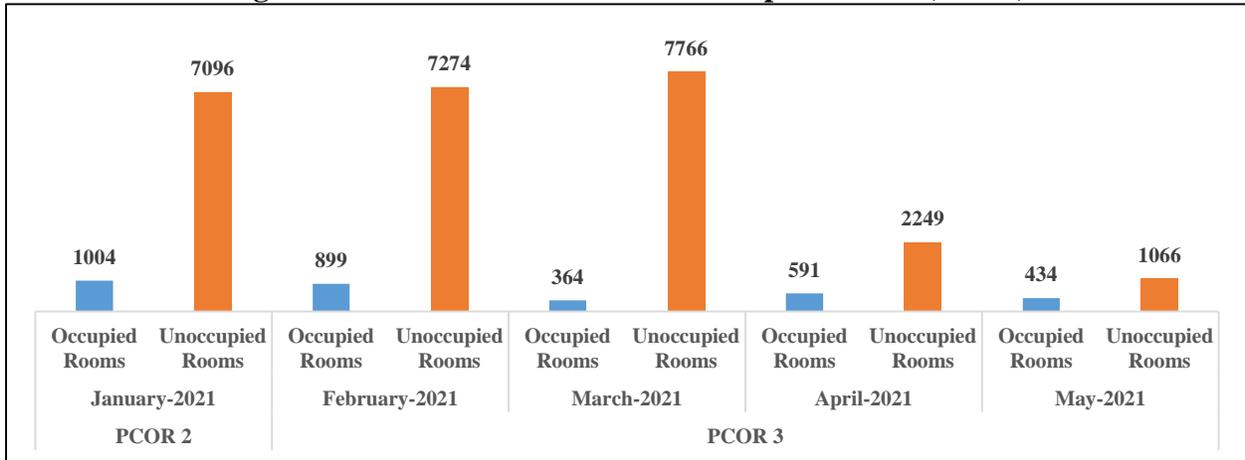


Figure 17: Hotel E No. of Rooms Billed per Invoice (FY 21)

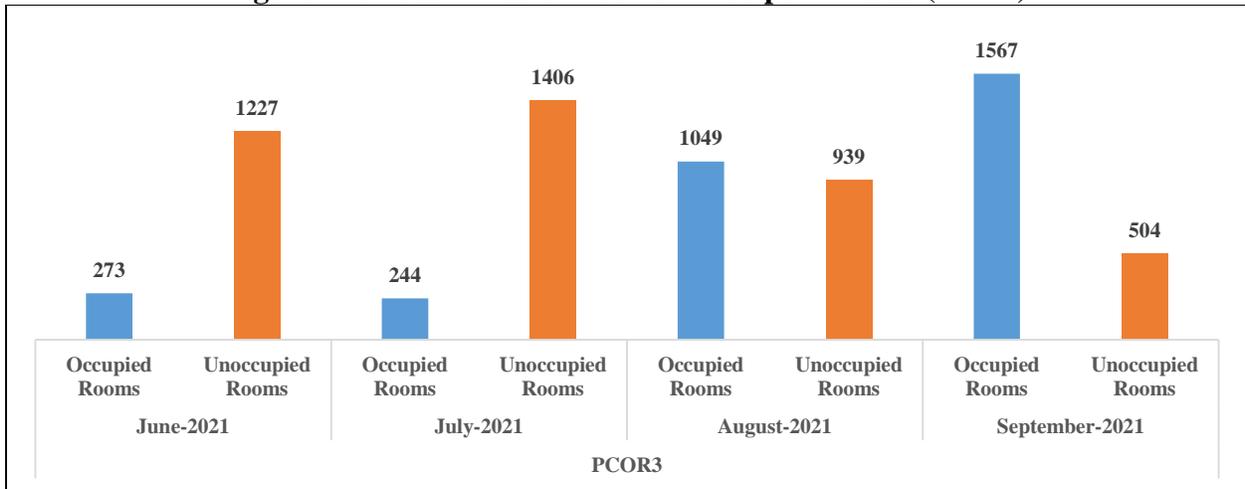
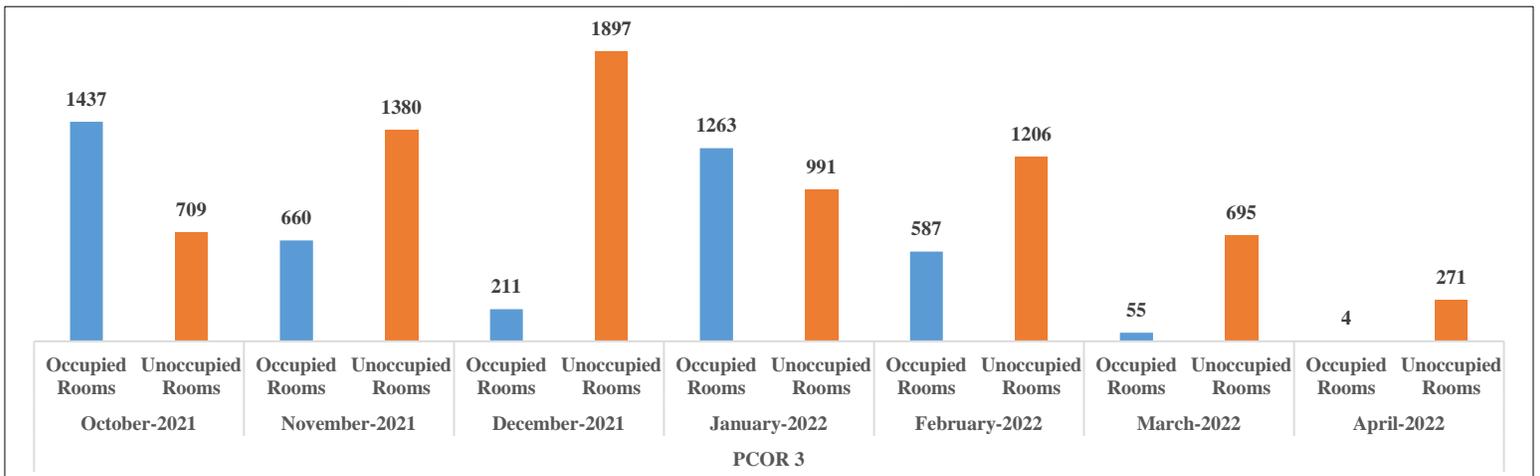


Figure 18: Hotel E No. of Rooms Billed per Invoice (FY 22)



For May 2021, GovGuam reported that Hotel E had 434 rooms occupied and 1,066 rooms unoccupied. This was a 27% decrease in rooms occupied and a 53% decrease in rooms unoccupied from the previous month. With an amendment to restrictions in place, records indicated further use of Hotel E into June 2021.

In June 2021, GovGuam reported Hotel E had 273 occupied rooms and 1,227 unoccupied rooms. This was a 37% decrease in rooms occupied and a 115% increase in rooms unoccupied from the previous month. With further amendments to restrictions in place, records indicated further use of Hotel E until April 2022.

While GovGuam had control over the quarantine requirements, which directly impacted the number of rooms needed in the quarantine facility, we understand that it would not be the same for the isolation facility. Predicting utilization of the isolation facility is a lot more challenging as it solely depends on the number of positive COVID-19 cases in the community and if individuals cannot isolate at home. GovGuam terminated all services with Hotel E effective April 11, 2022.

Review and Payment Process of Invoices of Quarantine and Isolation Facilities

On May 8, 2020, the Governor of Guam instructed the DOA to make payments on accumulated billings and invoices to quarantine, isolation, and other COVID-19-related facilities. The GHS oversaw the collection of billings and invoices from the quarantine, isolation, and other COVID-19-related facilities. From March 2020 through April 2022, quarantine and isolation facilities invoices numbered 744, accounting for \$61.1M of invoiced costs to GovGuam. However, the GHS noted they did not have a standard operating procedure for the review and verification of invoices. See Table 15 below.

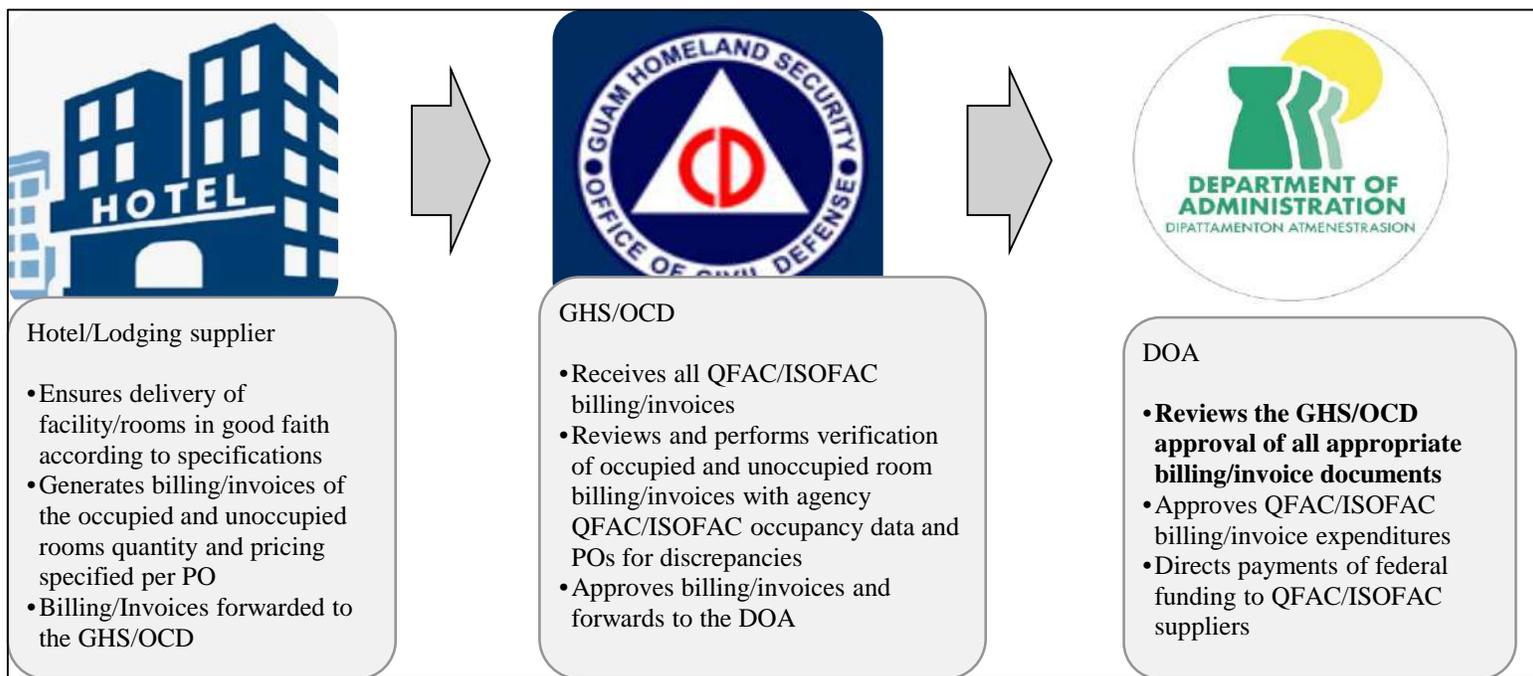
Table 15: QFAC and ISOFAC Invoices

QFAC/ISOFAC	Invoice(s)		Total Invoice Costs	
	Quantity	Percentage (%)	Amount (\$)	Percentage (%)
Hotel A	20	3%	\$2,423,386	4%
Hotel B	14	2%	\$990,692	2%
Hotel C	12	2%	\$4,914,815	8%
Hotel D	2	0%	\$163,300	0%
Hotel E	243	33%	\$11,462,137	19%
Hotel F	453	61%	\$41,119,153	67%
Total	744	100%	\$61,073,483	100%

As seen in Figure 19 below, based on the payment procedures and per PO guidelines, awarded hotels and lodging vendors directed all billings and invoices to the GHS. According to the GHS Administration and Finance Office, each invoice is reviewed and assessed for accuracy based on documentation of the admission and discharge of individuals into the quarantine and isolation facilities. The documents used for this review and assessment are named the Guam National Guard (GUNG) Status Reports, also called “GUNG Reports”. The GUNG Status Report is a sheet displaying the organization’s accounting of individuals lodged in quarantine and isolation facilities, the status of medical support, and the current and next-day anticipation of the incoming number of individuals from incoming flights.

Upon verification and approval by the GHS Advisor, the invoices are forwarded by email to the DOA. The DOA conducts its own review and assessment of each approved/certified invoice billing against the PO or contract. Lastly, the DOA Director approves the payments to the quarantine, isolation, and other COVID-19-related facilities from GovGuam funds which are guaranteed reimbursement from federal funding through the Coronavirus Aid, Relief, and Economic Security Act and the American Rescue Plan.

Figure 19: QFAC/ISOFAC Payment Process



GUNG Reports Unreliable for Invoice Verification

Quarantine and isolation facilities hotel vendors were instructed per PO to direct all invoices to the GHS. The GHS performs the review and verification of rooms occupied and unoccupied in the vendors’ invoices before transmitting to the DOA to process for payment. Of the 744 invoices amounting to \$61.1M in invoiced costs, 487 (65%) were invoices from quarantine facilities (Hotel A, C, D, and F) accounting for \$48.6M (80%) of invoiced costs, and 257 (35%) were invoices from isolation facilities (Hotel B and E) amounting to \$12.4M (20%). See Table 16 below.

Table 16: QFAC and ISOFAC Invoices

	Invoice(s)		Total Invoice Costs	
	Quantity	Percentage (%)	Amount (\$)	Percentage (%)
QFAC				
Hotel A	20	4%	\$2,423,386	5%
Hotel C	12	2%	\$4,914,815	10%
Hotel D	2	0%	\$163,300	0%
Hotel F	453	93%	\$41,119,153	85%
QFAC subtotal	487	65%	\$48,620,654	80%
ISOFAC				
Hotel B	14	5%	\$990,692	8%
Hotel E	243	95%	\$11,462,137	92%
ISOFAC subtotal	257	35%	\$12,452,829	20%
Overall totals	744		\$61,073,483	

In our examination of payment procedures, we compiled the 233 invoices for Hotel E and tested a sample of 10 invoices (4%) for December 2020. We also compiled 453 invoices for Hotel F and tested a sample of 31 invoices (7%) for January 2021. We selected the month which has the highest invoiced cost during the period. See Table 17 below.

Table 17: Sample Analysis of QFAC/ISOFAC Invoices Verifications

	Invoices		Expenditures	
	Qty	%	\$	%
QFAC				
Hotel F	453	93%	\$41,119,153	85%
Sample – January 2021	31	7%	\$5,308,772	13% (highest)
ISOFAC				
Hotel E	243	95%	\$11,462,137	92%
Sample – December 2020	10	4%	\$862,735	8% (highest)

As a result of sample testing, we found the GUNG reports did not reconcile with the number of occupied and unoccupied rooms on vendor invoices and, therefore, were unreliable as the basis for the verification of the accuracy of vendor invoices. Specifically, the GUNG reports 1) did not reflect the accurate number of guaranteed rooms per the PO, and 2.) none of the number of rooms occupied and unoccupied matched with vendors' invoices. Consequently, we could not confirm that vendors' invoices were properly reviewed and verified by the GHS prior to transmission to the DOA for payment processing. However, the GHS confirmed it solely used the GUNG reports as the supporting documentation to verify all invoices.

Additionally, we were not able to verify if the sampled 41 invoices totaling \$6.2M were paid by the DOA or are still pending payment. Based on the DOA's payment procedure, it conducts its own independent review of the invoices based on contracts and POs prior to payment.

In a joint response, the GHS noted their initial review was conducted based on the GUNG reports, and vendor invoices were submitted with tickets sourced from the GUNG. In addition, the GHS performed manual verification of noted discrepancies with both the GUNG and the vendor with reconciliation of discrepancies frequently resulting in the vendor being required to produce revised invoices. The GHS maintains that, while a margin of error may exist regarding invoice discrepancies, they closely reviewed invoices and reconciled any discrepancies with both the GUNG and the vendor.

Unverifiable QFAC/ISOFAC Invoices

We reviewed 243 transactions for Hotel E, comprising of 95% of all isolation facilities transactions. We found 75 (out of 243) transactions of Hotel E totaling \$1.9M to have been received and reviewed by the GHS but could not be verified if paid by the DOA. We reviewed 453 transactions for Hotel F, comprising 93% of all quarantine facilities transactions. We found 213 (out of 453) transactions totaling \$17.3M to have been received and reviewed by the GHS, but could not be verified if paid by the DOA. See Table 18 below.

Table 18: Unverifiable QFAC/ISOFAC Invoices

	Invoice(s)		Invoice Cost	
	Quantity	%	\$	%
ISOFAC				
Hotel E	243	95%	\$11,462,137	92%
Unverifiable Invoices	75	31%	\$1,918,565	17%
QFAC				
Hotel F	453	93%	\$41,119,153	85%
Unverifiable Invoices	213	47%	\$17,262,700	42%
Total Unverified Invoices	288		\$19,181,265	

We provided our listing to the DOA to help us identify why were the 288 invoices were not processed for payment and listed in the DOA internal expenditure report. In an updated listing provided by the DOA, only 10 invoices (out of 75) totaling \$457K and only 161 invoices (out of 213) totaling \$15.3M were identified as paid by the DOA. See Tables 19 and 20 below.

Table 19: ISOFAC-Hotel E Identified Transactions

Hotel E	Invoice		Invoice Cost	
	Quantity	%	\$	%
Total Unidentified Invoices	75	31%	\$1,918,565	17%
Identified Paid after Reconciliation	10	13%	\$457,560	24%
Undeterminable if Paid or Processed for Payment	65	87%	\$1,461,005	76%

Table 20: QFAC-Hotel F Identified Transactions

Hotel F	Invoice		Invoice Cost	
	Quantity	%	\$	%
Total Unidentified Invoices	213	47%	\$17,262,700	42%
Identified Paid after Reconciliation	161	76%	\$15,258,315	88%
Undeterminable if Paid or Processed for Payment	52	24%	\$2,004,384	12%

As of the date of this report, 65 invoices (out of 75) totaling \$1.5M for Hotel E and 52 invoices (out of 213) totaling \$2M for Hotel F remained undeterminable if paid or in process for payment by the DOA.

Based on our review, the GUNG reports used by the DOA as a basis for payment of invoices were unreliable. Therefore, we question the invoices confirmed by the DOA as paid, totaling \$15.7M for 171 invoices. Further, the DOA has not provided confirmation for the remaining 117 invoices totaling \$3.5M. Thus, we were unable to verify whether payments were made.

In a joint response, the DOA performed a sample testing of the **identified billing** (invoices were not provided, and determined that the invoices sampled had in fact **been paid by DOA**. An updated transaction list prior to the termination of this audit has not been provided by the DOA, as promised in the joint response.

Conclusion and Recommendations

The need for quarantine and isolation facilities was vital to combat the COVID-19 pandemic. While we recognize that number of individuals needing isolation was harder to predict and control even with the rollout of vaccinations, the number of visitors and returning residents traveling to Guam requiring quarantine began to decrease significantly because of vaccinations and the lessening of quarantine requirements.

An analysis of quarantine and isolation facilities showed a higher utilization during the initial response and pandemic surge months between March 2020 and May 2021, with a considerable decrease in quarantine room usage in the recovery response from June 2021 to November 2021. Quarantine facilities were brought to a close on November 30, 2021 and isolation facilities ended on April 11, 2022. In addition, we assessed and compared a sample of invoices to the payment process, which led us to determine the GUNG reports were not reliable for confirming accuracy of vendor invoices and could not determine if some of sampled invoices were processed for payment.

On January 6, 2023, the Governor of Guam brought an end to the public health emergency, which had been in place for almost three years due to the COVID-19 virus. The OPA analyzed the procurement of facilities in the OPA Report No. 21-06. This current performance audit analyzed the usage of the six facilities obtained to provide shelter for individuals on Guam in the wake of this unforeseen health emergency. Although, we acknowledged the Governor's position regarding her authority, we still think that the lowering of the minimum guaranteed rooms at the quarantine facilities could have been carried out at the same time as the quarantine regulations were significantly lifted.

GovGuam was making amendments to PO for quarantine facilities to increase utilization dates when it knew that quarantine was continually needed. However, GovGuam should have known quarantine numbers would significantly decline around July 2021 because of the reduction in quarantine days and lifting of quarantine requirements for fully vaccinated travelers and those coming in with a negative COVID-19 test. Therefore, they should have amended to reduce the minimum number of guaranteed rooms at the quarantine facility. Instead, it was not until October 2021 that GovGuam reduced the number or minimum guaranteed quarantine rooms. GovGuam should use the available data and information to help reduce unnecessary expenses when possible. In addition, improvements in the review and approval of invoices is needed to ensure that all expenditures were valid.

In addition, the following are recommended:

- DOA & DOA Director,
 - If feasible, expand the review of billed invoices to determine the following:
 - a) Accuracy of vendors' billings;
 - b) Unpaid invoices; and
 - c) Paid invoices not included in the DOA internal expenditure report.
- GHS & Homeland Security Administrator

- Homeland Security Administrator or designee works with the DOA to formalize standard operating procedures for billing/invoices verification;
- Improve the GUNG report to include accurate and relevant information as an effective tool to review, verify, and certify the accuracy of vendor billing.

Classification of Monetary Amounts

	Findings Description	Questioned Costs	Potential Savings	Unrealized Revenues	Other Financial Impact	Total Financial Impact
1.	GovGuam COVID-19 Initial Response	\$0	\$0	\$0	\$0	\$0
	<i>Subtotal</i>	\$0	\$0	\$0	\$0	\$0
2.	COVID-19 Pandemic Surge	\$0	\$0	\$0	\$0	\$0
	<i>Subtotal</i>	\$0	\$0	\$0	\$0	\$0
3.	COVID-19 Recovery Response	\$0	\$0	\$0	\$0	\$0
	<i>Subtotal</i>	\$0	\$0	\$0	\$0	\$0
4.	Review and Payment Process of Invoices for Quarantine and Isolation Facilities					
	<i>a. GUNG Reports Unreliable for Invoice Verification</i>	\$0	\$0	\$0	\$0	\$0
	<i>b. Unverifiable QFAC/ISOFAC Invoices</i>	\$15.7M	\$0	\$0	\$0	\$15.7M
	<i>Subtotal</i>	\$15.7M	\$0	\$0	\$0	\$15.7M
	Overall Total	\$15.7M	\$0	\$0	\$0	\$15.7M

Management Response and OPA Reply

In December 2022, we provided a draft report to the DOA and the GHS for their official response, and audit exit conferences were held for each agency. In their January 2023 joint management response letter, the DOA and the GHS generally opposed our findings and recommendation.

The DOA and the GHS contended the short deferment in the procurement of quarantine facilities with reduced minimum guaranteed rooms following the June 2021 amendments to the quarantine policy was justified. The DOA and the GHS stated that the Governor's quarantine and isolation policies were periodically revised to reflect the best available science at the time of the modification, taking into account the recommendations of the U.S. Centers for Disease Control and the advice of local experts, including the Guam National Guard Surgeon Cell, the Physicians Advisory Group, and the Department of Public Health and Social Services.

In addition, the DOA and the GHS contend that, given the volatility of the COVID-19 virus, the lessons learned following the summer 2020 surge and the summer 2021 surge on Guam resulting from the prevalence of the Delta variant, it was reasonable to draw down on the number of minimum guaranteed rooms on a slow, staggered basis to allow a possible ramp up in the quarantine activity if necessary. Once the Governor determined that further quarantine restrictions would not be implemented, the GSA proceeded with wind down of the quarantine facility. Ultimately, the Governor is empowered by the Organic Act with the ultimate authority to establish and operate the quarantine facility and to regulate quarantine, and her determination to retain the facility for a short period is well within her authority.

While we respect the Governor's position regarding the authority, we still believe the reduction in minimum guaranteed rooms at the quarantine facility could have been done concurrently when the quarantine requirements were significantly removed.

With regards to the discrepancies in invoice verification, the DOA and the GHS continued to contend they closely reviewed and verified invoices prior to payment and where appropriate the GHS requested revised invoices from the vendors and did not approve invoices without the necessary reconciliation. However, they did not provide any additional information or documents to explain the discrepancies only that "a margin of error may exist". Therefore, the finding and questioned costs remain. Please refer to Appendix 4 for the full management response.

We recognize the unique public health emergency presented by the COVID-19 pandemic and laud GovGuam for their dedication to tackling the pandemic. However, it is essential to identify any lessons learned from the experience to help make essential changes to better future plans, which was the goal of our audit. We are appreciative of the cooperation given by the DOA and the GHS during this audit.

OFFICE OF PUBLIC ACCOUNTABILITY



Benjamin J.F. Cruz
Public Auditor

Appendix 1: Objective, Scope, & Methodology

Objective

To determine whether 1) the total number and costs of rooms versus unused allowed for the efficient use of the Government of Guam (GovGuam) quarantine and isolation facilities, and 2) GovGuam properly reviewed and paid invoices for quarantine and isolation facilities with applicable rules and regulations.

Scope

The audit covered the COVID-19 quarantine and isolation facilities utilization from March 1, 2020 to April 30, 2022. This report does not include a facility utilization analysis of Other COVID-19-related facilities (i.e., nurse lodging, homeless shelters, etc.).

Methodology

To accomplish our objective, we performed the following:

1. Identified and reviewed applicable laws, rules, and regulations related to facilities acquisition analysis.
2. Identified and reviewed the Guam Procurement Rules and Regulations, laws pertaining to the Executive Branch's oversight responsibilities, the Governor's executive orders and memoranda, and other relevant documents pertaining to GovGuam's response to the COVID-19 pandemic, and prior audits on GovGuam procurement.
3. Analyzed and reviewed all documents pertinent to utilization calculations.
4. Obtained and reviewed the procurement records for the quarantine and isolation facilities.
5. Obtained and analyzed COVID-19 quarantine and isolation facility-related expenditure data from the Department of Administration (DOA).
6. Obtained and analyzed quarantine and isolation facility invoices from the Guam Homeland Security (GHS).
7. Conducted interviews with the GHS and the DOA.

We conducted this audit in accordance with the standards for performance audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States of America. These standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix 2: Prior Audit Coverage

OPA Report No. 21-06: Government of Guam Procurement of Hotels Used for COVID-19 Quarantine and Isolation (Issued July 2021)

The audit objective was to determine whether the procurement of COVID-19 quarantine and/or isolation hotels was conducted in accordance with applicable rules and regulations. This audit covered March 1, 2020 through December 31, 2020. The audit reported that the initial procurement conducted by the Office of the Governor did not comply with the Guam Procurement Law, questioned costs totaled \$3M for the following deficiencies:

- (1) Improper procuring authority,
- (2) Conflict of interest with one of the awarded facilities,
- (3) Incomplete procurement record, and
- (4) Contract issues.

A recommendation was made to issue an Invitation for Bid for the quarantine and isolation facility instead of continuously using emergency procurement.

Appendix 3:

Applicable Law and Regulations

Public Law (P.L.) 35-109 (passed in October 2020)

P.L. 35-109 recognizes that environmental threats can create an urgent need to procure goods, services, and construction in the same way that threats to public health, welfare, and safety can. The new law recognizes that procurement in 30-day time frames will not always be sufficient to respond adequately to such emergencies. In addition, the new law imposes additional requirements on processing such emergency procurement.



DEPARTMENT OF
ADMINISTRATION
DIPATTAMENTON ATMENESTRASION
DIRECTOR'S OFFICE
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Transmitted via: Hand Delivery

January 9, 2023

BENJAMIN J.F. CRUZ
Public Auditor
OFFICE OF THE PUBLIC ACCOUNTABILITY
Suite 401, DNA Building
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Hagåtña, Guam 96910

Re: Joint Response to the OPA Draft Report regarding Quarantine Utilization

Hafa Adai Public Auditor Cruz:

I. INTRODUCTION

On December 13, 2022, the Office of the Public Accountability (“OPA”) transmitted a Draft Report to the Department of Administration (“DOA”), and to Guam Homeland Security/Office of Civil Defense (“GHS/OCD”), entitled *Government of Guam, COVID-19 Quarantine and Isolation Facilities Utilization Analysis* (“Draft Report”). Though the Draft Report included placeholder Appendices for pending agency responses, Appendix 1, which contains the heading “Objective, Scope & Methodology” is also blank. As of the time of this submission, no supplemental information relative to Appendix 1 has been provided.

The Draft Report states that the audit was conducted with the following objectives:

1. Whether the total number and costs of rooms versus unused rooms allowed for the efficient use of GovGuam quarantine and isolation facilities; and
2. Whether GovGuam properly reviewed and paid invoices for quarantine and isolation facilities with applicable rules and regulations.

Draft Report at 5. The OPA ultimately found that the Government of Guam (“GovGuam”) should have anticipated a decline in the number of quarantine rooms needed around June 2021 due to the implementation of various amendments to the quarantine policy in place at the time, and should have correspondingly reduced the number of guaranteed rooms contracted at the quarantine facility. *Id.* at 4. With regard to the review and payment of quarantine and isolation facility invoices, the OPA found that the Guam National Guard (“GUNG”) Reports did not reconcile with vendor invoices and could not be relied upon in reviewing such invoices. *Id.*

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Fr: Edward M. Birn, Director, Department of Administration; Samantha Brennan, Homeland Security Advisor, Office of Homeland Security/Office of Civil Defense
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As the Draft Report acknowledges, the use of quarantine and isolation facilities was a vital component of our island's response to the COVID-19 pandemic. Along with community-level restrictions, quarantine and isolation policies were implemented with the goal of preventing the spread of the virus on the island, recognizing the very real threat that the island's healthcare system, already challenged, could be completely overwhelmed if the case count was not managed. The U.S. Centers for Disease Control and Prevention ("CDC"), which had embedded personnel on Guam, originally estimated that, without action, Guam would suffer approximately three thousand (3,000) fatalities. With this understanding, Governor Leon Guerrero took decisive action to slow the introduction of new cases into Guam, to slow the spread of the disease in the community, and, ultimately, to manage hospitalizations and deaths.

As discussed further herein, Governor Leon Guerrero's quarantine and isolation policies were periodically revised to reflect the best available science at the time of the modification, and took into account the recommendations of the U.S. Centers for Disease Control and the advice of local experts including the Guam National Guard Surgeon Cell, the Physicians Advisory Group ("PAG"), and the Department of Public Health and Social Services ("DPHSS").¹ Along with community-level restrictions, the quarantine and isolation policies enabled the government to slow the spread of COVID-19 in the community and ensured the continued viability of Guam's fragile healthcare delivery system. Notably, while few jurisdictions internationally required the use of government quarantine facilities upon arrival of travelers, Guam's government quarantine program was unique because GovGuam incurred the cost of the quarantine, recognizing that quarantine posed an inconvenience, or, in some cases, a hardship on the quarantined individuals.

While modifications to the quarantine and isolation policies were implemented immediately, as were modifications to community-level restrictions, the true impact of policy change often did not manifest immediately, and it was important to continue the activation of certain measures for a period of time until sufficient data was available demonstrating that the measures were no longer necessary or could be reduced. Ultimately, the policy decision regarding the appropriate time to draw down on quarantine or isolation facilities rests with the Governor, who is charged by the Organic Act of Guam with ultimate authority to establish and operate quarantine facilities, and to regulate quarantine for the protection of the community. *See In Re: Request of Leon Guerrero*, 2021 Guam 6, attached hereto as **Exhibit A**.

As the Draft Report notes, GovGuam procured several hotels to serve as quarantine facilities during the pandemic. Numerous factors affected the procurement of these facilities. At the beginning of the pandemic, when it was not yet clear that the pandemic was going to substantially disrupt the travel industry and local hotels expected only a brief interruption to tourism, most hotels declined to participate in the quarantine program, which not only required the dedication of most of their rooms, it required additional sanitation measures. While such measures may serve as the

¹ While the Draft Report identifies the COVID-19 Area Risk Score, also known as the CAR Score, as "the primary tool used to assess the risk of an area's potential to spread COVID-19 to other states or countries through travel," *Draft Report* at 12, and further that fluctuations in the island's Pandemic Condition of Readiness ("PCOR") and CAR Scores "directly impacted the requirements for quarantine and isolation," *Id.*, the decision to revise quarantine and isolation policies was based on numerous other factors as identified above.

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norm today, at the time, they were uncommon and burdensome. Naturally, at the beginning of the pandemic, infection with COVID-19 was stigmatized, and hotels were not interested in housing individuals who either had COVID-19 or potentially had COVID-19, even on a short-term basis.

The March 25, 2020 Determination of Need issued by Charles Esteves, the Administrator of the Office of Civil Defense, referenced limited requirements for quarantine facilities including that the facility allow for (1) regular monitoring of the health status of quarantined individuals, (2) the ability to promptly remove and isolate persons believed to be infected, (3) the needs of quarantined individuals to be addressed, including providing adequate food, clothing, shelter, means of communication, medication and competent medical care, and (4) for the premises to be maintained in a safe and hygienic manner. *See Determination of Need* (March 25, 2020), attached hereto as **Exhibit B**. However, as DPHSS performed periodic inspections of the various facilities and received feedback from quarantined individuals citing deficiencies in the facilities – including the food, the comfort, the wireless network, the air circulation – GovGuam further developed and refined its specifications for quarantine facilities to minimize the complaints of quarantined individuals and provide more comfortable accommodations.

Bid specifications for the consolidated quarantine and isolation facilities were ultimately expanded to include requirements such as close proximity to hospitals, provisions for backup generators and backup water supply, separate entrances and exits, dedicated internet networks for guest rooms as well as the healthcare personnel in compliance with the latest Superior Court order along with personal MiFi devices for guest use, mandatory humidity levels, the use of a lobby for intake, self-contained airflow systems in each room, temperature controlled meal options including vegetarian and pescatarian accommodations, along with water and snacks, microwaves and mini-fridges, and televisions with cable, laundry services, and administrative rooms that included equipment and furniture. *See Bid Specifications* (November 24, 2021), attached hereto as **Exhibit C**. The costs associated with these expanded services is reflected in the value of the contracts awarded and the cost per room. As noted in the Draft Report, beginning May 2020, GovGuam negotiated for separate prices per room for used rooms and unused rooms at its quarantine facilities. *Draft Report* at 12.

As discussed below, between May and July 2021, as the island approached an 80% vaccination rate in its adult population, the quarantine regulations were eased, and passengers were allowed exemptions from quarantine if they were vaccinated or presented negative COVID-19 tests. However, as occurred in 2020, shortly after restrictions were lifted, the community experienced a substantial increase in its positive case counts and hospitalizations resulting from the arrival and spread of the Delta variant of COVID-19 on Guam. Implementing community-wide restrictions including limitations on social gatherings among the unvaccinated population and suspension of in-person learning, GovGuam temporarily deferred its drawdown of existing quarantine facilities, ultimately proceeding with the procurement of a reduced number of minimum guaranteed rooms in September 2021. Based on the lessons learned following the surge in the summer of 2020, and the increase in positive cases and hospitalizations due to the Delta surge in the summer of 2021, the brief pause in the drawdown of quarantine was necessary and appropriate to ensure the quarantine could be immediately implemented as necessary during the surge.

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In its Draft Report, the OPA noted that GHS verified invoices for quarantine facilities by comparing the invoices against the GUNG reports² for the relevant period before certifying it to the DOA for payment. Based on sampling of invoices and corresponding GUNG reports, the OPA has determined that the GUNG reports were not reliable for verification of vendor invoices for Hotel F in the amount of \$41.1M and Hotel E (from 9/2020 to 11/2021) in the amount of \$11.2M. On this basis, the OPA found total questioned costs of \$52.3M.³ However, all vendor invoices were submitted with tickets provided by the GUNG, and while initial review was conducted based on the GUNG reports, GHS performed manual verification of noted discrepancies with both the GUNG and the vendor. Reconciliation of discrepancies frequently resulted in the vendor submitting revised invoices.

This memorandum serves as a joint response from DOA and GHS/OCD.

II. RELEVANT FACTS

The Draft Report seeks to provide analysis of the utilization of hotel quarantine and isolation facilities in response to the 2019 novel coronavirus (“COVID-19”), for the period of March 2020 to April 2022. During this period, the world was engaged in an unprecedented battle against the spread of a disease of unknown severity and unknown duration. This struggle continues in some areas of the world even today.⁽⁴⁾

Without question, the initial procurement of quarantine facilities occurred against a backdrop of extreme exigence. On March 13, 2020, President Donald Trump declared a national emergency over the COVID-19 outbreak in the continental United States.

On March 14, 2020, the Governor declared a state of emergency in Guam in response to COVID-19. At the time this emergency was declared, Guam had no known cases of COVID-19. However, though the science surrounding COVID-19 was largely unknown, Governor Leon Guerrero took immediate action to prepare for the likelihood the pandemic would soon reach Guam’s shores.

The Governor could not prevent passengers from arriving on Guam—a federal function—however, the Organic Act of Guam, as amended, provides that, subject to the laws of Guam, the Governor “shall establish, maintain, and operate public-health services in Guam, including...quarantine stations, ... and [] shall promulgate quarantine...regulations for the protection of Guam against the importation and spread of disease.” In *In Re: Request of Leon Guerrero*, 2021 Guam 6, attached hereto as Exhibit A, the Supreme Court of Guam interpreted this language in the Organic Act to

² While it appears the OPA relied on daily reports prepared by the GUNG, due to inconsistencies in release times for various quarantined individuals, further supporting documentation may be necessary to provide the OPA with the daily count for occupied and unoccupied rooms. Documentation has been requested from the GUNG to this effect, and upon request will be provided to the OPA at the earliest opportunity.

³ The Draft Report also found that several invoices totaling \$18.9M appear to have been reviewed by GHS but not processed by DOA for payment. DOA has performed a sample testing of the identified billing (invoices were not provided, and determined that the invoices sampled had in fact been paid by DOA. DOA will provide the supporting material to the OPA separately

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confer upon the Governor ultimate authority over quarantine, such that the Legislature of Guam could not intrude into the Governor's power to operate quarantine stations and regulate quarantine by dictating substantive quarantine decisions. *Id.* at ¶50.

On March 16, 2020, in Executive Order No. 2020-04, the Governor issued the first of a series of quarantine policies, requiring non-residents traveling from countries with confirmed COVID-19 cases without proper documentation, including certification that they were not infected with COVID-19, to undergo quarantine. *See* Executive Order No. 2020-04, attached hereto as **Exhibit D**. Though the Governor and DPHSS had enlisted the assistance of the Guam Hotel and Restaurants Association to identify local hotels that might serve as potential government quarantine and isolation facilities months prior to the national and local emergency declarations, the time to stand up such facilities was abruptly cut short by factors beyond the government's control.

Specifically, on March 17, 2020, Philippine President Rodrigo Duterte announced his intent to close airports in the Philippines on March 20, 2020, giving outbound passengers, including returning Guam residents, 72-hours to leave Manila. Though Guam had no known cases of COVID-19 at the time, cases in the Philippines numbered in the hundreds, and the sudden influx of Guam residents returning from travel to the Philippines required immediate action. Government quarantine facilities were immediately stood up. The initial hotel quarantine facilities were obtained utilizing the emergency purchase provisions in the Emergency Health Powers Act.

Pursuant to her Organic Act duty and authority to regulate quarantine, the Governor issued several additional executive orders throughout the pandemic that, together with corresponding guidance memoranda issued by DPHSS, established the COVID-19 quarantine policy. The quarantine and isolation policies were amended periodically to align with CDC recommendations, other emergent scientific and medical information regarding the virus, including from the World Health Organization, and the specific circumstances and course of the COVID-19 pandemic on Guam.

The Governor convened a Physicians Advisory Group ("PAG"), which was composed of local doctors. The Chairperson of the PAG, along with DPHSS and the Guam National Guard Surgeon Cell, attended regular meetings with the Governor and the COVID-19 team⁴, and advised the Governor regarding all proposed modifications to the quarantine policy prior to implementation. Though the primary purpose of quarantine and isolation facilities was to temporarily separate quarantined or isolated individuals from the non-quarantined population to limit opportunities for transmission, facilities were also used to house family members of infected individuals whose home did not provide sufficient physical separation from the infected person as the CDC recommended.

Throughout the pandemic, the quarantine and isolation policy remained persistently in flux. Initial quarantine policies were restrictive. Executive Order No. 2020-11, issued on April 30, 2020, required persons arriving on Guam to quarantine at a government facility for a period of fourteen (14) days before they were permitted to join the island's non-quarantined population. *See*

⁴ At the height of the pandemic, these meetings occurred daily.

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Executive Order No. 2020-11, attached hereto as **Exhibit E**. In Executive Order No. 2020-20, this policy was refined to require government quarantine of individuals traveling from designated COVID-19 “hotspots.” See Executive Order No. 2020-20, attached hereto as **Exhibit F**.

On July 20, 2020, in Executive Order No. 2020-24, the Governor declared the island to be in PCOR 3, indicating that the island had sustained an average of less than a 10% test positivity rate for over twenty-eight (28) days, the capacity to test all persons with COVID-19 symptoms, and the capacity to monitor COVID-19 cases and perform contact tracing. See Executive Order No. 2020-24, attached hereto as **Exhibit G**. Shortly after declaring the PCOR 3 rating, on July 22, 2020, the Governor issued Executive Order No. 2020-25, exempting from quarantine individuals who presented a polymerase chain reaction (“PCR”) test taken within five (5) days of arrival into Guam. See Executive Order No. 2020-25, attached hereto as **Exhibit H**.

The lenient quarantine policy represented in EO No. 2020-25 was short-lived. Shortly thereafter, Guam experienced a dramatic increase in COVID-19 cases, and on August 14, 2020, in Executive Order No. 2020-27, the Governor restored Guam to PCOR 1, re-imposing restrictive community-level restrictions, limiting public access to non-essential in-person Government services, prohibiting social gatherings, closing schools for in-person learning, and closing public parks. See Executive Order No. 2020-27, attached hereto as **Exhibit I**. One week later, in Executive Order No. 2020-28, the Governor implemented the island’s first Stay-at-Home order, as well as strict quarantine for all persons entering Guam, noting fifteen (15) hospitalizations, the island’s 6th recorded COVID-19 death, and the highest single-day total in positive cases at the time – 105 individuals. See Executive Order No. 2020-28, attached hereto as **Exhibit J**. As provided in the corresponding DPHSS Guidance Memoranda, individuals entering Guam were required to quarantine for a period of fourteen (14) days, subject to exceptions for individuals such as critical healthcare workers. See DPHSS Guidance Memorandum 2020-11 Rev 7, attached hereto as **Exhibit K**. There was no quarantine exception based on pre-travel testing. Less than two (2) weeks later, in Executive Order No. 2020-30, the Governor noted that the fatality count had more than doubled to fourteen (14) individuals, and hospitalizations had spiked to forty-nine (49) cases, endangering our healthcare system. See Executive Order No. 2020-30, attached hereto as **Exhibit L**. Our island experienced its highest hospitalizations on November 2, 2020, with One Hundred Two (102) individuals hospitalized for conditions related to COVID-19, far surpassing the twenty-seven (27) beds originally designated for COVID-19 hospitalizations, and resulting in overflow patients receiving treatment at the Guam Regional Medical City (“GRMC”), and Naval Hospital Guam, as well as in BLU-MED response tents erected outside the Guam Memorial Hospital (“GMH”). See Executive Order No. 2021-21, attached hereto as **Exhibit M**.

In December 2020, the U.S. Food and Drug Administration issued Emergency Use Authorizations for the Pfizer and Moderna COVID-19 vaccines for certain age groups. GovGuam immediately began an aggressive campaign to vaccinate our community, with the ultimate goal of achieving “herd immunity,” creating broad immunity within the community to minimize the opportunity for COVID-19 to spread from person to person. Recognizing the high effectiveness of the vaccine in preventing individuals from contracting COVID-19, on May 13, 2021, in Executive Order No. 2021-10, the Governor modified the quarantine policy to exempt vaccinated travelers from quarantine at a government facility. See Executive Order No. 2021-10, attached hereto as **Exhibit**

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N. On June 16, 2021, in Executive Order No. 2021-13, the Governor modified the policy further to allow unvaccinated travelers to quarantine at home upon presentation of a negative PCR or antigen test taken within 72 hours of arrival in Guam. *See* Executive Order No. 2021-13, attached hereto as **Exhibit Q**. Finally, as noted in the Draft Report, on June 30, 2021, in Executive Order No. 2021-15, the Governor amended the quarantine policy to exempt travelers presenting a negative PCR or antigen test taken within 72 hours of arrival from quarantine. *See* Executive Order No. 2021-15, attached hereto as **Exhibit P**.

Again, shortly after achieving a milestone in our island's vaccination effort, our island experienced another significant surge, this time from the prevalence of the Delta variant of COVID-19. This led to community-level restrictions on the social gathering of unvaccinated individuals and the suspension of in-person school. *See* Executive Order No. 2021-19 and 2021-21, attached hereto as **Exhibits Q and M**, respectively.

Notwithstanding the Delta surge, in September 2021, the General Services Agency ("GSA") began preparations for a new procurement of quarantine facilities with a substantially reduced minimum guaranteed rooms. *See* Invitation for Bid No. GSA-066-21, attached hereto as **Exhibit R** and Amendment #2 to IFB GSA-066-21, attached hereto as **Exhibit S**.

III. COMMENTS ON DRAFT REPORT

A. THE SHORT DEFERMENT IN THE PROCUREMENT OF QUARANTINE FACILITIES WITH REDUCED MINIMUM GUARANTEED ROOMS FOLLOWING THE JUNE 2021 AMENDMENTS TO THE QUARANTINE POLICY WAS JUSTIFIED

In its Draft Report, the OPA finds as follows:

...GovGuam should have known quarantine numbers would significantly decline around June 2021 because of the reduction in quarantine days and lifting of quarantine requirements for fully vaccinated travelers and those coming in with a negative COVID test. Therefore, they should have amended to reduce the minimum number of guaranteed rooms at the quarantine facility. Instead, it was not until October 2021 that GovGuam reduced the number or minimum guaranteed quarantine rooms. GovGuam should use the available data and information to help reduce unnecessary expenses when possible.

Draft Report at 25. These findings do not adequately account for the volatile circumstances of the COVID-19 pandemic on Guam, particularly in the summer of 2021, when the island experienced a substantial surge as a result of the Delta variant.

As demonstrated by the relevant executive orders referenced above, the COVID-19 pandemic's course on Guam was, and continues to be, dynamic. While it is important to implement restrictions quickly to mitigate against the spread of disease and temper hospitalizations, it is best policy to lift restrictions gradually and to reduce mitigation measures, including the procurement of quarantine facilities, on a staggered basis, to ensure that the lifting of measures does not result in further surges and to ensure the resources continue to be available for a reasonable period of time.

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As described, in the summer of 2020, the Governor substantially eased quarantine restrictions in response to favorable community metrics, indicating a decline in transmission and test positivity rates. *See* Executive Order No. 2020-24, attached hereto as **Exhibit G**. However, Guam COVID-19 was not endemic to Guam. It was brought in from other jurisdictions. Soon after implementing the lenient quarantine policy in July 2020, the island was overrun with cases. Mere weeks after exempting individuals from quarantine upon presentation of a negative PCR taken 5 days prior to arrival, the island experienced a substantial surge, doubling its fatalities, and experiencing hospitalizations that nearly doubled the original allocation of hospital beds. *See* Executive Order No. 2020-28, attached hereto as **Exhibit J**.

The island experienced similarly favorable community metrics in the summer of 2021, the period addressed in the Draft Report. Between January and June 2021, GovGuam launched an aggressive campaign to promote COVID-19 immunization. As the island approached an 80% vaccination rate in its adult population, the Governor began to cautiously lift quarantine restrictions, beginning with exemptions for vaccinated travelers in May 2021, allowing home quarantine for unvaccinated travelers with negative PCR tests in June 2021, and ultimately exempting travelers presenting negative PCR or antigen tests from quarantine at the end of June.

While these measures were reasonable in light of the level of risk to the community, contrary to the findings in the Draft Report, it was not best practice to prematurely reduce the number of quarantine rooms before the true impact of the easing of quarantine restrictions could be ascertained. As demonstrated in the summer 2020 surge of cases following the easing of quarantine restrictions, it was necessary to draw down mitigation measures, including quarantine facilities, in a slow, methodical manner, following the lifting of restrictions.

As it did in the summer of 2020, Guam experienced another substantial surge in the summer of 2021 resulting from the prevalence of the Delta variant of COVID-19 on Guam. Again, the Delta variant did not originate in Guam, and it was important to defer the cancellation of quarantine facility contracts until such time as the Governor could determine whether the surge required further amendments to the quarantine policy to protect the community. Further, the number of passengers arriving from off-island had increased due to the easing of travel restrictions in the US and internationally, and the actual need for quarantine rooms could not adequately be predicted.

Ultimately, though the Governor implemented community-level restrictions to manage the spread of COVID-19 in the community, including restrictions on social gatherings for unvaccinated individuals and the suspension of in-person learning, further quarantine restrictions were not implemented, and GSA began the process of reducing the minimum guaranteed rooms for quarantine, issuing an Invitation to Bid on September 1, 2021. *See* Invitation for Bid No. GSA-066-21, attached hereto as **Exhibit R** and Amendment #2 to IFB GSA-066-21, attached hereto as **Exhibit S**.

Given the volatility of the COVID-19 virus, the learned lessons following the summer 2020 surge, and the summer 2021 surge on Guam resulting from the prevalence of the Delta variant, it was reasonable to draw down on the number of minimum guaranteed rooms on a slow, staggered basis to allow a possible ramp up in quarantine activity if necessary. Once the Governor determined that

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further quarantine restrictions would not be implemented, the GSA proceeded with wind down of the quarantine facility.

Further, while the Draft Report documents the overall utilization rates for the quarantine and isolation facilities, it omits important information regarding the fact that occupied rooms at times *exceeded* the minimum guaranteed rooms, which demonstrates why it was important to maintain a sufficient margin of rooms above the minimum. It would have been an untenable situation if the numbers of those needed to be quarantined or isolated exceeded the numbers of available rooms. Current Government of Guam procurement processes do not generally provide for contingent or instant encumbrance.

Ultimately, while the OPA expresses a different opinion regarding when it was appropriate to reduce the size of the quarantine facility, the Governor is empowered by the Organic Act with ultimate authority to establish and operate the quarantine facility and to regulate quarantine, and her determination that it was necessary to prevent the spread of COVID-19 in Guam to retain the full quarantine facility for a short period of time is well within her authority. *See In Re: Request of Leon Guerrero*, 2021 Guam 6, attached hereto as **Exhibit A**.

B. GHS REVIEWED AND VERIFIED INVOICES PRIOR TO CERTIFICATION

In its Draft Report, the OPA noted that GHS verified invoices for quarantine facilities by comparing the invoices against the GUNG reports for the relevant period before certifying it to the DOA for payment. Based on sampling of invoices and corresponding GUNG reports, the OPA has determined that the GUNG reports were not reliable for verification of vendor invoices for Hotel F in the amount of \$41.1M and Hotel E (from 9/2020 to 11/2021) in the amount of \$11.2M. On this basis, the OPA found total questioned costs of \$52.3M.⁵

As noted in the Draft Report, GHS utilized consistent, albeit informal, procedures for invoice review and verification.⁶ While initial review was conducted based on the GUNG reports, vendor invoices were submitted with tickets sourced from the GUNG. GHS performed manual verification of noted discrepancies with both the GUNG and the vendor. While the OPA determined that discrepancies resulted from unreliable GUNG information, reconciliation of discrepancies frequently resulted in the vendor being required to produce revised invoices. GHS maintains that, while a margin of error may exist regarding invoice discrepancies, GHS closely reviewed invoices and reconciled any discrepancies with both the GUNG and the vendor.

⁵ The Draft Report also found that several invoices totaling \$18.9M appear to have been reviewed by GHS but not processed by DOA for payment. DOA has performed a sample testing of the identified billing (invoices were not provided, and determined that the invoices sampled had in fact been paid by DOA. DOA will provide the supporting material to the OPA separately.

⁶ GHS acknowledges and agrees with the OPA's recommendation that it adopt more formal processes for its review and reconciliation of invoices, and intends to adopt such processes as soon as is practicable.

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IV. CONCLUSION

Based on the foregoing, DOA and GHS submit that the short deferral of the downsizing of the quarantine facility minimum guaranteed rooms was reasonable to ensure the facilities and rooms were available to service quarantine needs in the event the quarantine policy was amended during the Delta surge. Understanding that while surges could be anticipated, they could not be sufficiently predicted to allow the Government to accept the risk to the community should quarantine facilities and operations not be activated. Reduction in contracted quarantine facility charges could only be risked when data provided the required assurance. The pause in the wind-down of quarantine was therefore a necessary expenditure, and the Government reasonably acted to reduce the contracted rooms once the medical advice and relevant data supported that decision.

Further, GHS performed due diligence in reviewing and verifying vendor invoices prior to certification for payment by communicating with both the Guam National Guard and the vendors in order to reconcile discrepancies. Where appropriate, GHS requested revised invoices from the vendor, and did not approve invoices without the necessary reconciliation.

Respectfully submitted this 9th day of January, 2023.



Edward M. Birm
Director
Department of Administration

Date: 1/9/23



Samantha Brennan
HSA Advisor
Guam Homeland Security/Office of Civil Defense

Date: 01/09/23

Appendix 5:
Status of Audit Recommendations

No.	Addressee	Audit Recommendation	Status	Action Required
1.	Guam Homeland Security (GHS)	Homeland Security Administrator or designee work with the Department of Administration (DOA) to formalize standard operating procedures for billing/invoices verification	OPEN	Please provide the target date and title of official(s) responsible for implementing the recommendation.
2.	DOA	DOA Director or designee, if feasible, expand the review of billed invoices to determine the: <ul style="list-style-type: none"> a) Accuracy of vendors' billings; b) Unpaid invoices; and c) Paid invoices not included in the DOA internal expenditure report. 	OPEN	Please provide the target date and title of official(s) responsible for implementing the recommendation.
3.	GHS	Improve the Guam National Guard report to include accurate and relevant information as an effective tool to review, verify, and certify the accuracy of vendor billing.	OPEN	Please provide the target date and title of official(s) responsible for implementing the recommendation.

GOVERNMENT OF GUAM COVID-19 QUARANTINE AND ISOLATION FACILITIES UTILIZATION ANALYSIS Report No. 23-05, April 2023

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