

**Government of Guam
Merit Bonus Program**

**Performance Audit
October 1, 2008 through September 30, 2013**

**OPA Report No. 14-05
December 2014**



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Distribution:

Governor of Guam
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Senators, 32nd Guam Legislature
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Guam Media via E-Mail



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EXECUTIVE SUMMARY

Government of Guam Merit Bonus Program OPA Report No. 14-05, December 2014

From fiscal year (FY) 2009 to FY 2013, the Government of Guam (GovGuam) spent \$12.6 million (M) in retroactive merit bonus payments for over 4,200(K) employees. Of the 4,259 employees who received merit bonuses, 3,641 received a total amount between \$237-\$5K, 489 received between \$5K-\$10K, 100 received between \$10K-\$15K, 26 received between \$15K-\$20K, and 3 received between \$20K-\$30K. The highest merit bonus was \$29,710 and the lowest was \$237. The interpretation and administration of providing merit bonus payments to employees varied among all agencies. Specifically, we found:

- **Periods of review ranged from 3 to 23 years.** The Governor authorized the payments of merit bonuses to current and former employees of the Executive Branch since the inception of the law in 1991. Differences of opinion by the autonomous agencies' respective legal counsels resulted in a wide disparity of merit bonus payments' timeframes ranging from 3 to 23 years.
- **Inconsistent merit bonus calculations.** Per Title 4 of the Guam Code Annotated Chapter 6 § 6203, a merit bonus is "a lump sum bonus based on an amount equivalent to 3.5% of the employee's based salary. The merit bonus shall be automatic upon a superior rating evaluation for increment purposes. The merit bonus is in addition to the increment provided under § 6102 and is limited to the fiscal year in which superior performance is rendered." Most agencies calculated merit bonus payments off of the employee's increment salary, which is the employee's new salary. However, Guam Community College (GCC), Guam Housing Corporation (GHC), and Guam Visitors Bureau (GVB) used their employees' salary before the increment to calculate merit bonuses.
- **Various interpretations of "superior" rating.** Overall ratings terms used in agency performance evaluation forms varied and resulted in employees receiving merit bonuses if the rating given was interpreted to be equivalent to "superior." In instances where performance evaluations did not have a "superior" rating, the highest possible rating was considered equivalent to "superior" for merit bonus purposes. Some of the ratings used were: outstanding, superior, excellent, highly effective, greatly exceeds standards, and better than satisfactory.

Of the 15 agencies tested, GHC did not have complete documentation to support merit bonus payments to two employees and three agencies [GVB, DOC, and Guam Police Department (GPD)] awarded merit bonuses for a rating other than the highest possible on performance evaluations to three employees. One GWA employee received a merit bonus equivalent to 8.5% of their salary because of their classification under the Competitive Wage Act of 2011. In addition, 19 signatures for proper authorization were missing from 14 performance evaluations.

During testing, we found that data provided by GDOE was the merit bonus net check amounts rather than the gross amounts. As of the date of this report, we have yet to receive updated data. As a result, total cost of merit bonuses for GDOE and the total number of merit bonuses issued is understated.

The discrepancies noted in our testing resulted in \$38,738 in questioned costs.

As previously noted in GHC’s FY 2010 financial audit, the agency paid merit bonuses of \$174,023 without Board approval.

Agencies with Highest Total Cost

Of the 54 agencies that paid merit bonuses, the five agencies with the largest merit bonus costs were as follows:

Top 5 Agencies by Highest Total Cost

	Agency	Total Costs	% of Total Costs
1	DPHSS	\$ 2,220,619	18%
2	GDOE	\$ 1,334,130	11%
3	JOG	\$ 879,573	7%
4	GPD	\$ 849,133	7%
5	DOA	\$ 651,937	5%
	Top 5 Subtotal	\$ 5,935,392	47%
	Other Agencies	\$ 6,624,326	53%
	Total	\$12,559,718	100%

Highest Merit Bonuses by Agency

The highest merit bonus payments ranged from \$30K to \$15K. Of the top ten highest merit bonuses paid, 6 were for employees at the Department of Public Health and Social Services (DPHSS), 2 at GHC, 1 at DOC, and 1 at GVB.

Conclusion & Recommendations

Our audit of the Merit Bonus Program found wide variations in the interpretation and administration of providing merit bonus payments to government employees.

As per the Government of Guam Competitive Wage Act of 2014, the Merit Bonus Program is suspended until such time DOA can reassess the system of evaluation used to govern the eligibility for said bonuses. In addition, DOA shall come up with a policy of further evaluation to appropriately administer bonuses that are granted; however, the law did not set a deadline for submission of the evaluation. We recommend DOA follow through and submit their assessment no later than September 30, 2015, but not without first seeking clarification on the Merit Bonus law from the Attorney General.

Doris Flores Brooks, CPA, CGFM
Public Auditor

Glossary of Acronyms

AGR	Department of Agriculture	GDOE	Guam Department of Education
AHRD	Agency for Human Resource Development	GEO	Guam Energy Office
ALC	Ancestral Lands Commission	GEPA	Guam Environmental Protection Agency
BBMR	Bureau of Budget and Management Research	GFD	Guam Fire Department
BSP	Bureau of Statistics and Planning	GGRF	Government of Guam Retirement Fund
CAHA	Council of the Arts & Humanities Agency	GHC	Guam Housing Corporation
CLB	Contractor's License Board	GHURA	Guam Housing & Urban Renewal Authority
CLTC	Chamorro Land Trust Commission	GIAA	Guam International Airport Authority
CME	Office of the Chief Medical Examiner	GMHA	Guam Memorial Hospital Authority
CQA	Customs & Quarantine Agency	GOV	Office of the Governor
CSC	Civil Service Commission	GMFI	Guam Museum Foundation, Inc.
DCA	Department of Chamorro Affairs	GovGuam	Government of Guam
DISID	Department of Integrated Services for Individuals with Disabilities	GPA	Guam Power Authority
DLM	Department of Land Management	GPD	Guam Police Department
DMA	Department of Military Affairs	GPLS	Guam Public Library System
DMHSA	Department of Mental Health and Substance Abuse	GRTA	Guam Regional Transit Authority
DOA	Department of Administration	GVB	Guam Visitor's Bureau
DOC	Department of Corrections	JOG	Judiciary of Guam
DOL	Department of Labor	MCOG	Mayor's Council of Guam
DPR	Department of Parks and Recreation	OAG	Office of the Attorney General
DPHSS	Department of Public Health and Social Services	OPA	Office of Public Accountability
DPW	Department of Public Works	PAG	Port Authority of Guam
DRT	Department of Revenue and Taxation	PBS Guam	Guam Educational Telecommunications Corporation
DYA	Department of Youth Affairs	PDSC	Public Defender Service Corporation
GCC	Guam Community College	PEALS	Professional Engineers, Architects, and Land Surveyors Board
GCEC	Guam Commission for Educator Certification	UOG	University of Guam
GDDC	Guam Developmental Disabilities Council		



Introduction

This report presents the results of our audit of the GovGuam Merit Bonus Program for the five year period from FY 2009 to FY 2013 and other periods deemed necessary.

The audit objectives were to:

1. Determine the total merit bonuses paid to GovGuam employees; and
2. Determine if these payments were made in accordance with applicable laws and regulations.

The objectives, scope, methodology, and prior audit coverage are detailed in Appendices 2 and 3. Refer to the Glossary of Acronyms for the various acronyms in this report.

Background

The Merit Bonus Program was enacted in September 1991, by Public Law (P.L.) 21-59. The Merit Bonus Program as detailed in 4 GCA § 6203 is designed to award classified employees in pay grades A-V with a lump sum payment equivalent to 3.5% of their base salary upon receipt of a superior performance evaluation. If earned, the merit bonus payment should be “automatic,” in addition to any increments, and limited to the fiscal year in which the superior performance evaluation was rendered.

Freezes on the Merit Bonus Program were put into effect for FY 1996, FY 2002, FY 2003, and FY 2004. The Government of Guam issued the “first ever payments” of merit bonuses in December 2012. About 1,000 checks were issued amounting to \$4.5M for retroactive merit bonus pay due since 1991. Executive Order 2013-005 followed soon after directing DOA to pay the \$5M balance of the amounts owed to former employees of line agencies and all employees of GDOE. GDOE decided to limit the timeframe of merit bonus payments to three years.

P.L. 32-068 (Chapter II Part I § 15, Part III § 5, Chapter IV § 11, Chapter VII Part II § 3) was passed in September 2013, requiring the Governor to provide a written report to the Speaker of the Legislature no later than the first of each month during FY 2014 which details available funds identified for the retroactive merit bonus payments to employees of GDOE, GCC, JOG, and PDSC. The law also authorized the Governor to use any source of funds identified and available for the payment. The Government of Guam Competitive Wage Act of 2014 suspended the Merit Bonus Program until such time DOA can reassess the system of evaluation used to govern the eligibility for said bonuses. Additionally, it made DOA responsible for creating a policy of further evaluation to appropriately administer bonuses that are granted.

There are 16 agencies that process payroll and administered the Merit Bonus Program and released or made plans to release payment to its employees. These agencies are:

- | | |
|---------|--------------|
| 1. DOA | 9. GCC |
| 2. GDOE | 10. GIAA |
| 3. GMHA | 11. GHURA |
| 4. UOG | 12. PDSC |
| 5. GPA | 13. GGRF |
| 6. JOG | 14. GVB |
| 7. PAG | 15. PBS Guam |
| 8. GWA | 16. GHC |

There are other agencies that process payroll, but they did not participate in the Merit Bonus Program as the employees are not in classified positions and are not eligible to receive a merit bonus. Such agencies include the Guam Legislature, Guam Economic Development Authority, and Guam Preservation Trust (GPT). Despite being totally funded by GovGuam, GPT employees are not classified government employees. Some employees at PBS Guam are classified government employees eligible for merit bonuses, however, other employees paid from public broadcasting grants are not government employees and therefore are not eligible for merit bonuses.

Results of Audit

From FY 2009 to FY 2013, GovGuam spent \$12.6M in retroactive merit bonus payments to over 4,200 current and former employees. Of the 4K employees who received merit bonuses, 3,641 or 85.5% received a total amount between \$237-\$5K, 489 or 11.5% received between \$5K-\$10K, 100 or 2.3% received between \$10K-\$15K, 26 or 0.6% received between \$15K-\$20K, and 3 or 0.1% received between \$20K-\$30K. The highest merit bonus was \$29,710 and the lowest was \$237. The 10 agencies with the largest total merit bonus costs are listed in Table 1. See Appendix 5 for the full list of agencies by highest total cost.

Table 1: Top 10 Agencies by Highest Total Cost

	Agency	Total Costs	% of Total Costs
1	DPHSS	\$ 2,220,619	18%
2	GDOE	\$ 1,334,130	11%
3	JOG	\$ 879,573	7%
4	GPD	\$ 849,133	7%
5	DOA	\$ 651,937	5%
6	UOG	\$ 630,850	5%
7	DOC	\$ 585,458	5%
8	DPW	\$ 580,724	5%
9	AGR	\$ 351,404	3%
10	GFD	\$ 318,834	3%
	Top 10 Subtotal	\$ 8,402,662	67%
	Other Agencies	\$ 4,157,056	33%
	Total	\$ 12,559,718	100%

We found variations regarding how the merit bonus payments were administered. Specifically:

- **Differences in Periods of Review.** Advice from agencies' respective legal counsels reflected differences of opinion relating to the statute of limitations for merit bonus payments. As a result, periods of performance review entitled to retroactive merit bonus amongst agencies ranged from 3 to 23 years.
- **Inconsistent merit bonus payment calculations.** Some agencies calculated a merit bonus off of the employee's current salary, not the increment salary, while some agencies did vice versa.
- **Various interpretations of "superior" rating.** "Superior" rating was not always the highest possible rating on performance evaluations. Other words such as "outstanding" substituted for "superior."

Periods of Review Ranged from 3 to 23 years

When the Governor ordered the payment of merit bonuses to the employees of line agencies and instrumentalities and GDOE, he authorized the payments to go as far back as they are owed. In

contrast, different legal opinions were given amongst the autonomous agencies, which created an inconsistency in the periods of review amongst GovGuam employees, wherein the periods of review ranged from 3 to 23 years. See Table 2 for the differing periods of review.

Table 2: Agencies Periods of Review¹

	Agency	Fiscal Years Covered	No. of Years Reviewed
1	GHC	FY 1991 - FY 2013	23 years
2	GGRF	FY 1992 - FY 2013	22 years
3	GVB	FY 1992 - FY 2013	22 years
4	UOG	FY 1992 - FY 2013	22 years
5	GHURA	FY 1991 - FY 2011	21 years
6	*Line Agencies and Instrumentalities	FY 1992 - FY 2012	21 years
7	PAG	FY 1992 - FY 2009	18 years
8	**GIAA	FY 1992 - FY 2010	12 years
9	GWA	FY 2009 - FY 2013	5 years
10	GPA	FY 2009 - FY 2013	5 years
11	JOG	FY 2009 - FY 2013	5 years
12	PDSC	FY 2009 - FY 2012	4 years
13	GCC	FY 2010 - FY 2013	4 years
14	GDOE	FY 2010 - FY 2012	3 years
15	GMHA	FY 2010 - FY 2012	3 years

Inconsistent Merit Bonus Calculations

Agencies tested had different interpretations of the law. Per 4 GCA § 6203, a merit bonus should be in addition to the increment provided. GCC, GHC, and GVB calculated the merit bonus based on the employees’ current salaries. All other agencies used the employees’ increment salaries when calculating the merit bonus.

Various Interpretations of “Superior” Rating

A superior rating is not always the highest rating on all agencies’ performance evaluation forms. For instance, the JOG considered “outstanding” as the highest rating and “superior” as the second highest rating. Employees who received either outstanding or superior ratings, even though not the highest rating possible, received a merit bonus because of the interpretation of the law by JOG’s legal counsel. All other agencies tested interpreted the law by awarding a merit bonus to employees who received the highest possible performance evaluation rating.

¹ *OPA’s period of review included FY 2013.

**GIAA paid merit bonuses from FY 1991 – FY 2000. An additional payment was made to law enforcement personnel for FY 2009 – FY 2010.

Testing Results

A sample of 31 employees were judgmentally selected for testing. The agencies with the highest total merit bonus costs and five additional agencies with anomalies noted were chosen for testing. Deficiencies noted in the tested files included:

- Merit bonuses awarded to employees who did not receive a “superior” or the highest rating totaling \$11,862;
- Missing performance evaluations totaling \$5,020;
- Lack of signatures for proper authorization of evaluations totaling \$21,856; and
- Inconsistent merit bonus.

The deficiencies noted resulted in \$39K in questioned costs.

A total of seven merit bonus payments were awarded to three employees who did not receive “superior” or the highest rating to be eligible for a merit bonus:

- One GVB employee received three merit bonuses totaling \$6,000 after receiving the second highest performance evaluation rating of outstanding;
- One GPD employees received two merit bonuses totaling \$3,179 after receiving the second highest performance evaluation rating of outstanding; and
- One DOC employee received two merit bonuses totaling \$2,682 after receiving the second (outstanding) and third (satisfactory) highest performance evaluation ratings.

Table 3: Performance Evaluation Ratings

Agency	Overall Rating Categories	Rating Received	Questioned Costs
1 GVB	1. Superior 2. Outstanding	Outstanding	\$ 2,168
2 GVB	3. Satisfactory	Outstanding	\$ 2,090
3 GVB	4. Unsatisfactory	Outstanding	\$ 1,742
Subtotal			\$ 6,000
4 GPD	1. Superior 2. Outstanding	Outstanding	\$ 1,657
5 GPD	3. Satisfactory 4. Unsatisfactory	Outstanding	\$ 1,522
Subtotal			\$ 3,179
6 DOC	1. Superior 2. Outstanding	Satisfactory	\$ 1,160
7 DOC	3. Satisfactory 4. Unsatisfactory	Outstanding	\$ 1,522
Subtotal			\$ 2,682
Total			\$ 11,862

Three performance evaluation ratings for two employees from GHC totaling \$5,020 could not be verified due to missing evaluation forms.

Out of the 184 performance evaluations tested, there were 19 signatures on 14 performance evaluations from 7 agencies not present for complete and proper authorization. See Table 4 for detailed list by agency of missing signatures.

Table 4: Incomplete Performance Evaluations

	Agency	Missing Signature	Questioned Costs
1	GHC	Rater's Supervisor	\$ 1,935
2	GHC	Rater's Supervisor, Agency Head	\$ 1,870
		Rater, Rater's Supervisor	\$ 1,806
3	GHC	Rater's Supervisor	\$ 1,741
4	GHC	Rater's Supervisor	\$ 1,677
5	GHC	Rater's Supervisor	\$ 1,544
		Employee, Rater's Supervisor, Agency Head	\$ 1,372
6	GHC	Agency Head	\$ 1,372
	Subtotal		\$ 11,944
8	GWA	Agency Head	\$ 2,345
9	GWA	Agency Head	\$ 498
10	Subtotal		\$ 2,843
11	DOA	Approving Authority	\$ 1,953
	GVB	Supervisor, Approving Authority	\$ 1,631
12	GCC	President	\$ 1,255
13	AGR	Department Head	\$ 1,164
14	GPD	Rater's Supervisor	\$ 1,066
	Total		\$ 21,856

Two GWA employees were classified under the Competitive Wage Act of 2011. Based on the Competitive Wage Act of 2011, an employee at the maximum step of their pay grade is entitled to a 3% or 5% pay adjustment based on a satisfactory or outstanding performance evaluation; respectively. One GWA employee received a 5% lump sum pay adjustment (\$2,345) in addition to a 3.5% merit bonus lump sum payment (\$1,642) for the same fiscal year for a total cost of \$3,987.

The second GWA employee was not at the maximum step of their pay grade and received a 1.2% lump sum payment (\$498) based on an outstanding performance.

Of the 15 agencies tested GCC, GHC, and GVB calculated merit bonus payments based on their employees' current salaries rather than the employees' new salaries.

Due to the inconsistencies noted above, we recommend that DOA seek clarification from the Attorney General regarding the calculation of merit bonuses for employees at the maximum step of their pay grade and whether current salaries rather than new salaries should be used.

Agency Summaries

The following are summaries of data received from agencies pertaining to merit bonuses processed. Refer to Appendix 5 for the table on merit bonus costs by agency and Appendix 6 for the range of merit bonus costs by agency. See Appendix 8 for the top recipients of merit bonuses, all of whom received amounts in excess of \$15K.

Line Agencies and Instrumentalities

DOA paid merit bonuses for the employee performance evaluation periods from FY 1992 to FY 2012, based on the Governor's direction. As a result, over 2,500 current and former employees from 40 line agencies and instrumentalities received 6,770 merit bonuses worth \$8.4M. The 1,340 former employees that were paid accounted for \$3.6M of the total merit bonus costs incurred by DOA.

Approximately 80% of the employee performance evaluations were already captured in the human resource system and the remaining performance evaluations required a manual review. An overall outstanding rating was considered synonymous with the superior rating required by 4 GCA § 6203. In the event a line agency was using a different performance evaluation, the highest rating on that respective evaluation form was considered to be a superior rating.

Prior to the Governor's directive, DOA had not paid out merit bonuses since the enactment of the law in 1991. Although the Civil Service Commission created policies and procedures pertaining to merit bonuses in 1991, they were not implemented. Additionally, the Government of Guam Competitive Wage Act of 2014 suspended the Merit Bonus Program until DOA creates a policy of further evaluation to appropriately administer bonuses that are granted.

Of the 2,517 employees who received merit bonuses, 2,023 received a total amount between \$541-\$5K, 378 received between \$5K-\$10K, 95 received between \$10K-\$15K, 19 received between \$15K-\$20K, and 2 received between \$20K-\$30K. The highest merit bonus was \$29,710 received by a DPHSS employee for 6 periods and the lowest merit bonus was \$541 received by a DPW employee for 1 period.²

Ten of the 40 line agencies and instrumentalities each paid over \$225K in merit bonuses. Merit bonus payments from the top 10 agencies accounted for \$6.4M or 76% of the total merit bonus cost incurred by DOA on behalf of the line agencies and instrumentalities. Table 5 lists the total merit bonus costs for the top 10 line agencies and instrumentalities. See Appendix 7 for the full list of line agencies and instrumentalities merit bonus costs.

² Government employees' evaluation periods vary. Depending on the employee's step in the pay scale, the employee's performance is evaluated every 12, 18, or 24 months.

Table 5: Top 10 Line Agencies and Instrumentalities

	Line Agency or Instrumentality	Total Costs	% of Total Costs
1	DPHSS	\$ 2,220,619	27%
2	GPD	\$ 849,133	10%
3	DOA	\$ 651,937	8%
4	DOC	\$ 585,458	7%
5	DPW	\$ 580,724	7%
6	AGR	\$ 351,404	4%
7	GFD	\$ 318,834	4%
8	DOL	\$ 314,895	4%
9	BSP	\$ 268,647	3%
10	DYA	\$ 227,896	3%
	Top 10 Subtotal	\$ 6,369,547	76%
	Other Line Agencies and Instrumentalities	\$ 1,997,868	24%
	Total	\$ 8,367,415	100%

Top 10 Line Agencies and Instrumentalities

DPHSS

DPHSS has 558 employees who received 1,748 merit bonuses at a cost of \$2.2M. Of the 558 employees, 415 received a total amount between \$589-\$5K, 98 received between \$5K-\$10K, 31 received between \$10K-\$15K, 12 received between \$15K-\$20K, and 2 received between \$20K-\$30K. The highest merit bonus was \$29,710 received by an employee for 6 periods and the lowest merit bonus was \$589 received by an employee for 1 period.

Table 6: DPHSS Merit Bonus Costs

Fiscal Years Covered	No. of Years Reviewed	Total Costs of MBs	Highest MB by Employee	No. of MBs Received	Lowest MB by Employee	No. of MBs Received	No. of Employees Rec'd MBs	No. of MBs Issued
FY 1992 - FY 2012	21 years	\$ 2,220,619	\$ 29,710	6	\$ 589	1	558	1748

GPD

GPD has 312 employees who received 682 merit bonuses at a cost of \$849K. Of the 312 employees, 275 received a total amount between \$656-\$5K, 33 received between \$5K-\$10K, and 4 received between \$10K-\$15K. The highest merit bonus was \$14,389 received by an employee for 10 periods and the lowest merit bonus was \$656 received by an employee for 1 period.

Table 7: GPD Merit Bonus Costs

Fiscal Years Covered	No. of Years Reviewed	Total Costs of MBs	Highest MB by Employee	No. of MBs Received	Lowest MB by Employee	No. of MBs Received	No. of Employees Rec'd MBs	No. of MBs Issued
FY 1992 - FY 2012	21 years	\$ 849,133	\$ 14,389	10	\$ 656	1	312	682

DOA

DOA has 176 employees who received 514 merit bonuses at a cost of \$652K. Of the 176 employees, 127 received a total amount between \$656-\$5K, 42 received between \$5K-\$10K, 6 received between \$10K-\$15K, and 1 received between \$15K-\$20K. The highest merit bonus was \$17,895 received by an employee for 12 periods and the lowest merit bonus was \$656 received by an employee for 1 period.

Table 8: DOA Merit Bonus Costs

Fiscal Years Covered	No. of Years Reviewed	Total Costs of MBs	Highest MB by Employee	No. of MBs Received	Lowest MB by Employee	No. of MBs Received	No. of Employees Rec'd MBs	No. of MBs Issued
FY 1992 - FY 2012	21 years	\$ 651,937	\$ 17,895	12	\$ 656	1	176	514

DOC

DOC has 205 employees who received 508 merit bonuses at a cost of \$585K. Of the 205 employees, 178 received a total amount between \$656-\$5K, 19 received between \$5K-\$10K, 7 received between \$10K-\$15K, and 1 received between \$15K-\$20K. The highest merit bonus was \$19,349 received by an employee for 10 periods and the lowest merit bonus was \$656 received by an employee for 1 period.

Table 9: DOC Merit Bonus Costs

Fiscal Years Covered	No. of Years Reviewed	Total Costs of MBs	Highest MB by Employee	No. of MBs Received	Lowest MB by Employee	No. of MBs Received	No. of Employees Rec'd MBs	No. of MBs Issued
FY 1992 - FY 2012	21 years	\$ 585,458	\$ 19,349	10	\$ 656	1	205	508

DPW

DPW has 234 employees who received 457 merit bonuses at a cost of \$581K. Of the 234 employees, 204 received a total amount between \$541-\$5K, 28 received between \$5K-\$10K, and 2 received between \$10K-\$15K. The highest merit bonus was \$13,097 received by an employee for 8 periods and the lowest merit bonus was \$541 received by an employee for 1 period.

Table 10: DPW Merit Bonus Costs

Fiscal Years Covered	No. of Years Reviewed	Total Costs of MBs	Highest MB by Employee	No. of MBs Received	Lowest MB by Employee	No. of MBs Received	No. of Employees Rec'd MBs	No. of MBs Issued
FY 1992 - FY 2012	21 years	\$ 580,724	\$ 13,097	8	\$ 541	1	234	457

AGR

AGR has 99 employees who received 301 merit bonuses at a cost of \$351K. Of the 99 employees, 74 received a total amount between \$589-\$5K, 18 received between \$5K-\$10K, and 7 received between \$10K-\$15K. The highest merit bonus was \$12,815 received by an employee for 10 periods and the lowest merit bonus was \$589 received by an employee for 1 period.

Table 11: AGR Merit Bonus Costs

Fiscal Years Covered	No. of Years Reviewed	Total Costs of MBs	Highest MB by Employee	No. of MBs Received	Lowest MB by Employee	No. of MBs Received	No. of Employees Rec'd MBs	No. of MBs Issued
FY 1992 - FY 2012	21 years	\$ 351,404	\$ 12,815	10	\$ 589	1	99	301

GFD

GFD has 148 employees who received 247 merit bonuses at a cost of \$319K. Of the 148 employees, 143 received a total amount between \$786-\$5K, 4 received between \$5K-\$10K, and 1 received between \$15K-\$20K. The highest merit bonus was \$16,173 received by an employee for 11 periods and the lowest merit bonus was \$786 received by an employee for 1 period.

Table 12: GFD Merit Bonus Costs

Fiscal Years Covered	No. of Years Reviewed	Total Costs of MBs	Highest MB by Employee	No. of MBs Received	Lowest MB by Employee	No. of MBs Received	No. of Employees Rec'd MBs	No. of MBs Issued
FY 1992 - FY 2012	21 years	\$ 318,834	\$ 16,173	11	\$ 786	\$ 1	148	247

DOL

DOL has 87 employees who received 281 merit bonuses at a cost of \$315K. Of the 87 employees, 62 received a total amount between \$589-\$5K, 22 received between \$5K-\$10K, and 3 received between \$10K-\$15K. The highest merit bonus was \$12,180 received by an employee for 9 periods and the lowest merit bonus was \$589 received by an employee for 1 period.

Table 13: DOL Merit Bonus Costs

Fiscal Years Covered	No. of Years Reviewed	Total Costs of MBs	Highest MB by Employee	No. of MBs Received	Lowest MB by Employee	No. of MBs Received	No. of Employees Rec'd MBs	No. of MBs Issued
FY 1992 - FY 2012	21 years	\$ 314,895	\$ 12,180	9	\$ 589	1	87	281

BSP

BSP has 41 employees who received 184 merit bonuses at a cost of \$269K. Of the 41 employees, 22 received a total amount between \$864-\$5K, 10 received between \$5K-\$10K, 6 received between \$10K-\$15K, and 3 received between \$15K-\$20K. The highest merit bonus was \$16,662 received by an employee for 11 periods and the lowest merit bonus was \$864 received by an employee for 1 period.

Table 14: BSP Merit Bonus Costs

Fiscal Years Covered	No. of Years Reviewed	Total Costs of MBs	Highest MB by Employee	No. of MBs Received	Lowest MB by Employee	No. of MBs Received	No. of Employees Rec'd MBs	No. of MBs Issued
FY 1992 - FY 2012	21 years	\$ 268,647	\$ 16,662	11	\$ 864	1	41	184

DYA

DYA has 71 employees who received 189 merit bonuses at a cost of \$228K. Of the 71 employees, 59 received a total amount between \$619-\$5K, 9 received between \$5K-\$10K, and 3 received between \$10K-\$15K. The highest merit bonus was \$13,622 received by an employee for 9 periods and the lowest merit bonus was \$619 received by an employee for 1 period.

Table 15: DYA Merit Bonus Costs

Fiscal Years Covered	No. of Years Reviewed	Total Costs of MBs	Highest MB by Employee	No. of MBs Received	Lowest MB by Employee	No. of MBs Received	No. of Employees Rec'd MBs	No. of MBs Issued
FY 1992 - FY 2012	21 years	\$ 227,896	\$ 13,622	9	\$ 619	1	71	189

Autonomous Agencies

GGRF

GGRF paid a total of \$99K in merit bonuses to 36 employees from FY 1992 to FY 2013, a total of 22 years. Of the 36 employees, 31 received a total amount between \$629-\$5K, 4 received between \$5K-\$10K, and 1 received between \$10K-\$15K. The highest merit bonus was \$10,919 received by an employee for 11 periods and the lowest merit bonus was \$629 received by an employee for 1 period. Employees who were eligible for a merit bonus were those who received an “outstanding” rating in their evaluation.

Unlike some other autonomous agencies, GGRF processed payments for merit bonuses in FY 2011 for active employees dating back to FY 1992. Merit bonuses for inactive employees were processed in FY 2013. Since FY 2011, GGRF has been processing merit bonuses on an annual basis to its employees. The \$99K total merit bonus cost reflects all merit bonuses paid as of FY 2013.

Table 16: GGRF Merit Bonus Costs

Fiscal Years Covered	No. of Years Reviewed	Total Cost of MBs	Highest MB by Employee	No. of MBs Received	Lowest MB by Employee	No. of MBs Received	No. of Employees Rec'd MBs	No. of MBs Issued
FY 1992 - FY 2013	22 years	\$ 98,712	\$ 10,919	11	\$ 629	1	36	96

GCC

GCC paid a total of \$94K in merit bonuses to 47 employees from FY 2010 to FY 2013. Legal counsel advised the President of the statute of limitations related to merit bonuses and therefore the decision was made to pay only for four years. Of the 47 employees, 46 received a total amount between \$583-\$5K and 1 received between \$5K-\$10K. The highest merit bonus was \$5,107 received by an employee for 4 periods and the lowest merit bonus was \$583 received by an employee for 1 period. Moving forward, GCC has no plans to continue paying merit bonuses since the Competitive Wage Act of 2014 suspended the program.

Eligible employees were required to have received an overall “outstanding” performance evaluation rating. For merit bonus purposes, an outstanding rating was equivalent to a superior rating as required by 4 GCA § 6203. A system-generated report identified employees who received outstanding performance evaluations for the period. GCC manually verified the outstanding ratings for employees and calculated merit bonuses using the employee’s previous salary. GCC processed two rounds of merit bonus payments.

Table 17: GCC Merit Bonus Costs

Fiscal Years Covered	No. of Years Reviewed	Total Costs of MBs	Highest MB by Employee	No. of MBs Received	Lowest MB by Employee	No. of MBs Received	No. of Employees Rec'd MBs	No. of MBs Issued
FY 2010 - FY 2013	4 years	\$ 93,921	\$ 5,107	4	\$ 583	1	47	88

GDOE

GDOE paid a total of \$1.3M in merit bonuses to 705 employees. After consultation with legal counsel, the superintendent limited the period of review for merit bonuses from FY 2010 to FY 2012. Of the 705 employees, 704 received a total amount between \$432-\$5K and 1 received a total bonus amount of \$5,659. The highest merit bonus was \$5,659 received by an employee for 2 periods and the lowest merit bonus was \$432 received by an employee for 1 period.

A manual review of employee personnel files was performed and eligible employees were identified. During the review process, the agency noted that several of the schools had their own versions of evaluation forms. Because of the multiple evaluation forms if an employee’s performance evaluation rating was unclear that employee was deemed ineligible for a merit bonus. In the event that an employee felt they were due a merit bonus, the employee was allowed to ask for a request to reconsider their eligibility by writing a letter. The letter was reviewed by HR and final approval was made by the Superintendent.

During testing, we found that the data provided was the merit bonus net check amounts rather than the gross amounts. As of the date of this report, we have yet to receive updated data. As a result, the total cost of merit bonuses for GDOE and the total number of merit bonuses issued is understated.

Table 18: GDOE Merit Bonus Costs

Fiscal Years Covered	No. of Years Reviewed	Total Costs of MBs	Highest MB by Employee	No. of MBs Received	Lowest MB by Employee	No. of MBs Received	No. of Employees Rec'd MBs	No. of MBs Issued
FY 2010 - FY 2012	3 years	\$ 1,334,130	\$ 5,659	2	\$ 432	1	705	817

GHC

In the agency’s FY 2010 financial audit, a significant deficiency related to merit bonuses was found. The agency made a \$174,203 gross lump sum payment of merit bonuses to employees. All but 2 of the 135 merit bonuses were paid in November 2010. The acting President authorized payment without board approval. Independent auditors recommended that GHC obtain approval from the board of directors prior to executing major decisions involving significant or unusual disbursements.

Over \$164K in merit bonuses was paid from FY 1991 to FY 2013. A total of 20 employees received 136 merit bonuses. Of the 20 employees, 10 received a total amount between \$1,049-\$5K, 2 received between \$5K-\$10K, 4 received between \$10K-\$15K, 3 received a total amount between \$15K-\$20K, and 1 received a total amount between \$20K-\$30K. The highest merit bonus was \$21,021 received by an employee for 12 periods and the lowest merit bonus was \$1,049 received by an employee for 1 period.

Prior to the payment in 2010, a manual review of personnel jackets identified employees eligible for merit bonuses. Human resource prepared personnel actions for employees after verifying performance evaluation ratings and proper authorization signatures.

Table 19: GHC Merit Bonus Costs

Fiscal Years Covered	No. of Years Reviewed	Total Costs of MBs	Highest MB by Employee	No. of MBs Received	Lowest MB by Employee	No. of MBs Received	No. of Employees Rec'd MBs	No. of MBs Issued
FY 1991 - FY 2013	23 years	\$ 164,368	\$ 21,021	12	\$ 1,049	1	20	135

GHURA

GHURA was advised by legal counsel to pay out merit bonuses back to 1991. Federal law prohibited the use of funds designated for the current fiscal year to pay prior fiscal year obligations, therefore, a local funding source was secured through Public Law 32-194. As of FY 2013, GHURA did not make any merit bonus payments. However, on October 31, 2014, \$154K was paid for periods covering FY 1991 – FY 2011 to 30 current employees. The current employees received over 100 merit bonuses. As of the date of this report, former employees of GHURA have not been paid merit bonuses.

Of the 30 current employees, 16 received a total amount between \$656-\$5K, 12 received between \$5K-\$10K, and 2 received between \$10-\$15K. The highest merit bonus of current employees was \$13,260 paid to an employee for 11 periods and the lowest merit bonus was \$656 paid to an employee for 1 period. In 2011, GHURA adopted a pay for performance pay scale and has no plans to continue paying merit bonuses.

In order to be eligible, GHURA employees were to have received an overall performance rating of “outstanding”. For merit bonus purposes, an overall performance rating of outstanding was considered to be equivalent to a superior rating as required by 4 GCA § 6203.

Table 20: GHURA Merit Bonus Costs

Fiscal Years Covered	No. of Years Reviewed	Total Costs of MBs	Highest MB by Employee	No. of MBs Received	Lowest MB by Employee	No. of MBs Received	No. of Employees Rec'd MBs	No. of MBs Issued
FY 1991 - FY 2011	21 years	\$ 153,575	\$ 13,260	11	\$ 656	1	30	112

GIAA

GIAA paid \$285K in merit bonuses to 86 employees from FY 1992 to FY 2000. An additional payment was made to law enforcement personnel from FY 2009 to FY 2010. Of the 86 employees, 67 received a total amount between \$589-\$5K and 19 received between \$5K-\$10K. The highest merit bonus was \$9,644 received by an employee for 7 periods and the lowest merit bonus was \$589 received by an employee for 1 period. GIAA only paid merit bonuses for the years leading up to the implementation of its new compensation plan. Under GIAA’s new compensation plan, employees are eligible to receive an increment up to 6% of their salary and therefore merit bonuses are no longer issued.

Employees eligible for a merit bonus should have received either of the two highest overall ratings in all categories of performance evaluation criteria. During the manual review of employee

personnel files, if an employee was found to have received a rating less than the two highest for any performance evaluation criteria, they were deemed ineligible.

Table 21: GIAA Merit Bonus Costs³

Fiscal Years Covered	No. of Years Reviewed	Total Costs of MBs	Highest MB by Employee	No. of MBs Received	Lowest MB by Employee	No. of MBs Received	No. of Employees Rec'd MBs	No. of MBs Issued
*FY 1992 - FY 2010	12 years	\$ 285,347	\$9,644	7	\$589	1	86	254

GMHA

GMHA paid a total of \$183K in merit bonuses to 91 employees from FY 2010 to 2013. All 91 employees received a total amount between \$692-\$5K. The highest merit bonus was \$4,217 received by an employee for 1 period and the lowest merit bonus was \$692 received by an employee for 1 period. The period of review was limited because the funding received from DOA only allowed retroactive payment for three years.

Eligible active employees had to have received an overall “outstanding” performance evaluation rating. For merit bonus purposes, an outstanding rating was equivalent to a superior rating as required by 4 GCA § 6203. A manual review of personnel files identified eligible employees.

Table 22: GMHA Merit Bonus Costs

Fiscal Years Covered	No. of Years Reviewed	Total Costs of MBs	Highest MB by Employee	No. of MBs Received	Lowest MB by Employee	No. of MBs Received	No. of Employees Rec'd MBs	No. of MBs Issued
FY 2010 - FY 2012	3 years	\$ 182,552	\$ 4,217	1	\$ 692	1	91	95

GPA

GPA received direction from the Consolidated Commission on Utilities (CCU) through GPA Resolution No. 2013-44 to pay merit bonuses from October 1, 2008 to September 30, 2013. The CCU made the recommendation to management based on the statute of limitations pursuant to 7 GCA § 11303 and funding availability. Prior to the resolution from the CCU and Executive Order 2013-005, GPA never paid merit bonuses.

In January 2008, GPA adopted a pay scale for the employees holding positions considered Certified Technical Professionals (CTP). In addition, a pay for performance was implemented in 2010 allowing CTP employees the opportunity to earn a 1% to 6% increment based on their performance evaluation rating. Since CTP employees were transitioned into the new CTP Pay Methodology in January 2008, only the remaining non-CTPs were eligible for the Merit Bonus Program as the program covers employees classified under the GovGuam Unified Pay Schedule.

Merit bonuses were only paid to eligible non-CTP employees for the period determined by the CCU. Eligible employees were required to have been rated better than satisfactory on their respective performance evaluations. A “better than satisfactory” was deemed equivalent to a superior rating as required by 4 GCA § 6203 and should have 9 or more factors rated 4 or above, no ratings as low as 2, and a minimum overall score of 44.

³ *GIAA paid merit bonuses from FY 1991 – FY 2000. An additional payment was made to law enforcement personnel for FY 2009 – FY 2010.

After GPA manually reviewed employee personnel files, it was determined that 28 non-CTP employees were eligible for merit bonuses. A total of 53 merit bonuses were paid at a total cost of \$56K. All 28 employees who received merit bonuses received a total amount between \$795-\$5K. The highest merit bonus payment was \$4,154 received by an employee for 3 periods and the lowest merit bonus payment was \$795 received by an employee for 1 period. Moving forward, GPA will continue to pay merit bonuses for Non-CTP employees as they occur during the fiscal year as they remain on the 2014 GovGuam Competitive Wage Act.

Table 23: GPA Merit Bonus Costs

Fiscal Years Covered	No. of Years Reviewed	Total Costs of MBs	Highest MB by Employee	No. of MBs Received	Lowest MB by Employee	No. of MBs Received	No. of Employees Rec'd MBs	No. of MBs Issued
FY 2009 - FY 2013	5 years	\$ 55,691	\$ 4,154	3	\$ 795	1	28	53

GVB

GVB paid a total of \$157K in merit bonuses to 33 current and former employees from FY 1992 to FY 2013. Of the 33 employees, 23 received a total amount between \$624-\$5K, 7 received between \$5K-\$10K, and 3 received between \$15K-\$20K. The highest merit bonus was \$19,030 received by an employee for 8 periods and the lowest merit bonus was \$624 received by an employee for 1 period. The eligible employees should have received an “excellent” overall rating on their performance evaluation. For merit bonus purposes, an excellent overall rating was considered equivalent to a superior rating as required by 4 GCA § 6203. GVB plans to continue paying merit bonuses to eligible employees at the end of each fiscal year.

Table 24: GVB Merit Bonus Costs

Fiscal Years Covered	No. of Years Reviewed	Total Costs of MBs	Highest MB by Employee	No. of MBs Received	Lowest MB by Employee	No. of MBs Received	No. of Employees Rec'd MBs	No. of MBs Issued
FY 1994 - FY 2013	22 years	\$ 157,021	\$ 19,030	8	\$ 624	1	33	108

GWA

GWA followed the instructions of GWA Resolution No. 42-FY2013 issued by the CCU. The resolution limited the scope of payments for classified employees or non-CTP employees covered under the Government of Guam Unified Pay Schedule established in 4 GCA § 6201 from October 1, 2008 to September 30, 2013. All employees holding CTP positions were ineligible for merit bonuses since the adoption of their new pay scale in October 2007.

To be eligible for a merit bonus, non-CTP employees were required to have received an overall performance evaluation rating of “outstanding.” For merit bonus purposes, an overall performance rating of outstanding was considered equivalent to a superior rating as required by 4 GCA § 6203.

GWA manually reviewed employee files and identified 42 non-CTP employees eligible for a merit bonus. Those employees were paid 66 merit bonuses at a total cost of \$40K. Of the 42 employees, 41 received a total amount between \$237-\$5K and 1 received between \$5K-\$10K. The highest merit bonus was \$7,974 received by an employee for 4 periods and the lowest merit bonus was \$237 received by an employee for 1 period. As of FY 2013, GWA only paid \$9,292 for merit bonuses.

Table 25: GWA Merit Bonus Costs

Fiscal Years Covered	No. of Years Reviewed	Total Costs of MBs	Highest MB by Employee	No. of MBs Received	Lowest MB by Employee	No. of MBs Received	No. of Employees Rec'd MBs	No. of MBs Issued
FY 2009 - FY 2013	5 years	\$ 40,326	\$ 7,974	4	\$ 237	1	42	66

PAG

PAG issued merit bonuses for the periods FY 1992 to FY 2009. In 2009, PAG implemented a new compensation plan which has merit bonuses built in, therefore, no merit bonuses will be issued for periods after FY 2009.

The 108 PAG employees eligible for merit bonuses had to receive an overall performance rating of “outstanding.” The employees received 209 merit bonuses totaling \$267K. Of the 108 employees, 100 received a total amount between \$656-\$5K, 7 received between \$5K-\$10K, and 1 employee received a total bonus amount of \$10,626. The highest merit bonus was \$10,626 received by an employee for 5 periods and the lowest merit bonus was \$656 received by an employee for 1 period.

Table 26: PAG Merit Bonus Costs

Fiscal Years Covered	No. of Years Reviewed	Total Costs of MBs	Highest MB by Employee	No. of MBs received	Lowest MB by Employee	No. of MBs received	No. of Employees Rec'd MBs	No. of MBs Issued
FY 1992 - FY 2009	18 years	\$ 267,167	\$ 10,626	5	\$ 656	1	108	209

PDSC

The Public Defender Service Corporation paid merit bonuses from FY 2009 to FY 2012. PDSC received guidance regarding merit bonus payments from the Judiciary of Guam. Payments were made to eligible current and former employees of PDSC and the Alternate Public Defender (APD).

Eligible employees were required to have received an overall “excellent” rating on their respective performance evaluations, which was considered equivalent to a superior rating as required by 4 GCA § 6203. PDSC’s manual review of employee files found 11 current PDSC employees, 3 current APD employees, and 2 former employees eligible for a merit bonus.

Overall, 27 merit bonuses were issued to 16 PDSC and APD employees for a total cost of \$34K. Of the 16 employees, 15 received a total amount between \$743-\$5K and 1 employee received between \$5K-\$10K. The highest payment was \$5,424 received by an employee for 2 periods and the lowest payment was \$743 received by an employee for 1 period. As of our last meeting with the agency, PDSC has no plans to continue paying merit bonuses moving forward.

Table 27: PDSC Merit Bonus Costs

Fiscal Years Covered	No. of Years Reviewed	Total Costs of MBs	Highest MB by Employee	No. of MBs Received	Lowest MB by Employee	No. of MBs Received	No. of Employees Rec'd MBs	No. of MBs Issued
FY 2009 - FY 2012	4 years	\$ 33,678	\$ 5,424	2	\$ 743	1	16	27

UOG

Legal Counsel advised UOG to pay merit bonuses back to the enactment of the law in 1991. As of the date of this report, UOG has paid merit bonuses to active employees for the period of FY 1992 to FY 2013. Former employees of the University have yet to be paid.

Eligible employees had to have received an overall performance rating of “outstanding.” A manual review of employee personnel files showed 136 employees eligible for merit bonuses. Of the 136 employees, 88 received a total amount between \$563-\$5K, 32 received between \$5K-\$10K, 14 received between \$10K-\$15K, and 2 received between \$15K-\$20K for a total cost of \$631K. The highest merit bonus was \$17,227 received by an employee for 10 periods and the lowest merit bonus was \$563 received by an employee for 1 period.

Table 28: UOG Merit Bonus Costs

Fiscal Years Covered	No. of Years Reviewed	Total Costs of MBs	Highest MB by Employee	No. of MBs Received	Lowest MB by Employee	No. of MBs Received	No. of Employees Rec'd MBs	No. of MBs Issued
FY 1992 - FY 2013	22 years	\$ 630,850	\$ 17,227	10	\$ 563	1	136	590

JOG

JOG paid a total of \$880K in merit bonuses to 267 eligible employees from FY 2009 to FY 2013. Of the 267 employees, 218 received a total amount between \$596-\$5K and 49 received between \$5K-\$10K. The highest merit bonus was \$8,670 received by an employee for 3 periods and the lowest merit bonus was \$596 received by an employee for 1 period. JOG’s performance evaluations have “superior” as the second highest rating and “outstanding” as the highest. According to JOG personnel, an employee would be eligible for a merit bonus if a “superior” or “outstanding” was received in the provided period.

Like most agencies, JOG sought legal counsel advice to determine the period that the agency is liable to pay merit bonuses. It was determined that merit bonuses would be paid from FY 2009 through FY 2013 from appropriations approved by the Legislature. Moving forward, JOG has included merit bonuses in their budget and will plan to continue to make payments to eligible employees.

Table 29: JOG Merit Bonus Costs

Fiscal Years Covered	No. of Years Reviewed	Total Costs of MBs	Highest MB by Employee	No. of MBs Received	Lowest MB by Employee	No. of MBs Received	No. of Employees Rec'd MBs	No. of MBs Issued
FY 2009 - FY 2013	5 years	\$879,573	\$8,670	3	\$596	1	267	598

Conclusion & Recommendation

In our audit of the Merit Bonus Program, we found that GovGuam paid \$12.6M for retroactive merit bonuses. We tested 184 performance evaluations and corresponding personnel actions totaling \$309K. We found wide variations in the interpretation and administration of providing merit bonus payments to government employees.

Variations noted include:

- Periods of performance reviews ranged from 3 to 23 years;
- Inconsistent merit bonus calculations. For example, three agencies (GCC, GHC, and GVB) calculated merit bonuses based on an employee's previous salary while all other agencies tested used an employee's new salary and one GWA employee received a 5% lump sum pay adjustment (\$2,345) in addition to a 3.5% merit bonus lump sum payment (\$1,642) for the same fiscal year for a total cost of \$3,987; and
- Various interpretations of "superior" rating.

Specific agency deficiencies noted include:

- Three employees were ineligible for a merit bonus based on their performance evaluation rating. One employee from GPD, one employee from DOC, and one employee from GVB received performance evaluation ratings other than the highest possible on ten evaluations, but were issued a merit bonus totaling \$11,862;
- Three employee performance evaluations from GHC were missing totaling \$5,020; and
- Signatures for proper authorization were missing from 14 performance evaluations from GHC, GVB, GWA, DOA, GCC, AGR, and GPD totaling \$21,856.

The above deficiencies resulted in \$39K in questioned costs.

As per the Government of Guam Competitive Wage Act of 2014, the Merit Bonus Program is suspended until such time DOA can reassess the system of evaluation used to govern the eligibility for said bonuses. In addition, DOA shall come up with a policy of further evaluation to appropriately administer bonuses that are granted; however, the law did not set a deadline for submission of the policy. We recommend DOA follow through and submit their assessment and policy no later than September 30, 2015, but not without first seeking clarification on the Merit Bonus law from the Attorney General.

Management Response and OPA Reply

We transmitted a draft report to the DOA Director and Acting Deputy Director in November 2014 and December 2014, respectively, for their official response. We met with the DOA Acting Controller in December 2014, wherein there was a general concurrence with the findings and recommendations. As the date of this report, DOA did not provide an official response.

The legislation creating the Office of Public Accountability requires agencies to prepare a corrective action plan to implement audit recommendations, to document the progress in implementing the recommendations, and to endeavor to have implementation completed no later than the beginning of the next fiscal year. Accordingly, we will be contacting the DOA Director to provide target dates for the implementation of the recommendation.

We appreciate the cooperation and assistance of all agencies during the course of this audit.

OFFICE OF PUBLIC ACCOUNTABILITY



Doris Flores Brooks, CPA, CGFM
Public Auditor

Appendix 1:
Classification of Monetary Impact⁴

Finding No.	Finding Description	*Questioned Costs
1	GovGuam spent a total of \$12.6M in retroactive merit bonus payments	\$ -
2	Merit bonus awarded to ineligible employees <ul style="list-style-type: none"> • Seven performance evaluation ratings were not the highest possible ratings: <ul style="list-style-type: none"> ○ One GVB employee received three merit bonuses totaling \$6,000 after receiving the second highest performance evaluation rating; ○ One GPD employee received two merit bonuses totaling \$3,179 after receiving the second highest performance evaluation rating; and ○ One DOC employee received two merit bonuses totaling \$2,682 after receiving the second and third performance evaluation ratings. 	\$ 11,862
3	Performance evaluation ratings could not be verified due to missing or incomplete evaluation forms <ul style="list-style-type: none"> • Three performance evaluation ratings for two employees from GHC totaling \$5,020 could not be verified due to missing evaluation forms. 	\$ 5,020
4	Missing signatures for proper authorization of performance evaluation forms <ul style="list-style-type: none"> • Eleven signatures from seven performance evaluations were missing from GHC; • Two signatures from two performance evaluations were missing from GWA; • Two signatures from one performance evaluation was missing from GVB; and • One signature from one performance evaluation was missing from DOC, GCC, AGR, and GPD. 	\$ 21,856
Totals		\$ 38,738

⁴ *Questioned Costs are the costs questioned because of:

- (a) An alleged violation of a provision of a law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the expenditure of funds;
- (b) A finding that, at the time of the audit, such cost is not supported by adequate documentation; or
- (c) A finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable.

Appendix 2:**Objectives, Scope, and Methodology**

This report presents the results of our audit of the Merit Bonus Program from October 1, 2008 to September 30, 2013 and other periods deemed necessary. The audit objectives were to:

1. Determine the total merit bonuses paid to GovGuam employees; and
2. Determine if these payments were made in accordance with applicable laws and regulations.

Audit Methodology

Our audit methodology included a review of laws, policies, and other information pertinent to the Merit Bonus Program. We also performed the following:

1. Analyzed merit bonus costs from agency financial reports released to validate merit bonus data received.
2. Ranked the agencies by highest total merit bonus costs and highest merit bonus received by employee.
3. Analyzed data to determine merit bonus range distribution, number of employees per range of merit bonus, and percentage of employees per range of merit bonus.
4. Tested performance evaluations and corresponding personnel actions of 31 employees judgmentally selected from 15 agencies (DPHSS, JOG, GPD, DOA, UOG, DOC, DPW, AGR, GFD, DOL, GHC, GVB, GCC, GWA, and GDOE) for compliance with laws and proper ratings and authorizations. The agencies with the highest total merit bonus costs and five additional agencies with anomalies noted were chosen for testing. From these 15 agencies, we selected the 1st and 25th employee for testing. During testing, employee position and merit bonus calculations were also verified.

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

Appendix 3:**Prior Audit Coverage**

OPA Report No. 11-03 Government of Guam Liabilities Assessment

OPA's assessment of GovGuam's liabilities inclusive of unfunded/unbudgeted items found merit bonuses remained unpaid between 1991 and 2010. The Department of Administration estimated the liability for unpaid merit bonuses to be \$5.4M.

The OPA recommended to the Governor and the Legislature to amend the Merit Bonus law to remove the word "automatic."

Guam Housing Corporation FY2010 Financial Audit

The FY 2010 financial audit of the Guam Housing Corporation found lack of compliance in regards to the payment of merit bonuses without proper Board approval. Other findings included the highest paid merit bonuses were to senior management.

The recommendation was made for the corporation's management to obtain authorization and approval from the board of directors prior to executing major decisions especially those involving significant or unusual disbursements.

Title 4 of the Guam Code Annotated, Chapter 6

§ 6203: Superior performance by a classified employee in Grades A through V shall be rewarded by a lump sum bonus based on an amount equivalent to 3.5% of the employee's based salary. The merit bonus shall be automatic upon a superior rating evaluation conducted for increment purposes. The merit bonus is in addition to the increment provided under § 6102 and is limited to the fiscal year in which superior performance is rendered.

Public Law 32-068

Chapter II Part I § 15: Notwithstanding any other provision of law, *I Maga'låhen Guåhan* shall provide a written report to the Speaker of *I Liheslaturan Guåhan* for *I Liheslaturan Guåhan's* consideration, *no later than* the first (1st) of each month during Fiscal Year 2014, that details any available funds identified by *I Maga'låhen* for the payment of retroactive merit bonuses for the employees of the Guam Department of Education. *I Maga'låhen Guåhan shall only* expend funds for the payment of retroactive merit bonuses for the employees of the Guam Department of Education upon an appropriation by *I Liheslaturan Guåhan*.

Chapter II Part III § 5: Notwithstanding any other provision of law, *I Maga'låhen Guåhan* shall provide a written report to the Speaker of *I Liheslaturan Guåhan* for *I Liheslaturan Guåhan's* consideration, *no later than* the first (1st) of each month during Fiscal Year 2014, that details any available funds identified by *I Maga'låhen* for the payment of retroactive merit bonuses for the employees of the Guam Community College. *I Maga'låhen Guåhan shall only* expend funds for the payment of retroactive merit bonuses for the employees of the Guam Community College upon an appropriation by *I Liheslaturan Guåhan*.

Chapter IV § 11: (a) The sum of One Million One Hundred Twenty Five Thousand Two Hundred Fifty Six Dollars (\$1,125,256) is appropriated from the General Fund to the Unified Judiciary for the payment of merit bonuses.

(b) Notwithstanding any other provision of law, *I Maga'låhen Guåhan* shall provide a written report to the Speaker of *I Liheslaturan Guåhan* for *I Liheslaturan Guåhan's* consideration, *no later than* the first (1st) of each month during Fiscal Year 2014, that details any available funds identified by *I Maga'låhen* for the payment of retroactive merit bonuses above the amount of the appropriation in Subsection (a), for the employees of the Unified Judiciary. *I Maga'låhen Guåhan shall only* expend funds for the payment of retroactive merit bonuses for the employees of the Unified Judiciary upon an appropriation by *I Liheslaturan Guåhan*.

Chapter VII Part II § 3: (a) The sum of Thirty Five Thousand Three Hundred Fifty Four Dollars (\$35,354) is appropriated from the General Fund to the Public Defender Services Corporation for the payment of merit bonuses.

(b) Notwithstanding any other provision of law, *I Maga'låhen Guåhan* shall provide a written report to the Speaker of *I Liheslaturan Guåhan* for *I Liheslaturan Guåhan's* consideration, *no later than* the first (1st) of each month during Fiscal Year 2014, that details any available funds identified by *I Maga'låhen* for the payment of retroactive merit bonuses above the amount of the

appropriation in Subsection (a), for the employees of the Public Defender Services Corporation. *I Maga'låhen Guåhan shall only* expend funds for the payment of retroactive merit bonuses for the employees of the Public Defender Services Corporation upon an appropriation by *I Liheslaturan Guåhan*.

Government of Guam Competitive Wage Act

Exhibit 7. Miscellaneous Compensation-related Recommendations and Facts:

4. Merit Bonus Program Suspension:

- The administration of Merit Bonuses is suspended until such time the Department of Administration can reassess the system of evaluation used to govern the eligibility for said bonuses. DOA shall come up with a policy of further evaluation to appropriately administer bonuses that are granted.

Appendix 5: Merit Bonus Costs by Agency⁵

Agency	Fiscal Years Covered	No. of Years Reviewed	Total Costs of MBs	Highest MB by Employee	No. of MBs Received	Lowest MB by Employee	No. of MBs Received	No. of Employees Rec'd MBs	No. of MBs Issued
1 DPHSS	FY 1992 - FY 2012	21 years	\$ 2,220,619	\$ 29,710	6	\$ 589	1	558	1748
2 GDOE	FY 2010 - FY 2012	3 years	\$ 1,334,130	\$ 5,659	2	\$ 432	1	705	817
3 JOG	FY 2009 - FY 2013	5 years	\$ 879,573	\$ 8,670	3	\$ 596	1	267	598
4 GPD	FY 1992 - FY 2012	21 years	\$ 849,133	\$ 14,389	10	\$ 656	1	312	682
5 DOA	FY 1992 - FY 2012	21 years	\$ 651,937	\$ 17,895	12	\$ 656	1	176	514
6 UOG	FY 1992 - FY 2013	22 years	\$ 630,850	\$ 17,227	10	\$ 563	1	136	590
7 DOC	FY 1992 - FY 2012	21 years	\$ 585,458	\$ 19,349	10	\$ 656	1	205	508
8 DPW	FY 1992 - FY 2012	21 years	\$ 580,724	\$ 13,097	8	\$ 541	1	234	457
9 AGR	FY 1992 - FY 2012	21 years	\$ 351,404	\$ 12,815	10	\$ 589	1	99	301
10 GFD	FY 1992 - FY 2012	21 years	\$ 318,834	\$ 16,173	11	\$ 786	1	148	247
11 DOL	FY 1992 - FY 2012	21 years	\$ 314,895	\$ 12,180	9	\$ 589	1	87	281
12 GIAA	*FY 1992 - FY 2010	12 years	\$ 285,347	\$ 9,644	7	\$ 589	1	86	254
13 BSP	FY 1992 - FY 2012	21 years	\$ 268,647	\$ 16,662	11	\$ 864	1	41	184
14 PAG	FY 1992 - FY 2009	18 years	\$ 267,167	\$ 10,626	5	\$ 656	1	108	209
15 DYA	FY 1992 - FY 2012	21 years	\$ 227,896	\$ 13,622	9	\$ 619	1	71	189
16 GEPA	FY 1992 - FY 2012	21 years	\$ 220,170	\$ 9,771	8	\$ 917	1	56	157
17 DMHSA	FY 1992 - FY 2012	21 years	\$ 217,799	\$ 9,568	4	\$ 563	1	89	173
18 DRT	FY 1992 - FY 2012	21 years	\$ 187,373	\$ 12,120	7	\$ 694	1	73	139
19 GMHA	FY 2010 - FY 2012	3 years	\$ 182,552	\$ 4,217	1	\$ 692	1	91	95
20 GHC	FY 1991 - FY 2013	23 years	\$ 164,368	\$ 21,021	12	\$ 1,049	1	20	135
21 GVB	FY 1992 - FY 2013	22 years	\$ 157,021	\$ 19,030	8	\$ 624	1	33	108
22 DMA	FY 1992 - FY 2012	21 years	\$ 153,641	\$ 11,717	11	\$ 656	1	44	139
23 **GHURA	FY 1991 - FY 2011	21 years	\$ 153,575	\$ 13,260	11	\$ 656	1	30	112
24 DLM	FY 1992 - FY 2012	21 years	\$ 152,893	\$ 11,290	7	\$ 729	1	50	129
25 CQA	FY 1992 - FY 2012	21 years	\$ 149,376	\$ 10,740	8	\$ 658	1	62	125
26 DPR	FY 1992 - FY 2012	21 years	\$ 131,945	\$ 8,225	5	\$ 589	1	71	124
27 Department of Commerce	FY 1992 - FY 2012	21 years	\$ 114,306	\$ 4,403	3	\$ 656	1	57	114
28 DISID	FY 1992 - FY 2012	21 years	\$ 112,006	\$ 14,038	10	\$ 737	1	31	89
29 GPLS	FY 1992 - FY 2012	21 years	\$ 107,092	\$ 6,444	7	\$ 619	1	46	116
30 GGRF	FY 1992 - FY 2013	22 years	\$ 98,712	\$ 10,919	11	\$ 629	1	36	96
31 GCC	FY 2010 - FY 2013	4 years	\$ 93,921	\$ 5,107	4	\$ 583	1	47	88
32 CSC	FY 1992 - FY 2012	21 years	\$ 92,961	\$ 11,145	5	\$ 874	1	23	57
33 GPA	FY 2009 - FY 2013	5 years	\$ 55,691	\$ 4,154	3	\$ 795	1	28	53
34 AHRD	FY 1992 - FY 2012	21 years	\$ 51,058	\$ 8,858	7	\$ 694	1	20	43
35 BBMR	FY 1992 - FY 2012	21 years	\$ 47,512	\$ 6,758	3	\$ 971	1	17	31
36 CAHA	FY 1992 - FY 2012	21 years	\$ 40,369	\$ 13,466	12	\$ 917	1	9	35
37 ****GWA	FY 2009 - FY 2013	5 years	\$ 40,326	\$ 7,974	4	\$ 237	1	42	66
38 DCA	FY 1992 - FY 2012	21 years	\$ 37,133	\$ 4,881	4	\$ 776	1	17	36
39 GEO	FY 1992 - FY 2012	21 years	\$ 36,087	\$ 6,918	5	\$ 986	1	12	30
40 PDSC	FY 2009 - FY 2012	4 years	\$ 33,678	\$ 5,424	2	\$ 743	1	16	27
41 KGTF	FY 1992 - FY 2012	21 years	\$ 19,405	\$ 5,312	4	\$ 2,911	2	5	17
42 CME	FY 1992 - FY 2012	21 years	\$ 18,758	\$ 6,966	7	\$ 2,451	2	4	18
43 GOV	FY 1992 - FY 2012	21 years	\$ 17,097	\$ 4,796	3	\$ 624	1	9	15
44 GRTA	FY 1992 - FY 2012	21 years	\$ 16,705	\$ 5,280	3	\$ 1,207	1	8	11
45 CLTC	FY 1992 - FY 2012	21 years	\$ 13,333	\$ 4,048	4	\$ 958	1	6	12
46 OPA	***FY 1992 - FY 2013	22 years	\$ 11,326	\$ 3,739	2	\$ 1,245	1	5	7
47 CLB	FY 1992 - FY 2012	21 years	\$ 9,618	\$ 2,990	2	\$ 889	1	6	8
48 ALC	FY 1992 - FY 2012	21 years	\$ 9,194	\$ 6,784	7	\$ 2,410	3	2	10
49 MCOG	FY 1992 - FY 2012	21 years	\$ 8,045	\$ 5,484	4	\$ 864	1	3	7
50 GMFI	FY 1992 - FY 2012	21 years	\$ 5,813	\$ 3,576	3	\$ 2,237	3	2	6
51 GCEC	FY 1992 - FY 2012	21 years	\$ 5,681	\$ 4,557	2	\$ 1,124	1	2	3
52 GDDC	FY 1992 - FY 2012	21 years	\$ 5,277	\$ 3,389	2	\$ 1,888	2	2	4
53 PEALS	FY 1992 - FY 2012	21 years	\$ 5,066	\$ 5,066	3	-	-	1	1
54 OAG	FY 1992 - FY 2012	21 years	\$ 830	\$ 830	1	-	-	1	1
Total			\$12,559,718					4259	9860

⁵ *GIAA paid merit bonuses from FY 1991 – FY 2000. An additional payment was made to law enforcement personnel for FY 2009 – FY 2010.

**Merit bonus costs for GHURA are not included in the total due to no payments made in FY 2013. Payments to current employees were made on October 31, 2014.

***OPA's period of review included FY 2013.

****Total merit bonus costs for GWA are not included in the total due to payments made in FY 2014 (\$31,034), however, payments made in FY 2013 (\$9,292) are included.

Appendix 6: Range of Merit Bonuses Received⁶

	Agency	0 - \$5K	\$5K - \$10K	\$10K - \$15K	\$15K - \$20K	\$20K - \$30K	Total
1	DPHSS	\$ 937,732	\$ 666,600	\$ 363,640	\$ 200,391	\$ 52,257	\$ 2,220,619
2	GDOE	\$ 1,328,471	\$ 5,659				\$ 1,334,130
3	JOG	\$ 590,442	\$ 289,132	-	-	-	\$ 879,573
4	GPD	\$ 584,065	\$ 216,671	\$ 48,397	-	-	\$ 849,133
5	DOA	\$ 281,441	\$ 285,154	\$ 67,447	\$ 17,895	-	\$ 651,937
6	UOG	\$ 214,568	\$ 224,625	\$ 159,070	\$ 32,587	-	\$ 630,850
7	DOC	\$ 347,150	\$ 131,323	\$ 87,635	\$ 19,349	-	\$ 585,458
8	DPW	\$ 360,863	\$ 195,602	\$ 24,258	-	-	\$ 580,724
9	AGR	\$ 155,232	\$ 116,664	\$ 79,507	-	-	\$ 351,404
10	GFD	\$ 277,609	\$ 25,052	-	\$ 16,173	-	\$ 318,834
11	DOL	\$ 137,053	\$ 143,196	\$ 34,645	-	-	\$ 314,895
12	GIAA	\$ 153,451	\$ 131,896	-	-	-	\$ 285,347
13	BSP	\$ 66,834	\$ 72,414	\$ 81,254	\$ 48,144	-	\$ 268,647
14	PAG	\$ 209,707	\$ 46,834	\$ 10,626	-	-	\$ 267,167
15	DYA	\$ 125,851	\$ 61,975	\$ 40,070	-	-	\$ 227,896
16	GEPA	\$ 87,207	\$ 132,963	-	-	-	\$ 220,170
17	DMHSA	\$ 156,949	\$ 60,850	-	-	-	\$ 217,799
18	DRT	\$ 144,859	\$ 30,394	\$ 12,120	-	-	\$ 187,373
19	GMHA	\$ 182,552	-	-	-	-	\$ 182,552
20	GHC	\$ 25,702	\$ 14,570	\$ 53,144	\$ 49,931	\$ 21,021	\$ 164,368
21	GVB	\$ 58,137	\$ 47,069	-	\$ 51,815	-	\$ 157,021
22	DMA	\$ 78,404	\$ 42,171	\$ 33,066	-	-	\$ 153,641
23	*GHURA	\$ 38,080	\$ 91,809	\$ 23,687	-	-	\$ 153,575
24	DLM	\$ 98,445	\$ 43,157	\$ 11,290	-	-	\$ 152,893
25	CQA	\$ 98,939	\$ 39,696	\$ 10,740	-	-	\$ 149,376
26	DPR	\$ 117,122	\$ 14,823	-	-	-	\$ 131,945
27	Department of Commerce	\$ 114,306	-	-	-	-	\$ 114,306
28	DISID	\$ 43,470	\$ 32,693	\$ 35,843	-	-	\$ 112,006
29	GPLS	\$ 95,589	\$ 11,502	-	-	-	\$ 107,092
30	GGRF	\$ 60,943	\$ 26,849	\$ 10,919	-	-	\$ 98,712
31	GCC	\$ 88,814	\$ 5,107	-	-	-	\$ 93,921
32	CSC	\$ 37,056	\$ 34,607	\$ 21,298	-	-	\$ 92,961
33	GPA	\$ 55,691	-	-	-	-	\$ 55,691
34	AHRD	\$ 24,226	\$ 26,832	-	-	-	\$ 51,058
35	BBMR	\$ 35,605	\$ 11,907	-	-	-	\$ 47,512
36	CAHA	\$ 15,110	\$ 25,259	-	-	-	\$ 40,369
38	DCA	\$ 37,133	-	-	-	-	\$ 37,133
39	GEO	\$ 22,892	\$ 13,195	-	-	-	\$ 36,087
40	PDSC	\$ 28,254	\$ 5,424	-	-	-	\$ 33,678
41	KGTF	\$ 14,093	\$ 5,312	-	-	-	\$ 19,405
42	CME	\$ 11,792	\$ 6,966	-	-	-	\$ 18,758
43	GOV	\$ 17,097	-	-	-	-	\$ 17,097
44	GRTA	\$ 11,425	\$ 5,280	-	-	-	\$ 16,705
45	CLTC	\$ 13,333	-	-	-	-	\$ 13,333
46	OPA	\$ 11,326	-	-	-	-	\$ 11,326
47	CLB	\$ 9,618	-	-	-	-	\$ 9,618
37	**GWA	\$ 9,292	-	-	-	-	\$ 9,292
48	ALC	\$ 2,410	\$ 6,784	-	-	-	\$ 9,194
49	MCOG	\$ 2,562	\$ 5,484	-	-	-	\$ 8,045
50	GMFI	\$ 5,813	-	-	-	-	\$ 5,813
51	GCEC	\$ 5,681	-	-	-	-	\$ 5,681
52	GDDC	\$ 5,277	-	-	-	-	\$ 5,277
53	PEALS	-	\$ 5,066	-	-	-	\$ 5,066
54	OAG	\$ 830	-	-	-	-	\$ 830
	Total	\$ 7,598,424	\$ 3,266,759	\$ 1,184,971	\$ 436,286	\$ 73,278	\$ 12,559,718

⁶ *Merit bonus costs for GHURA are not included in the total due to no payments made in FY 2013. Payments to current employees were made on October 31, 2014.

**Total merit bonus costs for GWA are not included in the total due to payments made in FY 2014 (\$31,034), however, payments made in FY 2013 (\$9,292) are included.

Appendix 7:

Line Agencies and Instrumentalities Merit Bonus Costs⁷

Line Agency or Instrumentality	Fiscal Years Covered	No. of Years Reviewed	Total Costs of MBs	Highest MB by Employee	No. of MBs Received	Lowest MB by Employee	No. of MBs Received	No. of Employees Rec'd MBs	No. of MBs Issued
1 DPHSS	FY 1992 - FY 2012	21 years	\$ 2,220,619	\$ 29,710	6	\$ 589	1	558	1748
2 GPD	FY 1992 - FY 2012	21 years	\$ 849,133	\$ 14,389	10	\$ 656	1	312	682
3 DOA	FY 1992 - FY 2012	21 years	\$ 651,937	\$ 17,895	12	\$ 656	1	176	514
4 DOC	FY 1992 - FY 2012	21 years	\$ 585,458	\$ 19,349	10	\$ 656	1	205	508
5 DPW	FY 1992 - FY 2012	21 years	\$ 580,724	\$ 13,097	8	\$ 541	1	234	457
6 AGR	FY 1992 - FY 2012	21 years	\$ 351,404	\$ 12,815	10	\$ 589	1	99	301
7 GFD	FY 1992 - FY 2012	21 years	\$ 318,834	\$ 16,173	11	\$ 786	1	148	247
8 DOL	FY 1992 - FY 2012	21 years	\$ 314,895	\$ 12,180	9	\$ 589	1	87	281
9 BSP	FY 1992 - FY 2012	21 years	\$ 268,647	\$ 16,662	11	\$ 864	1	41	184
10 DYA	FY 1992 - FY 2012	21 years	\$ 227,896	\$ 13,622	9	\$ 619	1	71	189
11 GEPA	FY 1992 - FY 2012	21 years	\$ 220,170	\$ 9,771	8	\$ 917	1	56	157
12 DMHSA	FY 1992 - FY 2012	21 years	\$ 217,799	\$ 9,568	4	\$ 563	1	89	173
13 DRT	FY 1992 - FY 2012	21 years	\$ 187,373	\$ 12,120	7	\$ 694	1	73	139
14 DMA	FY 1992 - FY 2012	21 years	\$ 153,641	\$ 11,717	11	\$ 656	1	44	139
15 DLM	FY 1992 - FY 2012	21 years	\$ 152,893	\$ 11,290	7	\$ 729	1	50	129
16 CQA	FY 1992 - FY 2012	21 years	\$ 149,376	\$ 10,740	8	\$ 658	1	62	125
17 DPR	FY 1992 - FY 2012	21 years	\$ 131,945	\$ 8,225	5	\$ 589	1	71	124
18 Department of Commerce	FY 1992 - FY 2012	21 years	\$ 114,306	\$ 4,403	3	\$ 656	1	57	114
19 DISID	FY 1992 - FY 2012	21 years	\$ 112,006	\$ 14,038	10	\$ 737	1	31	89
20 GPLS	FY 1992 - FY 2012	21 years	\$ 107,092	\$ 6,444	7	\$ 619	1	46	116
21 CSC	FY 1992 - FY 2012	21 years	\$ 92,961	\$ 11,145	5	\$ 874	1	23	57
22 AHRD	FY 1992 - FY 2012	21 years	\$ 51,058	\$ 8,858	7	\$ 694	1	20	43
23 BBMR	FY 1992 - FY 2012	21 years	\$ 47,512	\$ 6,758	3	\$ 971	1	17	31
24 CAHA	FY 1992 - FY 2012	21 years	\$ 40,369	\$ 13,466	12	\$ 917	1	9	35
25 DCA	FY 1992 - FY 2012	21 years	\$ 37,133	\$ 4,881	4	\$ 776	1	17	36
26 GEO	FY 1992 - FY 2012	21 years	\$ 36,087	\$ 6,918	5	\$ 986	1	12	30
27 KGTF	FY 1992 - FY 2012	21 years	\$ 19,405	\$ 5,312	4	\$ 2,911	2	5	17
28 CME	FY 1992 - FY 2012	21 years	\$ 18,758	\$ 6,966	7	\$ 2,451	2	4	18
29 GOV	FY 1992 - FY 2012	21 years	\$ 17,097	\$ 4,796	3	\$ 624	1	9	15
30 GRТА	FY 1992 - FY 2012	21 years	\$ 16,705	\$ 5,280	3	\$ 1,207	1	8	11
31 CLTC	FY 1992 - FY 2012	21 years	\$ 13,333	\$ 4,048	4	\$ 958	1	6	12
32 OPA	*FY 1992 - FY 2013	22 years	\$ 11,326	\$ 3,739	2	\$ 1,245	1	5	7
33 CLB	FY 1992 - FY 2012	21 years	\$ 9,618	\$ 2,990	2	\$ 889	1	6	8
34 ALC	FY 1992 - FY 2012	21 years	\$ 9,194	\$ 6,784	7	\$ 2,410	3	2	10
35 MCOG	FY 1992 - FY 2012	21 years	\$ 8,045	\$ 5,484	4	\$ 864	1	3	7
36 GMFI	FY 1992 - FY 2012	21 years	\$ 5,813	\$ 3,576	3	\$ 2,237	3	2	6
37 GCEC	FY 1992 - FY 2012	21 years	\$ 5,681	\$ 4,557	2	\$ 1,124	1	2	3
38 GDDC	FY 1992 - FY 2012	21 years	\$ 5,277	\$ 3,389	2	\$ 1,888	2	2	4
39 PEALS	FY 1992 - FY 2012	21 years	\$ 5,066	\$ 5,066	3	-	-	1	3
40 OAG	FY 1992 - FY 2012	21 years	\$ 830	\$ 830	1	-	-	1	1
Total			\$ 8,367,415					**2517	6770

⁷ *OPA's period of review included FY 2013

**Per DOA data, a total of 2664 employees received a merit bonus. During our data analysis, a distinct count of employees was performed in order to eliminate a duplicate count of employees who have since transferred between line agencies. The distinct count identified 147 employees who have transferred and reduced the total amount of employees who have received a merit bonus to 2517.

Appendix 8:**Top Merit Bonuses by Agency**

	Agency	Merit Bonus	No. of MBs Received
1	DPHSS	\$ 29,710	6
2	DPHSS	\$ 22,547	9
3	GHC	\$ 21,021	12
4	DPHSS	\$ 19,532	10
5	DOC	\$ 19,349	10
6	GVB	\$ 19,030	8
7	GHC	\$ 18,776	12
8	DPHSS	\$ 18,750	10
9	DPHSS	\$ 18,341	11
10	DPHSS	\$ 18,165	10
11	DOA	\$ 17,895	12
12	GVB	\$ 17,719	8
13	UOG	\$ 17,227	10
14	BSP	\$ 16,662	11
15	DPHSS	\$ 16,506	3
16	GFD	\$ 16,173	11
17	GHC	\$ 16,027	11
18	DPHSS	\$ 15,989	11
19	BSP	\$ 15,985	11
20	DPHSS	\$ 15,907	11
21	DPHSS	\$ 15,696	9
22	BSP	\$ 15,497	10
23	DPHSS	\$ 15,468	10
24	DPHSS	\$ 15,464	9
25	DPHSS	\$ 15,440	9
26	UOG	\$ 15,361	11
27	DPHSS	\$ 15,131	9
28	GHC	\$ 15,128	12
29	GVB	\$ 15,066	9
30	DPHSS	\$ 14,993	8
	Total	\$ 524,557	293

Appendix 9:**Status of Audit Recommendations**

Audit Recommendation	Status	Action Required
To the DOA Director:		
1 Follow through and submit their assessment and policy no later than September 30, 2015, but not without first seeking clarification on the Merit Bonus law from the Attorney General.	Open	Please provide target date and title of the official(s) responsible for implementing the recommendation.



**Government of Guam Merit Bonus Program
Report No. 14-05, December 2014**

ACKNOWLEDGEMENTS

Key contributions to this report were made by:

Lisa Linek, Audit Staff
Rodalyn Gerardo, CIA, CGFM, CPA, CGAP, CGMA, Audit Supervisor
Doris Flores Brooks, CPA, CGFM, Public Auditor

MISSION STATEMENT

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

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The Government of Guam is the model for good governance in the Pacific.

CORE VALUES

Objectivity: To have an independent and impartial mind.

Professionalism: To adhere to ethical and professional standards.

Accountability: To be responsible and transparent in our actions.

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