

**Office of Public Accountability
Annual Report**

Calendar Year 2009

April 2010



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Distribution:

Governor of Guam
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Speaker, 30th Guam Legislature
Senators, 30th Guam Legislature
U.S. Department of the Interior
Office of Inspector General- Pacific Field Office
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Message from the Public Auditor

Dear People of Guam,

As I complete the first year of my third term as your elected Public Auditor, I am pleased to present my ninth annual report of the activities of the Office of Public Accountability.



Public Auditor of Guam
Doris Flores Brooks.

The year 2009 was one of transition for OPA staff as they moved from the unclassified to the classified service.

The process was arduous and lengthy, lasting more than six months -- from the Department of Administration's initial announcement to the final selection, resolution, and enrollment of six OPA staff into classified service. In the first quarter of 2009, with the departure of the Deputy, our staff complement dropped to nine persons, the lowest in eight years.

We recovered slowly from our personnel shortage and closed the year with four new employees. Our staff complement now stands at 13, with seven vacancies. Recruiting new staff

is an ever time-consuming process, usually taking over three months of continuous follow-up with DOA.

Despite the dearth of personnel, in 2009, OPA issued seven performance audits focused on oversight, insight and foresight; monitored and reviewed 18 financial audits; administered 12 procurement appeals, rendering decisions or resolutions to nine; developed and conducted three procurement trainings, developed and conducted three training sessions on the reporting and auditing requirements of the American Recovery and Reinvestment Act; and hosted the Association of Pacific Islands Public Auditors' 20th Annual Conference.

Looking forward, the impending military buildup and mounting deficit are our focal points. As there has been minimal restraint on government spending, we must look for ways to shore up revenue leakage and increase our revenue base. The outlook for Guam's economy is hopeful with the military buildup, but the cost of the buildup should be borne by the federal government and not placed on the backs of the people of Guam.

Senseramente,

Doris Flores Brooks, CPA, CGFM
Public Auditor



Year In Review

We are pleased to report on the performance of the Office of Public Accountability (OPA) for Calendar Year 2009. The OPA was established on July 20, 1992 by Public Law (P.L.) 21-122 as an instrumentality of the government of Guam, independent of the executive, legislative, and judicial branches. OPA seeks to achieve independent and nonpartisan assessments that promote accountability and efficient, effective management throughout the government of Guam.

The people of Guam and the government of Guam rely on OPA to serve as their guardian to ensure the effective and efficient administration and management of public funds and programs. Audits of our government are an essential element of public control and accountability.

By independently reviewing and reporting on programs, activities and organizations, and by conducting independent audits of financial statements, auditors provide the public, elected officials, and management with fair, objective, and reliable assessments of local government performance. OPA serves the public interest and the various stakeholders by providing reliable and dependable information, unbiased analyses, and objective recommendations on how best to use government resources in support of the well being of our island and our people.



OPA Staff at their 2009 Christmas Party. Seated from L-R: Gopinath Ramakrishnan, Jerrick Hernandez, Doris Flores Brooks, Vincent Duenas, and Franklin Cooper-Nurse. Standing from L-R: Marie Villanueva, Rachel Field, Maripaz Perez, Llewelyn Restuvog, Clariza Roque, Lourdes Perez, Rodalyn Marquez, and Ann Camacho.



Strategic Plan “Auditing for Better Government”

MISSION STATEMENT

To improve the public trust,
we audit, assess, analyze, and make recommendations
for accountability, transparency,
effectiveness, efficiency, and economy of the government of Guam
independently, impartially, and with integrity.

VISION

Guam is the model for good governance in the Pacific.

GOALS & OBJECTIVES

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

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

CORE VALUES

	Independence	
Integrity		Impartiality
	Accountability	Transparency

Effective July 2008

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OPA Name Change

In June 2009, P.L. 30-27 renamed the Office of the Public Auditor to the “*Office of Public Accountability*.” The original name spotlighted only the office holder, not the function of the office. The new name better reflects the purpose and mission of OPA to promote public accountability. We wish to acknowledge Senator Adolpho Palacios and members of the 30th Guam Legislature for their support of OPA’s name change.

Third Term as Public Auditor

On January 5, 2009, Doris Flores Brooks was sworn in at the Judicial Center in Hagatna for her third term as Guam’s elected Public Auditor. She marked her ninth year as Public Auditor on December 31, 2009.

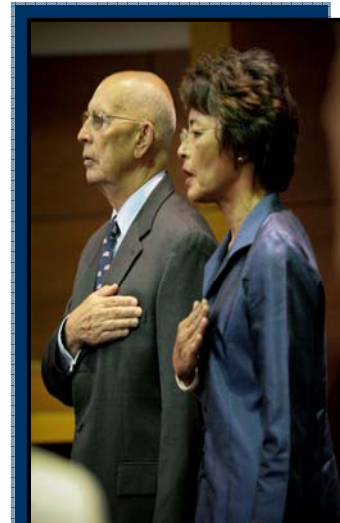
In that time and under her leadership, OPA issued 100 audit reports, which made 505 recommendations to improve government performance. The collective financial impact of these audits total \$109.5 million (M), as illustrated in the table below. See Appendix 2 for details of financial impact identified by OPA in 2009.

Fiscal Year	Reports Issued	Recommendations Issued	Financial Impact
2009	7	6	\$ 1,387,011
2008	10	28	\$ 9,687,839
2007	18	51	\$ 24,282,711
2006	19	76	\$ 20,927,648
2005	9	49	\$ 6,185,888
2004	14	91	\$ 16,361,053
2003	11	77	\$ 26,828,187
2002 & 2001	12	127	\$ 3,832,786
TOTAL:	100	505	\$ 109,493,123

The common findings in our audits include a lack of understanding among government managers of the importance of internal controls, or checks and balances, such as monitoring, separation of duties, establishing a control environment, and ensuring accurate and timely recording of transactions. Several of our reports have led to investigations, indictments, plea agreements, and convictions.

Since OPA’s inception, our audits have focused on uncovering fraud, waste, and abuse in our government. OPA will continue to focus resources in these areas as warranted. However, government auditing, and more specifically performance auditing, continues to evolve and has become more comprehensive and complex.

In her inaugural remarks, Public Auditor Brooks reiterated her commitment to continue providing better **oversight, insight, and foresight** for our government. She also noted that of OPA’s fourth function: **adjudication**, or procurement appeals, with a goal to render decisions timely.



Public Auditor Doris Flores Brooks with husband James Brooks during her inauguration.

OPA audits will continue to focus on economy, efficiency, accountability, and transparency in all instrumentalities of the government of Guam.



Other Operational Activities

OPA Received Silver Award for Best Website

OPA won the Association of Local Government Auditors' (ALGA) prestigious Silver Award for Best Website. The award was presented during ALGA's annual training conference in San



Francisco and accepted on OPA's behalf by Analyst and Website Administrator Vincent Duenas on May 5, 2009. ALGA's Awards

Committee chairman, Bill Cook, and Awards Committee member, Ms. Pam Weipert, made the presentation.

Member websites were judged in four categories: usability, accessibility, design, and uniqueness. Additionally, a wildcard for extras or exceptional areas was also considered.

According to the panel of judges comprised of ALGA members, the "Guam [website] scored the highest in uniqueness and was very strong in content and design." The judges praised the website's information and search capability, its usability and accessibility, and its animation and visual appeal, adding that its Ethical Tool Kit was "impressive."

ALGA is a professional organization established in 1989 to improve local government auditing by disseminating information and ideas about financial and performance auditing and providing training and a national forum to discuss auditing issues.

ALGA currently lists more than 2,000 members representing a wide diversity of audit organizations. Its Website Award Program encourages audit shops to improve their websites, provides guidelines for improvements, and rewards excellence.

FY 2009 Budget Execution

The OPA's original budget appropriation for Fiscal Year 2009 was \$1,271,782. However, with continued financial prudence and inability to hire new staff, OPA lapses amounted to \$253 thousand (K), or 20% of our approved budget. That amount could have been used toward deficit reduction, but was instead used to cover over expenditures in other departments.

The budgetary process tends to excuse entities that overspend at the expense of those that are thrifty. Through the Governor's transfer authority, entities that under spend have their budget further reduced. Earlier budget laws prohibited the executive branch from transferring OPA lapses, which were instead carried forward.



OPA Staff during the OPA's fiscal year 2010 budget hearing at the Guam Legislature. Pictured L-R: Theresa Gumataotao, Franklin Cooper-Nurse, Doris Flores Brooks, and Rodalyn Marquez.



With a budget of only \$954K, OPA:

- Completed seven audits, analyses, and reports with collective financial impact of \$1.4M identified;
- Supervised, monitored, and reviewed 18 financial audits which collectively identified \$3.1M in questioned costs;
- Administered 12 procurement appeals cases;
- Developed and conducted three procurement training sessions at Guam Memorial Hospital Authority (GMHA), Department of Education (DOE), and General Services Agency (GSA);
- Developed guidance on the American Recovery and Reinvestment Act and conducted three training seminars for 120 directors, senior managers, and controllers from 31 agencies; and
- Hosted the 20th Annual Association of Pacific Islands Public Auditors Conference, themed “20 Years of Advancing Pacific Islands Public Accountability,” which drew over 320 attendees.



OPA participated at the Layon Landfill tour in July 2009 with other local and federal government officials.

OPA work represents nearly 470% return on investment for every appropriated dollar. OPA spent 72% of its budget on salaries and benefits, 10% on contractual services, 9% on rent, and 9% on various expenses. The table below is a summary of OPA 2009 expenses. Refer to Appendix 1 for OPA’s financial statements.

Expenses	Amount	% of Total
Salaries & Benefits	\$ 689,660	72%
Contractual	\$ 97,715	10%
Rent	\$ 82,177	9%
Equipment	\$ 35,434	4%
Miscellaneous	\$ 18,294	2%
Travel	\$ 14,917	2%
Supplies	\$ 9,813	1%
Telephone & Utilities	\$ 6,238	1%
Total	\$ 954,248	100%

Audit Highlights for 2009

With a skilled core of dedicated professionals, OPA continued its commitment to “*Auditing for Better Government.*” Of the seven performance audits, analyses, and reviews, four were mandated by law, two came at the request of senators, and one was self-initiated.

Our audit reports included six recommendations to the audited government entities to improve accountability and operational efficiency. See list below for our report classification summary.

OPA Mandates

- Three quarterly financial reports submitted by government entities (P.L. 29-19 and 29-113)
- Chamorro Land Trust Commission (CLTC) Commercial Division



Audit Requests from Legislators

- Department of Corrections (DOC) Overtime and Hazardous Pay
- Government of Guam Medical Referral Benefits Bank Account

OPA-Initiated Performance Audit

- Government of Guam Physical Fitness and Wellness Program

Government auditing has become a more comprehensive activity involving Oversight, Insight, and Foresight. OPA completed three oversight reviews: (1) FY 2008 Fourth Quarter, (2) FY 2009 First Quarter, and (3) FY 2009 Second and Third Quarter financial reporting requirements. Two audits -- the CLTC's Commercial Division and DOC Overtime and Hazardous Pay -- offered insight. Two other audits -- the Government of Guam Medical Referral Benefits Bank Account and the Government of Guam Physical Fitness and Wellness Program -- provided insight as well as foresight.

Over the last three years, mandated audits and audit requests from government officials consumed more than 30% of OPA's work hours, leaving little time to focus on high risk audit areas. Audit requests from government agencies must often go unanswered because of staff shortage. OPA received 15 audit requests in 2009, of which 2 audit requests were accommodated, and 4 were referred to financial auditors and the entity's internal auditors.

2010 Audit Plan

The OPA develops an Audit Work Plan annually. Audit staff work collectively to determine what government entities and programs to review. We estimate our

available auditing hours for 2010 to be 10,440.



OPA staff meeting during its audit plan development session.

In assessing our audit selection, we consider high risk topics and the loss or possible mismanagement of funds. We have found that high risk audit areas are among those government entities that have their own checking accounts and are not part of DOA's accounting system. Our audits have consistently shown:

- Lack of understanding of the importance of internal controls, or checks and balances;
- Lack of monitoring and oversight;
- Improper procurement; and
- Lack of financial reporting.

Despite limited resources, OPA remains committed to performing its mandated duties and to initiate audits that, in our professional judgment, would be relevant, informative, timely, and have a positive impact on the operations of audited entities.

The OPA Audit Work Plan for 2010 includes the following:

- 1) Department of Public Works Construction Projects
- 2) Building Permit Fees



- 3) DOE Procurement Practices
- 4) General Services Agency Sole Source Procurement
- 5) Guam Police Department Asset Forfeiture Fund
- 6) E-911 Emergency Reporting System Fund

Our Work Plan is not necessarily limited to the aforementioned audits. We have allowed for flexibility and may initiate other audits based on priority, requests from elected officials, and staff availability.

Move to the Classified Service

Although the OPA was established as independent instrumentality, it is treated as a line entity subject to DOA rules and regulations. Under current law, DOA sets the compensation levels for OPA staff according to the Hay Study, which has not been updated since 1991, but is now being updated. In November 2008, the Superior Court ruled that the Legislature could grant agencies the authority to establish their own personnel rules and regulations, much like the autonomous agencies and other independent government instrumentalities, so long as they are consistent with the Civil Service merit system.

A precedent was set with piecemeal legislation that allowed the Department of Law to establish a separate pay plan for its attorneys. Autonomous entities have their own pay plan and most recently the Guam Power Authority, Guam Community College, Port Authority of Guam, and the Guam International Airport Authority have updated their compensation plans. The Legislature has yet to grant OPA similar authority.

In 2009, OPA submitted Bill 208-30 to the Legislature to clarify the restrictions on the recruitment and compensation of personnel above Step 10 of the Compensation Schedule. Specifically, the bill sought to maintain the compensation levels of the unclassified OPA employees who were hired above Step 10 “after October 1, 2007.” Those hired before this date were forced to take significant pay cuts. Bill 208-30 passed in March 2010.

A second bill was submitted in an effort to preserve OPA’s independence. Bill 211-30 sought to restore the Public Auditor’s authority to hire a Deputy Public Auditor and a Secretary in the unclassified service and to protect against salary reductions for OPA staff. We await passage of Bill 211-30.

OPA continues to have a staff shortage. Despite continuous job announcements for auditors, only a handful of applicants have been attracted since December 2009. Hiring and promoting staff in the classified service through DOA is very time consuming and laborious. The detailed narrative justifications and the production of required documents is exhaustive.



OPA senior audit staff. Seated from L-R: Vincent Duenas and Franklin Cooper-Nurse. Standing from L-R: Lourdes Perez, Rodalyn Marquez, Maripaz Perez, and Llewelyn Terlaje.



In 2009, six OPA employees were reclassified from unclassified to classified positions and were promoted to Step 10. The process took more than over six months to accomplish.

Between March and December 2009, DOA approved the hiring of four new auditors above step and one administrative officer. The hiring and approval of the above-step petition took almost four months. The process is inordinately bureaucratic and lengthy and the process is not conducive to sound personnel management policies.



Newly hired OPA staff in 2009. Seated from L-R: Gopinath Ramakrishnan and Jerrick Hernandez. Standing from L-R: Rachel Field, Marie Villanueva, and Clariza Roque.

Retention of qualified individuals also remains an ongoing challenge. Under the purview of DOA's Human Resources Personnel Management, OPA is unable to compete with autonomous entities, the federal government, and the private sector which have greater personnel flexibility. OPA's main challenges to recruitment and retention are:

1. Low compensation packages; and
2. The lengthy bureaucratic process to hire (almost four months for new hires and six months to reclassify existing employees).

Existing Salary Ranges Among the Lowest

In December 2008, OPA submitted a request to DOA to reconsider the Deputy Public Auditor's salary of \$60,528 to be equivalent to that of the Department of Revenue and Taxation's (DRT) Deputy Director's salary of \$73,020. In February 2009, DOA approved an increase, but only to \$66,364. DOA did not deem the Deputy Public Auditor position to be comparable to the DRT Deputy's position in know-how, complexity, or accountability for higher pay.

Even at \$66,364, the Deputy Public Auditor's salary is among the lowest of the 52 states and territories, according to the National Association of State Auditors' 2009 edition of the Annual Auditing of the States. Even if the salary is raised to \$73,020, it would still remain among the lowest.

Similarly, the starting salaries of OPA's entry-, middle-, and upper-level auditors are among the lowest of the states and territories.

- Auditor I - \$24,656 to \$52,170
- Auditor II - \$26,520 to \$56,114
- Auditor III - \$28,768 to \$60,681
- Chief Auditor - \$33,811 to \$71,541

OPA awaits the implementation of the updated Hay Study, the government-wide evaluation of job classifications and skill levels on which compensation and benefits are based. If authority is given to adjust salaries consistent with the proposed Hay Study, OPA should be in a better position to attract and retain qualified staff.



Performance Audits

FY 2008 and 2009 Quarterly Reports (OPA Reports No. 09-01, 09-02, and 09-05)

The FY 2008 and 2009 Budget Acts required 59 and 60 entities, respectively, to submit various reports manually, electronically, and posted on entity websites. P.L. 29-19 and 29-113 placed a 20% salary reduction penalty for directors, deputies, and chief financial officers who fail to comply with the reporting requirements.

P.L. 29-19 (FY 2008) Fourth Quarter:

- All 59 entities complied with the reporting requirements.

P.L. 29-113 (FY 2009):

- First Quarter - The addition of the Guam Commission for Education Certification brought the number of required reporting agencies to 60. Of these, 54 (90%) fully complied.
- Second and Third Quarter - 55 of the 60 agencies (92%) fully complied.

To date, no agency head or related staff has been penalized the 20% salary reduction for non-compliance. The FY 2010 Budget Act, P.L. 30-55, no longer requires entities to submit quarterly financial reports. Despite this, OPA continues to post its quarterly reports on its website to promote transparency and accountability.

Chamorro Land Trust Commission (CLTC) Commercial Division (OPA Report No. 09-03)

The CLTC, administrators of the Chamorro Land Trust Act, lacks the management and control systems,

procedures, and assigned staff to adequately attend to the task of issuing Trust properties. Although the Land Trust Act was intended to advance the well-being of the Chamorro people, more than 60% of the lands awarded by CLTC over the past three fiscal years has been for commercial purposes.

- Commercial Licenses: CLTC issued licenses for 106 acres (428,967 square meters) at seven cents per annum to 10 commercial applicants.
- Agricultural and Residential Leases: CLTC issued leases for only 62 acres (250,905 square meters) to 60 agricultural and residential lease applicants.

As of December 31, 2008, CLTC's accounts receivables totaled \$305,472. Of this, \$261,337 (86%) was past due more than 90 days. Some arrears date back to 2005.



OPA staff's Thanksgiving luncheon at their office in Hagatna.

Department of Corrections Overtime and Hazardous Pay (OPA Report No. 09-04)

DOC continues to incur overtime and inappropriately disburse hazardous pay. Despite caps set by management, as of



May 2009, DOC personnel have accrued \$150,549 in overtime costs. Of 76 employees, 10 incurred \$99,527, or 66% of the overtime total. The 10 employees are the same top overtime earners between fiscal years 2005 and 2008.

Although the Civil Service Commission in 2001 instructed DOC to cease hazardous pay for administrative employees, our 2009 audit found that employees in the Director's office continued to receive hazardous pay. In addition, DOC has disbursed hazardous pay to 15 correction officers and guards who did not work in a life-threatening environment. DOC has paid \$231,202, an average of \$57,801 annually.

Between October 2008 and May 2009, DOC paid \$896,963 in overtime to 191 employees. Nearly 90% of that amount (\$795,374) was paid to five DOC positions. Although DOC maintains a call-back list so that overtime can be distributed equitably, overtime is voluntary and at supervisors' discretion.

We recognize that overtime in law enforcement is inevitable, but the disparities we found in overtime distribution clearly indicate that DOC management has not controlled overtime. It is incumbent upon the Director and his management team to better scrutinize, equitably distribute, and diligently monitor and control overtime.

Government of Guam Medical Referral Benefits Bank Account (MRBBA) (OPA Report No. 09-06)

The MRBBA was established by P.L. 24-276 to bank the frequent flyer miles of government travelers in order to provide

air travel for Medically Indigent patients who require off-island treatment.

We found that the MRBBA could not be implemented because the law does not take into account the airlines' authority and prerogative to establish, regulate, and restrict its frequent flyer program.

Similar attempts to pool travel miles by the federal government and the governments of the Commonwealth of the Northern Mariana Islands, and the Republic of Palau were equally unsuccessful for the same reason. An airline official explained that pooling government travel miles conflicts with corporate policy. The airline does not allow travelers to establish separate personal and government accounts, nor does it allow master accounts for governments or corporate entities.

In an effort to comply with the law, DOA established a business credit card account which accrued one frequent flyer mile for every dollar purchased and double miles for qualifying air ticket purchases. As of October 12, 2009, the business credit card earned 789,598 frequent flyer miles, but as of November 12, 2009, no miles have been redeemed. We recommended P.L. 24-276 be repealed.



OPA staff participated in the 2009 Salvation Army Thanksgiving Canned Food Drive.



Department of Administration Government of Guam's Wellness Benefits (OPA Report No. 09-07)

Without a designated entity to monitor wellness and fitness benefit programs, the government of Guam has paid noncompetitive rates to make such benefits available to government employees as part of their health insurance plan. Between October 1, 2007 and June 30, 2009, the government of Guam paid \$496,388 to the physical fitness center and \$203,400 to the wellness center. The payments were based on the total number of government employees (10,250 per month) enrolled in the Guam Health Insurance Plan (GHIP) rather than on the number of enrollees who actually participated in the Wellness Benefits.

Over the two-year period, from October 2007 to September 2009, the only utilization data provided was that 58 government employees participated in the wellness center between October 2008 and February 2009. We found that only 6% (618 employees) of the GHIP's 10,250 enrollees utilized the fitness center monthly.



OPA and their family members participated in the 2009 Relay for Life. Pictured from L-R: James Brooks, Doris Flores Brooks, Vincent Duenas, Franklin Cooper-Nurse, Anne Camacho, Gopinath Ramakrishnan, Jerrick Hernandez, and Ramon Camacho.

We also identified questioned costs totaling \$699,788 for payments resulting from an unadvertised, sole-sourced addendum to the original RFP for the healthcare plan. We recommended that the Governor designate an entity to better monitor the wellness and fitness benefits program.

Financial Audits

Financial audits are a key element in the review of government entities. They are conducted in order to provide reasonable assurance that government financial statements fairly present its financial position, the results of its operations, and its cash flows in conformity with generally accepted accounting principles.

Title 1 G.C.A. §1909 requires the annual financial audit of all government of Guam departments, agencies, and instrumentalities to be issued no later than nine months after the end of the fiscal year (i.e., June 30th). Section 1908 grants the OPA authority to select and engage independent auditors.

OPA procures all financial audits through a Request for Proposal (RFP), contracts with independent CPA firms, and oversees the work. OPA encourages all CPA firms willing and capable of conducting governmental financial audits to submit proposals. In FY 2009, OPA issued RFPs for financial audits of the following entities:

1. Port Authority of Guam, April
2. Guam Preservation Trust, August
3. Tourist Attraction Fund & Territorial Highway Fund, August



4. Guam Economic Development Authority, September
5. University of Guam, September
6. Government of Guam Retirement Fund, September

DOA resolved \$53.3M, leaving \$7.8M in questioned General Fund costs. We commend DOA for the continual effort to resolve these questioned costs. Refer to Appendix 3 for details.

The accounting firm of Eide Bailly, LLP was the first off-island firm since the Public Auditor’s election in 2000 to be contracted. Based in Boise, Idaho, Eide Bailly was awarded to conduct the financial audit of the University of Guam for fiscal years 2009-2011.

The Public Auditor and her staff work closely with the contracted firms to ensure that the financial audits are informative, comprehensive, and in compliance with *Government Auditing Standards*.

In 2009, 18 financial audits were issued; 70 findings were identified, 83 management letter comments were made, and \$3.1M in questioned costs were found. At \$1.9M, the questioned costs in the audit of the General Fund were the highest. See table below for details.

Questioned Costs of Audited Entities

OPA tracks financial audit information based on the audits completed during a calendar year. From calendar years 2001 to 2008, a total of 1,683 findings were identified, with over \$62M in questioned costs, as illustrated in the table below.

FY	# of Findings	Current Year	Resolved	Cumulative
2008	21	\$ 1,881,435	\$ 1,128,090	\$ 7,837,719
2007	26	\$ 2,802,408	\$ 1,478,722	\$ 7,084,374
2006	37	\$ 2,773,997	\$ 7,522,338	\$ 5,760,688
2005	33	\$ 584,348	\$ 15,212,478	\$ 10,509,029
2004	30	\$ 514,486	\$ 16,977,796	\$ 25,137,159
2003	30	\$ 1,243,982	\$ 10,983,850	\$ 41,600,469
2002	113	\$ 4,258,861	\$ 21,471	\$ 51,340,337
Total	290	\$ 14,059,517	\$ 53,324,745	

CY	# of Findings	Questioned Costs
2009	70	\$ 3,090,559
2008	88	\$ 3,312,358
2007	136	\$ 4,057,666
2006	188	\$ 4,443,204
2005	236	\$ 2,112,369
2004	485	\$ 13,073,265
2003	260	\$ 21,957,785
2002	181	\$ 10,062,663
2001	39	\$ 14,594
Total	1,683	\$ 62,124,463

OPA has worked closely with DOA and the autonomous entities to resolve questioned costs for all Executive Branch agencies. Between FY 2002 and 2008,

FY 2008 Financial Audit – Second Year with Unqualified “Clean” Opinion

The timely completion of all financial audits remains the Public Auditor’s expressed goal. The information contained in each report should be timely, relevant, and useful to administrators, policy makers, and the public.

For the second year, the FY 2008 audits of the government of the Guam received an unqualified “clean” opinion. This was a historic feat in FY 2007 as a result of OPA’s oversight, and the collaborative efforts among OPA, DOA, DRT, GMHA,



the autonomous agencies, and the independent auditors.

The FY 2008 government of Guam audit was issued in June 2008, the fourth consecutive year of timely issuance of the government-wide financial statements. The first timely issuance was the FY 2005 audit released in June 2006. The FY 2006 government of Guam audit report also was issued timely and included all component units. However, certain audits had qualified opinions.



Financial audit meeting with government officials and independent auditors.

audits no later than nine months after the fiscal year. Guam law sets the same standards and deadlines. Failure to comply can result in a loss of federal awards or the declaration of the agency as a “high risk grantee,” meaning it will be subject to special conditions, depending on the situation.

In September 2003, the U.S. Department of Education declared DOE a high-risk grantee for failing to submit financial audits for fiscal years 1998 through 2002.

Although DOE received unqualified or clean opinions on its financial statements for the last three years, it remains on high risk status because its compliance report is qualified due to significant deficiencies and material weaknesses. Weak internal controls, Policy Board decisions affecting curriculum, and the instability of the Superintendent position were contributing factors. To address the high risk status, DOE developed a Comprehensive Action Plan and is seeking funding through the Department of the Interior for a new financial management improvement system.

DOE’s current Superintendent, Dr. Nerissa Bretania-Underwood, has held the position for nearly two years. She has empowered a management team of three Deputy Superintendents for operational support; however, two of the deputies vacated their positions during in 2009.

Consequence of Untimely Audits

The Office of Management and Budget’s (OMB) Circular No. A-133 sets standards for consistency and uniformity of financial audits.¹ Local government agencies that expend more than \$500,000 of federal funds in a fiscal year are required to submit

¹ OMB Circular No. A-133 was issued pursuant to the Single Audit Act of 1984 as amended, P.L. 98-502, and the Single Audit Act Amendments of 1996, P.L. 104-156. It sets forth standards for obtaining consistency and uniformity among federal agencies for the audit of states, local governments, and non-profit organizations expending federal awards. Subpart B of A-133 sets a threshold amount of \$500,000 (effective December 31, 2003) for federal monies that are expended during a year to be audited.

General Fund Deficit at \$415.5 Million

On September 30, 2008, the government of Guam’s General Fund deficit stood at \$415.5M, down from the \$501.9M (on a modified accrual basis) at the beginning of the fiscal year. Three factors contributed to the \$86.4M deficit decrease: (1) the



refunding and issuance of general obligation bonds, (2) the issuance of long-term debt for streetlights, and (3) the adjustment of medical bill accrual for GMHA.

1. *Issuance of General Obligation Bond:* In November 2007, the government of Guam issued new debt of \$151.9M in general obligation bonds. Of this amount, \$66.8M was used to refund the outstanding 1993 Series A bonds with an average interest rate of 4.2%. Bond proceeds of \$69.3M went to (1) DOE for capital improvement projects totaling \$26.1M; (2) tax refund payments of \$18.6M; (3) court-ordered COLA payments of \$14M; and (4) court mandated payments for the Department of Integrated Services for Individuals with Disabilities and the Department of Mental Health and Substance Abuse totaling \$5.3M.
2. *Issuance of Long-Term Debt to Pay Delinquent Streetlight Bills:* The issuance of a promissory note totaling \$13.8M to pay GPA for delinquent streetlight bills also reduced the deficit. Monthly payments are \$350,000 at 7% per annum. The note was collateralized by the pledge and assignment of Section 30 revenues.
3. *Adjustment of Medical Bill Accrual:* P.L. 29-132 clarified the application of funds appropriated from the GMHA Pharmaceuticals Fund for medical services rendered to qualified MIP and Medicaid clientele. This resulted in a \$13.2M reduction to the deficit.

However, the government's financial position continues to deteriorate as actual expenditures have consistently exceeded

actual revenues. While the deficit decreased by \$86.4M, from \$501.9M in 2007 to \$415.5M in 2008, the deficit represents 81% of the General Fund's FY 2008 revenues.

Total revenues in 2008 were \$513.2M, down \$1.6M from the \$514.8M collected in 2007. Tax revenues increased by \$16.8M, from \$426M in 2007 to \$443M in 2008. Gross receipts taxes (GRT) alone rose to \$185.8M, a \$13M or 7.6% increase from the prior year. This is the first time GRT collections reached this level since 1997, when they totaled \$184.5M. There was also a corresponding increase in income taxes, from \$250.8M in 2007 to \$254.1M in 2008, a \$3.3M increase. These tax collection increases were offset by a \$29.4M decrease in Section 30 monies. In 2007, Section 30 monies jumped by \$21.2M to \$74.7M due to a one-time payment of a retroactive adjustment from 1984 to 2005.



OPA site visit to Guam Housing Corporation's rental units in Yigo.

General Fund expenditures increased by \$32.6M, going from \$421.5M in 2007 to \$454.2M in 2008. Expenditures for public education, primarily for DOE and DPW Bus Operations, increased by \$9.7M, going from \$183.4M in 2007 to \$193M in 2008.



The Guam Legislature enacted various laws (29-116, 30-1, and 30-7) that authorized the issuance of Deficit Financing Bonds to finance certain General Fund liabilities, past due government expenditures, and facilities of the Solid Waste Management System. The government of Guam subsequently issued bonds totaling \$473.5M for these purposes in June 2009.

- The \$271.1M General Obligation Bonds were issued to pay for delinquent tax refunds (\$112M), liabilities associated with the court-ordered COLA settlement (\$85M), past due retirement contributions of DOE and GMHA (\$21M), and bond fees and capitalized interest (\$35M), leaving a balance of \$18M. The Bonds received a highly speculative non-investment grade of B+ due to the General Fund's \$415.5M deficit as of September 30, 2008.
- The \$202.4M Limited Obligation (Section 30) Bonds were issued to comply with the Consent Decree to open a new landfill and close the Ordot Dump. These bonds received "BBB-" or investment bonds of medium grade quality. Because Section 30 revenue is a guarantee, these bonds received a higher rating.

The impending military buildup is expected to be a catalyst for growth. However, if increases in revenues go entirely to fund current operations, leaving little, if any, new cash to pay past debt, cash shortfalls will continue.

Our government should strive to contain its spending and increase its revenues in order to have cash to pay down the deficit, which is financed primarily by delayed payment of income tax refunds.

Performeter and A.F.T.E.R. Analysis

The Performeter and Audit Findings Timeliness and Exception Resolution A.F.T.E.R. analyses were developed by Crawford & Associates P.C. of Oklahoma City. A Performeter rating communicates a broad assessment of a government's financial health on a scale from 1 to 10, with 10 being the most favorable.

In FY 2008, Guam's overall Performeter rating was 1.31, the lowest score in the six years and the lowest ever among the 10 other insular areas this analysis was conducted. Guam's highest score came in 2004 with a 2.86.

<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
1.31	2.66	1.32	1.70	2.86	2.21

The Performeter concluded that 121.3% of government of Guam's \$985.5M in assets was funded with debt or other obligations. This means that for every dollar of owned assets, the government of Guam owes \$1.21 and is not living within its means. This is relatively consistent with the ratios of prior years.

General Fund Deficit

The Performeter takes into account the full accrual version of the government of Guam's total assets and total liabilities. For the year ended September 30, 2008, the net asset deficiency increased by \$78.2M (59.4%) from the prior year's \$131.5M, indicating that Guam's financial condition, as a whole, deteriorated from the prior year.

This increase in the deficit was due to an increase in expenses of approximately \$100M, with an increase in revenues of \$14M.



The Government of Guam's Ability to Pay Liabilities

Although there was a slight improvement in the current ratio (current assets to current liabilities) of 0.28 to 1, compared to the past three years, government of Guam has just 28 cents of current assets to pay \$1 of current liabilities. An adequate current ratio is 2.0 to 1. In addition, government of Guam has a quick ratio (total cash and short-term investments to current liabilities) of 0.08 to 1, indicating that the government has only eight cents in cash and short-term investments to pay \$1 of current liabilities. A desirable quick ratio is 1.0 to 1.

The government's unfavorable current and quick ratios are indicators of its cash flow difficulties and its distressed financial health. The General Fund struggles daily to fund bi-weekly payroll, make vendor payments, and pay tax refunds and other routine obligations.



OPA procurement presentation to DOE financial and procurement officials.

Debt Ceiling

With an outstanding public indebtedness of \$753.1M, the government of Guam has nearly reached its debt capacity of \$879.1M. Only \$126M remains available for future debt, but two potential loans will bring the availability down to \$7M. As of October 2009, government of Guam's

annual debt service payment was \$76.2M. The first potential loan is for \$88.5M from the U.S. Department of Agriculture to finance the construction of the Layon Landfill. A letter of conditions requesting supporting documents for the loan application was issued to the government of Guam in July 2009. The loan has yet to be closed. In March 2010, the Governor signed Public Law 30-101, the *Supplemental Budget Act of 2010*, which obligates the General Fund to guarantee a \$30M loan for the Guam Waterworks Authority to fund Moratorium Projects, certain debt reserve accounts, and other purposes approved by the Consolidated Commission on Utilities. This \$30M guarantee is subject to the full faith and credit of the government of Guam and is counted towards the debt ceiling.

Improved Audit Findings and Questioned Costs Resolution

The Performer presented favorable results for audit findings resolution. This is the fourth consecutive year that the government-wide audit was issued timely and the second consecutive year that its financial statements had no qualifications. DOA made significant efforts to resolve cumulative questioned costs, now at \$1.8M, down from \$51.3M in 2002.

Acknowledgement

The Performer and A.F.T.E.R. Analysis is one of several methods utilized by the Graduate School's Pacific Islands Training Initiative to assist Department of the Interior (DOI) Office of Insular Affairs (OIA) in assessing insular governments' tracking of their financial health and performance. It should not be used as the only source of financial information to evaluate performance. The analysis can be viewed at OPA's website or on the official website of the Pacific and Virgin Islands Training Initiatives, www.pitiviti.org.



Procurement Appeals

Since OPA first accepted appeals in October 2006, 38 appeals have been filed:

- 12 appeals filed in CY 2009
- 12 appeals filed in CY 2008
- 11 appeals filed in CY 2007
- 3 appeals filed in CY 2006

Of the 38 appeals over the years:

- 15 were decided following hearing. Five decisions were later appealed in court.
- Four received decisions on the record.
- Five were dismissed due to Public Auditor recusal.
- 10 were dismissed due to voluntary cancellation or resolution by the party and agency.
- Two were dismissed because appeals filed did not have the procuring agency's protest decision.
- Two appeals remained open, of these one was moved to the Superior Court.

Procurement issues ranged from bidder responsiveness, bidder responsibility, methods of source selection, procedures for award, and differences between bid rejection and cancellation.

Based on the decisions issued, OPA determined that an understanding of the government procurement process in the government is fragmented. Of the 19 decisions issued, 12 favored the appealing party or private vendor, either in part or in whole. In seven decisions the government prevailed.

The 12 decisions that overturned government agency decisions are:

Agency Decisions Overturned
▪ OPA-PA-06-003 – LP Ganacias Enterprises, Inc. vs. General Services Agency (GSA)
▪ OPA-PA-07-002 – Emissions Technologies, Inc. vs. Guam Power Authority (GPA)
▪ OPA-PA-07-005 – Jones and Guerrero Co. Inc. dba J&G Construction vs. Guam Memorial Hospital Authority (GMHA)
▪ OPA-PA-07-006 – Great West Retirement Services vs. Government of Guam Retirement Fund (GGRF)
▪ OPA-PA-07-009 – Pacific Security Alarm vs. GMHA
▪ OPA-PA-07-011 - JMI Medical Systems vs. GMHA
▪ OPA-PA-08-004 – O&M Energy vs. GPA
▪ OPA-PA-08-006 – Oceania Collection Services vs. Department of Chamorro Affairs
▪ OPA-PA-08-007 – Guam Publications, Inc. vs. GSA
▪ OPA-PA-08-008 – Latte Treatment Center vs. Department of Mental Health and Substance Abuse
▪ OPA-PA-08-011 – Island Business Systems and Supplies vs. DOE
▪ OPA-PA-08-012 – Island Business Systems and Supplies vs. GSA



The seven decisions that upheld government agency decisions are:

Agency Decisions Upheld
▪ OPA-PA-07-007- Dick Pacific Construction vs. Guam International Airport Authority
▪ OPA-PA-07-010 -Far East Equipment Company vs. GSA / Port Authority of Guam
▪ OPA-PA-08-009 – Captain Hutapea and Associates vs. Guam Housing and Urban Renewal Authority
▪ OPA-PA-09-003 – 09-003 Guam Pacific Enterprises, Inc. vs. GPA
▪ OPA-PA-09-005 – Guam Community Improvement Foundation, Inc. vs. Department of Public Works (DPW)
▪ OPA-PA-09-007 – Guam Education Financing Foundation vs. DPW
▪ OPA-PA-09-010 – ASC Trust Corporation vs. GGRF

See Appendix 4 for a synopsis of these appeals filed and their corresponding decisions.

Decisions Taken to Superior Court

Following the issuance of a decision, parties have 14 days to exercise their right to appeal a decision to the Superior Court. To date, five OPA decisions were appealed. The decisions appealed are:

OPA Decisions Appealed to Superior Court
▪ OPA-PA-06-003 - L.P. Ganacias Enterprises vs. GSA
▪ OPA-PA-07-002- Emissions Technologies, Inc. vs. GPA
▪ OPA-PA-08-011 - Island Business Systems and Supplies vs. DOE

OPA Decisions Appealed to Superior Court

- OPA-PA-09-005 - Guam Community Improvement Foundation, Inc. vs. DPW
- OPA-PA-09-008 - O & M Energy, Inc. vs. GPA

Of the five decisions, two (OPA-PA-09-005 and 09-008) remain open. A judgment was issued for appeal OPA-PA-07-002 in December 2008. In Special Proceedings Case No. SP 160-70, the Superior Court ruled that OPA’s 07-002 decision was invalid since the 15-day deadline for the disappointed vendor to file the appeal with OPA had expired. Further, the court ruled that a business license did not need to be submitted at the close of the RFP since negotiations and acceptance of a price offer were not yet final. OPA had initially denied the appeal on the grounds that the awarded bidder did not submit a business license at the RFP’s closing.



Procurement Appeal 09-005 (GCIF vs. DPW) hearing attended by stakeholders and the general public.

In OPA-PA-09-008, the appellee and intervener took the issue to court before OPA rendered its decision. In February 2010, the court ordered OPA to stop all appeal proceedings and not issue a final



decision. A hearing is scheduled in April 2010.

The decision in OPA-PA-09-005 was also appealed in court in December 2009. All arguments have been submitted and hearings were held in February and March 2010. The judge's ruling is pending.

Procurement Appeals Cost Savings

Prior to October 2009, Procurement Appeals was a separate division with a separate budget appropriation. After October 1, 2009, the budgets were combined. The cost savings and other benefits of this budget arrangement include:

- OPA staff provides administrative support, including back-up personnel when on leave;
- Common use of OPA equipment, telephone and fax numbers, fax and copy machines, and the website; and
- OPA audits provide historical perspective of procurement.

Procurement Appeals Law Change

In August 2009, the Administrative Adjudication Act was utilized to amend rules relative to Procurement Appeals. The following were areas of rule change:

1. *Issuing Separate Findings of Fact.* Amended 2 G.A.R. §12110 eliminated the requirement for the Hearing Officer to issue a separate Findings of Fact and provides for the Public Auditor, with guidance from the Hearing Officer, to issue only one decision.
2. *Disqualification of Public Auditor:* Amended 2 G.A.R. §12602 allows

other OPA officers to hear appeals rather than have appeals taken to Superior Court when the Public Auditor is disqualified, provided the alternates are not in conflict. This rule also requires amending 5 G.C.A. §5702.

3. Amended 2 G.A.R. §12104 removed the seven-day deadline for parties to file a motion objecting to the Public Auditor hearing an appeal.

OPA will again review and propose amendments to the Procurement Appeals Law through the Administrative Adjudication Act process.



Public Auditor with Hearing Officer Anthony Camacho during a pre-hearing session of a procurement appeal.

OPA Hearing Officers

To ensure that decisions are grounded in substantial evidence and are not arbitrary or capricious, OPA includes the findings of its Hearing Officer(s), who are licensed attorneys, with every decision rendered. OPA has contracted three attorneys to handle the caseload, as the number of appeals from 2006 to 2009 has grown. The Hearing Officers are Anthony R. Camacho, Robert G.P. Cruz, and Charles D. Stake.



OPA's objective is to have Hearing Officers readily available to handle time-sensitive appeals, consider potential conflicts and time constraints, and resolve filed appeals timely. As OPA enters its fourth year of hearing procurement appeals, staff have gained experience and training. As a result, we have set the goal of resolving appeals within 90 days.

Other OPA Activities

Public Accountability Week

The Governor of Guam proclaimed July 26 through August 1, 2009 as "*Public Accountability Week*." The proclamation was made to highlight OPA's hosting of the 20th Annual Association of Pacific Islands Public Auditors (APIPA) Conference.



"Public Accountability" proclamation signing by the Governor of Guam with OPA staff. Pictured L-R: Anne Camacho, Lourdes Perez, Governor Felix Camacho, Vincent Duenas, and Gopinath Ramakrishnan.

APIPA is an 11-member association that exchanges ideas and resources to promote efficiency and accountability of public resources among the insular areas.

The current APIPA members are:

1. U.S. Virgin Islands,
2. Guam
3. American Samoa
4. Western Samoa
5. Commonwealth of the Northern Mariana Islands
6. Republic of the Marshall Islands
7. Republic of Belau (Palau),
8. Federated States of Micronesia
9. Yap
10. Pohnpei
11. Kosrae.

Chuuk was once a member, but longer has a public auditor's office.

20th APIPA Conference in Guam

The APIPA conference, with the theme, "*20 Years of Advancing Pacific Islands Public Accountability*," took place at the Hyatt Regency Hotel in Tumon from July 27 to 31, 2009. In his proclamation, the Governor invited the community to participate in the conference and congratulated the event planners and volunteers for making the event a success.

This was the third time Guam has hosted the conference. The first was in 1996 and again in 2002. OPA worked closely with the Graduate School to put together an exciting and valuable program. The Graduate School, through the Pacific Islands Training Initiative (PITI) also provided logistical support for the conference.

Prior to 2001, APIPA training courses were primarily for auditing staff. Since then, training opportunities expanded to include training for finance and accounting personnel. Thus, after 2001, APIPA conferences have included finance and accounting sessions.



The 2009 APIPA conference offered four tracks: Audit, Audit Supervisory, Finance, and Advanced Finance. Participants chose from more than 20 courses those that best-suited their continuing professional education needs and earned up to 38 Continuing Professional Education credits. APIPA training courses included:

- Emerging Issues in Governmental Audit Standards
- Statistical Sampling for Auditors;
- Critical Thinking Skills for Auditors
- Auditing Performance Management Systems
- Fraud in Government
- Evaluating Financial Performance
- Federal Grants Financial Management Compliance

- Maintaining Ethics and Accountability in Government
- Implementing Performance-Based Management and Budgeting

APIPA 2009 Participants

The 20th APIPA conference drew 320 participants from 14 countries and Pacific Regions, the highest number to date. The FSM delegation was the largest with 135 attendees or 42%. Of the 320 participants:

- 89 attendees or 28% were from the audit industry.
- 213 attendees or 67% were from the finance industry.
- 18 attendees or 5% were from other industries.



APIPA Principals who participated in the 20th APIPA Conference. Pictured from L-R: Wilfred Delosa (Yap); Annes Leben (Pohnpei State); Mike Pai (CNMI); Atmita Johnson (RMI); Jowas Wasisang (Palau); Doris Flores Brooks (Guam); Stoney Taulung (Kosrae); Francis Sefo (American Samoa); and Haser Hainrick (FSM).



APIPA 2009 Registration Fees

The APIPA instructors are funded by the Graduate School through the PITI grant. Registration fees charged to participants pay for the hotel venue, meals, receptions, mementoes, commemorative t-shirts, and entertainment activities provided by the host country.



APIPA 2009 participant hard at work during a training session.

Registrations for the APIPA 2009 conference made prior to June 15, 2009, were \$300 and registration after that was \$400. The APIPA annual membership dues were \$350 per member office. Participants of the 20th APIPA conference were treated to an opening reception, closing dinner banquet, picture-taking sessions, Hagatna Tour, and lunch throughout the 5-day conference.

Registration and APIPA annual membership fees brought in \$105,295, which was used to cover all the APIPA expenses. APIPA 2009 Guam had a surplus of \$8,047, bringing the APIPA balance to \$21,798. The APIPA balance of \$21,798 was transferred to the Office of the Pohnpei State Auditor, the host country

for the 21st APIPA Conference in 2010. Refer to Appendix 10 for the APIPA 2009 financial report.

Public Outreach

Increasing public awareness, improving government efficiency and effectiveness, and promoting better understanding of OPA's mission, work, and impact are important aspects OPA's Strategic Plan. To improve an audited entity's effectiveness, efficiency, and economy, and to promote good governance, OPA strives to build and improve relations with those charged with governance.

Financial and Performance Audits Briefing

Through OPA's performance and financial audit briefings, administrators and elected officials are informed of the audited entity's financial and operational performance.

In 2009, the Public Auditor and OPA auditors met with the chairpersons of the Legislative committees which had purview over the audited entities and briefed them on the results of the agencies' financial audits. In addition, OPA briefed oversight chairs of the following performance audits:

1. CLTC Commercial Division
2. DOC Overtime and Hazardous Pay
3. Government of Guam Medical Referral Benefits Bank Account

ARRA Trainings

Passage of the American Recovery and Reinvestment Act (ARRA) in February 2009 made more than \$787 billion in federal funds available to stimulate the nation's economy. Commonly referred to



as the “stimulus package” the funding was intended to create jobs and promote investment in direct response to the economic crisis. ARRA included federal tax cuts, expansion of unemployment benefits and other social welfare provisions, and domestic spending in education, health care, and infrastructure, including the energy sector. Guam is expected to receive over \$200 million in stimulus grants.

The American Recovery and Reinvestment Act of 2009 makes it clear that every stimulus dollar spent will be subject to *unprecedented transparency and accountability*. To ensure accountability requirements are met, the inspectors general of the federal agencies distributing Recovery funds continually review their agencies' funds management.

Public Auditor Brooks during an ARRA training session in August 2009 at Adelup.



To groom government of Guam officials to better prepare and comply with the ARRA reporting requirements, OPA developed and conducted three training seminars for 120 senior management, directors, and controllers from 31 agencies in September 2009. The training provided the basic legal and administrative requirements of Recovery reporting requirements. Slides from these presentations are available on OPA's website.

Procurement Trainings

A thorough understanding of the government procurement process remains disjointed, as evidenced by the actions of agency heads and appointed procurement officials who appear for appeals hearings. In an effort to improve the government's procurement process, OPA prepared and conducted three procurement training sessions for the three entities with the most procurement appeals filed, namely GSA, GMHA, and DOE.



Procurement outreach training attended by General Services Agency staff.

We found the following to be the common issues in the appeals:

1. Agencies confused issues of responsibility and responsiveness.
2. Request for Proposals vs. Invitations for Bids.
3. Sole Source Procurement - agencies often limit their search for services, equipment, and supplies to a single brand or vendor name via sole source procurement.

Each training session was attended by administrators, procurement, and financial staff responsible for procurement in their respective agencies.



Financial Literacy Campaign

OPA staff has been very active with several professional organizations, particularly the Association of Government Accountants (AGA). AGA's Financial Literacy Campaign is one of its community service initiatives to enhance financial literacy throughout our island.



Jerrick Hernandez, Rodalyn Marquez, and Maripaz Perez presenting to GCC's College Access Grant students on the importance of managing your finances.

In July and October 2009, Public Auditor Brooks and auditors Rodalyn Marquez, Maripaz Perez, Jerrick Hernandez, Rachel Field, and Vincent Duenas made Financial Literacy Campaign presentations to the students of GCC's College Access Grant Summer School and John F. Kennedy and Simon Sanchez high schools. The presentation offered insights on the benefits of savings and stressed the importance of credit management.

OPA Guest Speakers for Career Day

In February, auditors Rodalyn Marquez and Maripaz Perez were Career Day speakers at Okkodo High School. Subsequently, in May, auditors Theresa Gumataotao and Gopinath Ramakrishnan also were guest speakers at Okkodo. They spoke with students about the mission of the office, the day-to-day activities of an auditor, and stressed the importance of education.

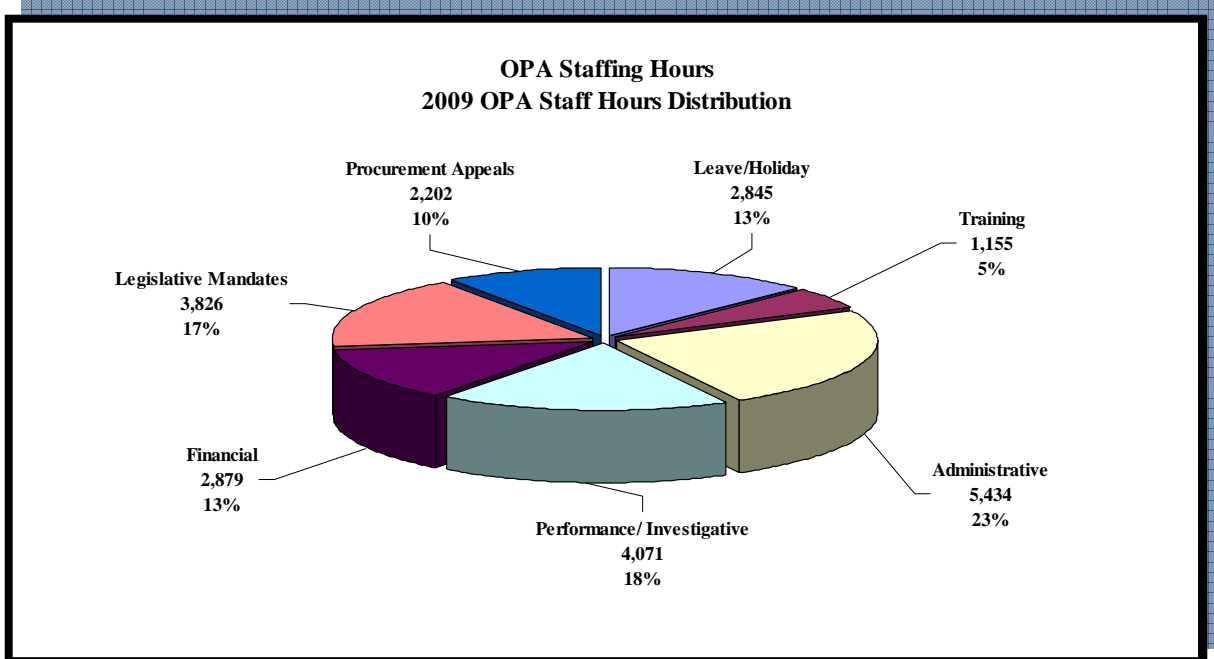
Staff and Time Composition

In 2009, OPA employees cumulatively spent almost 48%, or 10,776 out of 22,412 available man-hours, on performance, financial, other audits, and reviews. Procurement appeals accounted for 2,202, or 10%. The remaining hours were devoted to staff training, administration, and government holidays and leave. OPA was staffed with 13 full time employees and one part-time employee at the end of 2009.

- Public Auditor
- 2 Audit Supervisors
- 4 Senior Auditors
- 4 Junior Auditors
- 1 Management Analyst for Procurement Appeals
- 1 Administrative Officer
- 1 Part-time Editor

Eleven staff are auditing professionals with credentials as Certified Public Accountants (CPAs), Certified Government Financial Managers (CGFMs), Certified Internal Auditor (CIA), and Certified Government Auditing Professional (CGAPs). In addition to the auditing staff, the OPA employs a Management Analyst for Procurement Appeals and one individual who perform administrative functions. Since 2003, Mike Crawford, of Crawford and Associates P.C., has been OPA's consultant for performance audits.

Nearly all of OPA's employees hold either Bachelor's or Master's degrees, or both, in various disciplines. These include Accounting, Public Administration, Business Administration, Organizational Management, Political Science, Finance and Economics, International Business, and Anthropology. Refer to Appendix 6 for OPA's Organizational Chart.



Staff Development

Government Auditing Standards (“The Yellow Book”) require auditors to complete a minimum of 80 hours of Continuing Professional Education (CPE) credits every two years, of which 24 hours must be government-related. CPE credits are mandatory for the maintenance of professional competence. Title 5 G.C.A. §20304 also requires CPE credits for all government auditors and accountants.

Since taking office, the Public Auditor has been a strong proponent for continuing professional development and compliance with the highest standards of the auditing profession. To this end, she has made every effort to secure training opportunities for all staff.

The Graduate School provides the majority of CPE credits for OPA staff under the Pacific Islands Training Initiative (PITI) grant, funded by the U.S. Department of

the Interior’s Office of Insular Affairs. The Graduate School annually conducts at least 40 hours of audit training to OPA and other APIPA audit offices.

OPA staff received an average of 71 CPE hours in 2009 after attending some of the following training sessions:

- ARRA, Fraud & Risk Assessment
- Procurement & Grant Fraud Training Workshop
- Topics in Forensic Auditing
- Emerging Issues in Government Financial Management
- GASB Update
- Single Audits and the Recovery Act
- Monitoring Recovery Act Spending from a Federal, State, and Local Government
- Ethics Codes Don’t Make People Ethical
- Ensuring Accountability in a Time of Financial and Fiscal Stress



OPA Appreciation Presentation to the Department of the Interior Office of Insular Affairs

During DOI's Assistant Secretary for Insular Affairs Anthony Babauta and OIA Director Nikolao Pula's visit to Guam in October 2009, the Public Auditor and her staff presented them with a plaque of appreciation. The plaque was presented on behalf of OPA and APIPA for the Insular Affairs Office's 20 years of support to Guam and other Pacific Islands for advancing government accountability.

We thank DOI's Office of Insular Affairs for the continued funding and support of the PITI initiative. We also thank the Graduate School for providing PITI training, in particular, Mr. Stephen Latimer and Mr. Jason Aubuchon, who have been most responsive to OPA's training requirements.



OPA appreciation presentation to the DOI OIA Assistant Secretary for Insular Affairs, Anthony Babauta and OIA Director Nikolao Pula.

Five Years of Dedicated Service

As mentioned, the Public Auditor supports personal and professional development and encourages her staff to strive for nationally recognized certifications.

Four employees were recognized in 2009 for five years of outstanding and dedicated service to the OPA. Auditors Franklin Cooper-Nurse, Llewelyn Terlaje, and Lourdes Perez, and Management Analyst Anne Camacho have been with OPA since 2004.



OPA staff recognized for 5 years of dedicated service. Seated from L-R: Llewelyn Terlaje and Lourdes Perez. Standing from L-R: Anne Camacho and Franklin Cooper-Nurse

Franklin Cooper-Nurse holds a Bachelor's degree in Business Management, with a minor in Finance and Economics from UOG and an Executive Master in Business Administration from Troy University in Alabama. He joined the OPA in April 2004 and was promoted to Auditor III in September 2009.

Llewelyn Terlaje earned her Bachelor's degree in Accounting from UOG, and joined OPA in November 2004. She is a Certified Government Auditing Professional and was promoted to Auditor III in September 2009.

Lourdes Perez earned a Bachelor's degree in Accounting from UOG and joined the OPA in July 2004. Prior to her employment at OPA, she worked for the DOI Office of Inspector General for 13 years.



Anne Camacho holds a Bachelor's degree in Business Management and minor in Marketing from the UOG. She joined OPA in April 2004 as the Administrative Officer. In October 2009, she was promoted to Management Analyst III, and oversees the administration of Procurement Appeals.

education, fostering professional development and certification, and supporting standards and research to advance government accountability.

OPA Staff Receives National Recognition from U.S. Department of the Interior's Inspector General



For her outstanding work with the DOI OIG abandoned Mine Lands audit team in 2007, OPA

Management Analyst II Theresa Gumataotao, CGFM, was awarded a plaque of recognition from Inspector General Earl Devaney. The plaque was presented locally by DOI Pacific Field Liaison Ben Privitt.

Through a grant from DOI's Office of Insular Affairs, Theresa was given the opportunity for on-the-job training with the Abandoned Mine Lands audit team and was assigned to the IG's Central Region Audit Office in Lakewood, Colorado, for 10 weeks, from April-June 2007. In August 2009, we bid farewell to Theresa Gumataotao as she left OPA to pursue her goal to attend law school.

OPA Staff Recognized at the 58th AGA Professional Development Conference

The AGA is a national organization that serves the government accountability professional by providing quality



OPA staff at the 2009 Professional Development Conference in New Orleans, Louisiana. L-R: Lourdes Perez, Anne Camacho, Doris Flores Brooks, Maripaz Perez, and Theresa Gumataotao.

Public Auditor Brooks, Lourdes Perez, Anne Camacho, Theresa Gumataotao, and Maripaz Perez attended the 58th Annual Professional Development Conference in New Orleans in June 2009. OPA staff met with and listened to key federal accountability administrators, and heard Recovery and Transparency Board Chairman Earl Devaney speak about ARRA.

During the conference, two OPA staff were recognized for their contributions to AGA. Public Auditor Brooks received AGA's highest honor, a platinum level Regional Vice President Award. The presentation was made by AGA Executive Director Relmond Van Daniker. Maripaz Perez, who co-chaired the AGA Guam Chapter Education, received AGA's Chapter Education Award. The award recognizes chapters that have demonstrated an outstanding commitment by providing one or more educational events, which requires significant commitment of time and/or resources.



UOG Internship Program

OPA continued its partnership with the UOG's Accounting Internship Program. In 2009, Joy Bulatao completed 120 hours of service with OPA. Joy gained exposure to different aspects of governmental auditing. During her internship, Joy conducted research, prepared, and completed work papers, observed financial audit meetings, and participated in an audit briefing with a Senator of the 30th Guam Legislature.



2009 Internship Program recognition. From L-R: Clariza Roque, Maripaz Perez, Joy Bulatao, and Doris Flores Brooks.

OPA Hotline

The OPA receives many tips, questions, and/or concerns from residents about possible government misconduct, fraud, and abuse. Information from the public is a crucial element in the audit process. Tips help OPA assess risks in the different areas of the government and where to focus its limited resources.

Pursuant to 1 G.C.A. § 1909.1(b) and (d), information received by the OPA alleging criminal activity or wrongful use of government funds or property is privileged. Disclosing privileged communication or information is a third

degree felony. We assure the public that any and all information provided to OPA is held in the strictest confidence.

OPA received 54 tips and concerns in 2009, the lowest number received since the hotline's establishment in 2001. The investigator's departure left a gaping hole in OPA's ability to respond and resolve hotline tips. Although staff are assigned additional duties to handle hotline tips, the effort necessary to follow-up, investigate, and coordinate with the Attorney General's Office for indictment and prosecution requires full-time attention.

In addition to audit duties and handling hotline tips, audit staff are now tasked to follow-up and coordinate with the Attorney General's Office for indictment and prosecution. Given the limited resources and the small number of hotlines received, hotline tips are added collateral duties of OPA auditors.

See Appendix 7 for the number of hotline tips logged from 2001 through 2009. OPA thanks all those who took the initiative to contact our office, share information, and compliment us. Refer to Appendix 8 for testimonies from the public. Anyone who wishes to submit a tip or express a concern may do so by:

- Calling our office Hotline, 47AUDIT (472-8348),
- Faxing sufficient and relevant information to our office at 472-7951;
- Logging onto our website, www.guamopa.org; or
- Contacting any OPA employee by phone or in person. Our phone number is 475-0390.



OPA Website

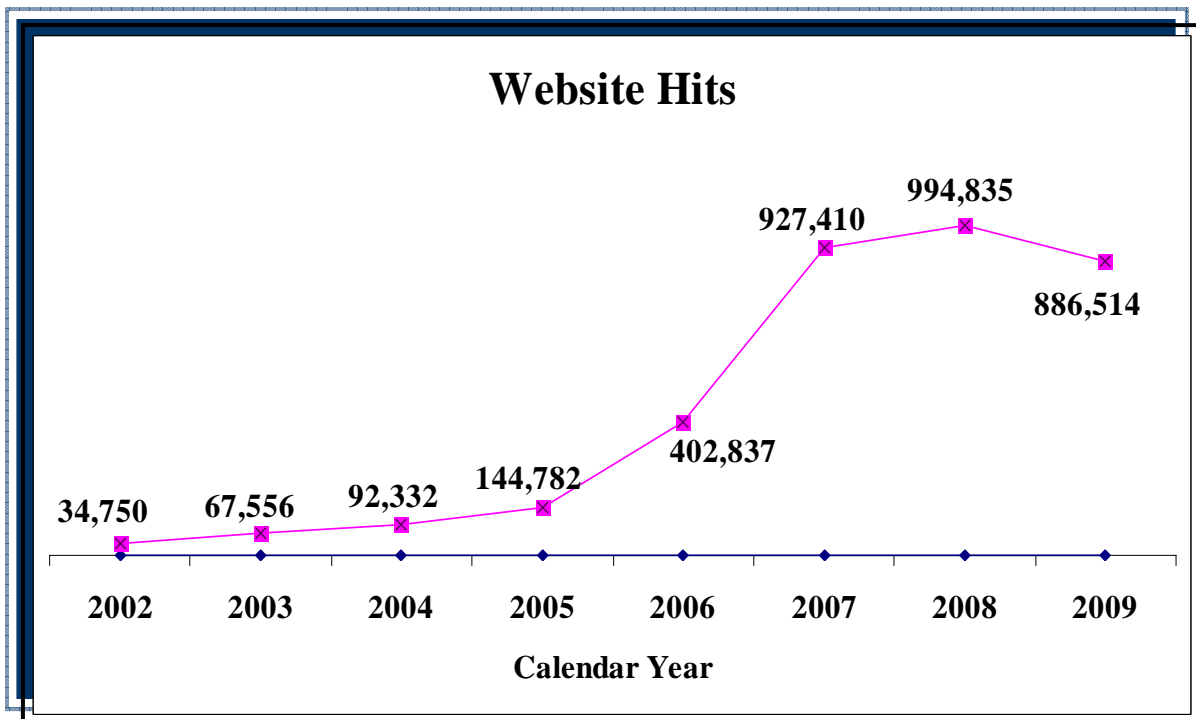
Since its inauguration in January 2002, OPA’s website, www.guamopa.org, has become a “virtual office” for the relevant government agencies, accounting and auditing professionals, and the general public to access the overall finances of our government. Our website serves as a portal for government financial information, and our hotline provides an outlet for audit requests and tips.

In 2009, we upgraded our website with new search features that allow users access to audits and other government financial information at a click of the mouse. In addition to performance and financial audit information, the website contains budget figures, expenditures, and staffing patterns required by the various budget acts. Filings of procurement appeals are posted in real

time on the web. In 2009, we posted 63 audits and information releases.

The public’s appetite for government transparency and accountability is evident in the number of “hits” to the OPA website. In 2006, our website recorded 402,837 hits. In 2007, the hits doubled to 927,410. The number of hits went down slightly in 2009 to 886,514 hits.

The OPA website continues to be an important source of reliable transparent information about the financial condition of our government. OPA utilizes information technology to improve the economy, efficiency, and effectiveness of audit and procurement work. We welcome the public’s interest and encourage suggestions to improve the website. See Appendix 9 for OPA’s 2009 website in review.





Legislative Mandates

In addition to its financial oversight responsibilities and audit activities, the OPA has received several requests and legislative mandates to partake in or review other government-related activities. As of December 2009, 48 public laws have expanded OPA’s primary duties and added to its responsibilities. Of the 48 mandates, OPA addressed 33 and 15 remains open.

Notably, a great deal of audit time is being consumed conducting compliance reviews of the quarterly reports required by the annual budget acts. Beginning with the FY 2006 Budget Act, agency reporting requirements were tasked to OPA to review, whether or not the required entities complied with the order to submit

quarterly financial reports, staffing patterns, prior year obligations, and other special reports manually, electronically, and on their websites. This quarterly work requires the assignment of two audit staff to review the reports, determine compliance, and report the findings every three months. The number of entities required to report and the number of reports OPA was required to review increased through the years.

The FY 2010 Budget Act no longer requires quarterly financial reporting of entities. Despite this, OPA continues to post its quarterly reports on the website to promote transparency and accountability. Appendix 5 lists OPA’s mandated activities.



“Auditing for Better Government”



Office of Public Accountability
Government of Guam
Governmental Funds Balance Sheet/ Statement of Net Assets
Years Ended September 30, 2009 and 2008

	2009 (Unaudited)			2008		
	General Fund	Adjustments	Statement of Net Assets	General Fund	Adjustments	Statement of Net Assets
ASSETS						
Cash and cash equivalents	403,902	\$ -	\$ 403,902	\$ 265,519	\$ -	\$ 265,519
Receivables, net:						
Federal agencies	108	-	108	-	-	-
Travel Due from OPA Staff	1,933	-	1,933	4,396	-	4,396
Other - DOA Appropriation	-	-	-	47,978	-	47,978
Other - Accounts Receivable	791	-	791	-	-	-
Capital Assets, net of accumulated depreciation	-	47,203	47,203	-	46,373	46,373
Total assets	<u>\$ 406,734</u>	<u>\$ 47,203</u>	<u>\$ 453,937</u>	<u>\$ 317,893</u>	<u>\$ 46,373</u>	<u>\$ 364,266</u>
LIABILITIES AND FUND BALANCES (DEFICIT)						
Accounts Payable	\$ 17,336	\$ -	\$ 17,336	\$ -	\$ -	\$ -
Payable to federal agencies	-	-	-	519	-	519
Accrued annual and sick leave	-	49,179	49,179	-	62,495	62,495
Total liabilities	<u>\$ 17,336</u>	<u>\$ 49,179</u>	<u>\$ 66,515</u>	<u>\$ 519</u>	<u>\$ 62,495</u>	<u>\$ 63,014</u>
FUND BALANCES						
Fund balances:						
Unreserved	389,397	(389,397)	-	317,374	(317,374)	-
Total fund balances	<u>389,397</u>	<u>(389,397)</u>	<u>-</u>	<u>317,374</u>	<u>(317,374)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 406,734</u>			<u>\$ 317,893</u>		
NET ASSETS						
Net assets:						
Invested in capital assets		47,203	47,203		46,373	46,373
Unrestricted		340,219	340,219		254,878	254,878
Total net assets		<u>\$ 387,422</u>	<u>\$ 387,422</u>		<u>\$ 301,252</u>	<u>\$ 301,252</u>



Office of the Public Auditor
Government of Guam
Statements of Revenues, Expenses, and Changes in Fund Balance/
Statement of Activities
Years Ended September 30, 2009 and 2008

	2009 (Unaudited)			2008		
	General Fund	Adjustments	Statement of Activities	General Fund	Adjustments	Statement of Activities
Revenues:						
Use of money and property	\$ 7,634	\$ -	\$ 7,634	\$ 7,261	\$ -	\$ 7,261
Federal contributions	32,402	-	32,402	44,395	-	44,395
Other	-	-	-	-	-	-
Total revenues	<u>40,036</u>	<u>-</u>	<u>40,036</u>	<u>51,656</u>	<u>-</u>	<u>51,656</u>
Expenditures by Object:						
Salaries	527,913	-	527,913	554,565	-	554,565
Benefits	161,748	-	161,748	155,221	-	155,221
Leave Accrued	-	(13,316)	(13,316)	-	(11,363)	(11,363)
Travel	14,917	-	14,917	18,210	-	18,210
Contractual services	130,078	-	130,078	155,879	-	155,879
Rent	82,177	-	82,177	74,026	-	74,026
Supplies	9,813	-	9,813	8,162	-	8,162
Equipment	23,371	-	23,371	11,771	-	11,771
Furniture	18,011	-	18,011	1,885	-	1,885
Utilities and Telephone	6,238	-	6,238	6,647	-	6,647
Capital outlays	12,063	(12,063)	-	-	-	-
Depreciation	-	15,543	15,543	-	12,050	12,050
Other	429	-	429	550	-	550
Total expenditures	<u>986,758</u>	<u>(9,837)</u>	<u>976,921</u>	<u>986,916</u>	<u>687</u>	<u>987,603</u>
Other financing sources (uses):						
Transfers in from other funds	1,018,745	-	1,018,745	1,037,780	-	1,037,780
Transfers out to other funds	-	-	-	-	-	-
Total other financing sources (uses)	<u>1,018,745</u>	<u>-</u>	<u>1,018,745</u>	<u>1,037,780</u>	<u>-</u>	<u>1,037,780</u>
Excess (deficiency) of revenues and appropriations over (under) expenditures	<u>72,023</u>	<u>(72,023)</u>	<u>-</u>	<u>102,519</u>	<u>(102,519)</u>	<u>-</u>
Change in net assets		<u>81,860</u>	<u>81,860</u>		<u>101,832</u>	<u>101,832</u>
Fund balance/ net assets:						
Beginning of the year, as restated	317,374	-	305,562	214,855	-	199,420
End of the year	<u>\$ 389,397</u>	<u>\$ -</u>	<u>\$ 387,422</u>	<u>\$ 317,374</u>	<u>\$ -</u>	<u>\$ 301,252</u>



OPA Report No.	Report Title	Date of Release	Type of Release	Questioned Costs	Unrealized Revenue	Recommendations
09-01	Submission of FY 2008 4th Quarter Financial Reports Pursuant to Public Law 29-19	1/13/09	Legislative Mandate	\$ -	\$ -	0
09-02	Submission of FY 2009 1st Quarter Financial Reports Pursuant to Public Law 29-113	3/19/09	Legislative Mandate	-	-	0
09-03	Chamorro Land Trust Commission Commercial Division	4/14/09	Performance Audit	-	305,472	4
09-04	Department of Corrections Overtime and Hazardous Pay	7/24/09	Performance Audit	381,751	-	0
09-05	Submission of FY 2009 2nd and 3rd Quarter Financial Reports Pursuant to Public Law 29-113	9/21/09	Legislative Mandate	-	-	0
09-06	Government of Guam Medical Referral Benefits Bank Account	11/24/09	Performance Audit	-	-	1
09-07	Department of Administration Government of Guam's Wellness Benefits	12/28/09	Performance Audit	699,788	-	1
2009 Totals	7 Reports			\$1,081,539	\$ 305,472	6



Auditee	Issue Date	# of Findings	Management Comment(s)	Questioned Costs	Number of Employees	Salaries and Wages	Auditing Firm	Audit Costs	Legal Costs
1 Guam International Airport Authority	30-Jan-09	2	8	\$ -	204	\$ 11,988,769	Ernst and Yc	\$ 97,000.00	\$ 727,583.54
2 Port Authority of Guam	3-Feb-09	2	8	\$ 64,276	345	\$ 16,182,179	Deloitte	\$ 31,000.00	\$ 577,939.00
3 Guam Educational Telecommunications Corporation (PBS Guam)	17-Mar-09	0	3	\$ -	21	\$ 677,024	Deloitte	\$ 10,000.00	\$ 14,599.53
4 Guam Housing Corporation	16-Mar-09	4	2	\$ -	23	\$ 1,445,688	J Scott Magl	\$ 23,989.83	\$ 21,585.03
5 Guam Waterworks Authority	27-May-09	4	18	\$ -	308	\$ 17,753,418	Deloitte	\$ 81,500.00	\$ 91,681.93
6 Guam Power Authority	20-Apr-09	4	19	\$ -	525	\$ 29,555,465	Deloitte	\$ 23,200.00	\$ 2,028.00
7 Government of Guam Retirement Fund	2-Mar-09	0	2	\$ -	44	\$ 1,938,014	Burger & Comer	\$ 27,000.00	\$ 341,261.00
8 Guam Economic Development Authority	22-Apr-09	0	0	\$ -	25	\$ 1,534,705	Deloitte	\$ 20,662.38	\$ 98,793.72
9 Guam Community College	8-Jun-09	0	6	\$ -	219	\$ 13,875,035	Deloitte	\$ 26,500.00	\$ 25,915.00
10 University of Guam	1-Apr-09	0	2	\$ -	714	\$ 38,954,726	Burger & Co	\$ 39,000.00	\$ 49,230.00
11 Tourist Attraction Fund (1)	3-Apr-09	0	0	\$ -	0	\$ -	Deloitte	\$ 18,000.00	\$ -
12 Territorial Highway Fund	9-Apr-09	0	0	\$ -	117	\$ 5,803,877	Deloitte	\$ 18,000.00	\$ -
13 Guam Public School System	25-Jun-09	12	3	\$ 3,856	3,643	\$ 140,434,841	Deloitte	\$ 141,700	\$ 102,520.00
14 Government of Guam General Purpose Financial Statements & Single Audit Reports	26-Jun-09	21	5	\$ 1,881,435	3,957	\$ 127,630,282	Deloitte	\$ 353,656.00	\$ 375,527.00
15 Guam Preservation Trust Fund	16-Apr-09	1	2	\$ -	4	\$ 245,409	Ernst and Yc	\$ 23,083.47	\$ 3,282.66
16 Guam Housing and Urban Renewal Authority	19-Jun-09	10	1	\$ -	107	\$ 4,757,016	J Scott Magl	\$ 50,463.99	\$ 122,131.50
17 Guam Visitors Bureau	13-Apr-09	0	4	\$ -	26	\$ 1,118,201	Deloitte	\$ 13,020.99	\$ 5,238.19
18 Guam Memorial Hospital Authority	20-Apr-09	10	0	\$ 1,140,992	1,113	\$ 89,268,705	Deloitte	\$ 95,000.00	\$ 481,613.00
TOTAL		70	83	\$ 3,090,559	11,395	\$ 503,163,354		\$ 1,092,776.66	\$ 3,040,929.10



<u>APPEAL NO: OPA-PA-09-001</u>		Purchasing Agency: Guam International Airport Authority	
		Appellant: Mega United Corp.	
		Awarded Bidder: United Mechanical	
Procurement : IFB# GIAA-C01-FY09 Toilet Ventilation Renovation Project			
Main Grievance:	Procurement Area at Issue:	Decision	Decision Summary
Appellant argued that, despite their "failure to submit resumes of their personnel and that their listed projects are not of similar nature," GIAA inappropriately rejected their bid, which was significantly lower than the next lowest bid. Mega argued that being disqualified for missing resumes was only a technicality and not in the best interests of the government and GIAA.	Responsiveness and Responsibility	DISMISSED: Mega United filed its protest with GIAA and OPA concurrently. OPA's jurisdiction over an appeal commences only after a formal protest is lodged and denied by the awarding entity, as stipulated by 5 G.C.A §5425 (e).	
Appeal Filed: 1/22/2009		Appeal Closed: 1/26/2009	
<u>APPEAL NO: OPA-PA-09-002</u>		Purchasing Agency: Guam Department of Education	
		Appellant: Teal Pacific LLC	
		Awarded Bidder: United Mechanical	
Procurement : GPSS IFB-004-2009 (Item No. 114)			
Main Grievance:	Procurement Area at Issue:	Decision	Decision Summary
Appellant argued that they were not informed of their right to administrative and judicial review. Appellant argues that the purchasing agency's decision on the protest filed was dated March 25, 2009 but was not received by the appellant's legal counsel until April 7, 2009. Appellant asked that award be immediately stayed.	Decision on Protest of Method, Solicitation, or Award	DISMISSED: Public Auditor recused herself from rendering a decision due to a doctor and patient relationship with Dr. Nathaniel Berg, a principal of the Appellant.	
Appeal Filed: 04/28/2009		Appeal Closed: 05/21/2009	



<u>APPEAL NO: OPA-PA-09-003</u>		Purchasing Agency: Guam Power Authority	
		Appellant: Guam Pacific Enterprises, Inc.	
		Awarded Bidder:	
Procurement : Purchase Order Nos. 13394-OP; 12355-OP; 12132-OP; 12306-OP; 12132-OP; 12414-OP; 12140-OP; 9177-OP; 99177-OP; 5215-OP; 5213-OP – GPA Assessment of Liquidated Damages Penalties			
Main Grievance:	Procurement Area at Issue:	Decision	Decision Summary
Appellant argued that GPA denied requests for time extensions to deliver products ordered and assessed liquidated damages penalties for failure to meet delivery dates required by specific purchase orders. Appellant requests payment for liquidated damages penalties subtracted from invoices presented by the appellant for cited purchase orders.	Decision on Contract or Breach of Contract Controversy - Liquidated Damages terms and conditions.	DECISION: Appellant’s Appeal Denied. OPA granted the appeal for one of the eleven purchase orders in the appeal, because there was insufficient evidence in the record to establish that GPA had demonstrated a true and legitimate need or purpose for requiring an exact delivery due date. The other ten purchase orders presented in the appeal were denied and deemed untimely because the appellant failed to seek remedy within 60 days of the assessment of liquidated damages by GPA.	
Appeal Filed: 07/23/2009		Appeal Closed: 11/13/2009	
<u>APPEAL NO: OPA-PA-09-004</u>		Purchasing Agency: Guam Department of Education	
		Appellant: Loyal Pacific Corporation	
		Awarded Bidder: G4S Security Systems (Guam) Inc.	
Procurement : GPSS IFB No. 014-2009 Fire Alarm System and Repair			
The appellant argued that GPSS’s bid did not specify the government’s budget or financial ceiling. The appellant also argued that their technical proposal was not evaluated because their bid price was higher than GPSS’s financial ceiling. The bid referenced a multi-bid award process where only un-priced technical offers are to be requested in the first phase and then priced bids will be considered after bidders are deemed to be acceptable.	Decision on Protest of Method, Solicitation, or Award and Determination on Award not Stayed Pending Protest or Appeal.	DISMISSED: In response to appellant’s request received by OPA on 08/14/09 to withdraw their appeal based on GPSS’s actions to cancel IFB No. 014-2009 in its entirety and cancel the award issued to G4S Security and to re-issue the bid at a later date.	
Appeal Filed: 07/29/2009		Appeal Closed: 08/14/2009	



APPEAL NO: OPA-PA-09-005		Purchasing Agency: Department of Public Works	
		Appellant: Guam Community Improvement Foundation, Inc.	
		Awarded Bidder: Pending (highest ranked proposer: International Bridge Corporation)	
Procurement: RFP No. 700-5-1020-L-TAM Construction of New John F. Kennedy High School, Finance, Demolition, Design, Build, Maintain and Leaseback.			
Main Grievance:	Procurement Area at Issue:	Decision	Decision Summary
Appellant believes that no contract has been entered into between the Government of Guam and any of its entities and International Bridge Corporation and requests that the RFP be found completely lacking; require a new evaluation committee and the subsequent re-evaluation of the appellant's submitted proposal.	Decision on Protest of Method, Solicitation or Award	DECISION: Appellant's Appeal Denied and deemed to have no merit to GCIF's allegation that IBC, the No. 1 ranked qualified offeror, could not finance the re-building of JFK High School as required by the RFP and that IBC's Certificates of Participation cost was more than what IBC initially offered. The Public Auditor also denied the appellant's motion to unseal the protected confidential portions of the procurement record because DPW had not issued a formal notice of award to IBC as of the date of the OPA's decision.	
Appeal Filed: 08/26/2009		Appeal Closed: 11/27/2009	
APPEAL NO: OPA-PA-09-006		Purchasing Agency: Guam Department of Education	
		Appellant: Eons Enterprises Corporation	
		Awarded Bidder: Z4 Corporation	
Procurement : GPSS IFB No. 008-2009 (Re-bid) Oceanview Middle School Gymnasium Repairs			
The appellant requests OPA to review and reverse the award issued to Z4 Corporation (the winning bidder) and award the contract to the appellant.	Decision on Protest of Method, Solicitation, or Award.	DISMISSED: In response to the appellant's request received by OPA on September 14, 2009 to withdraw their appeal. Appellant's withdrawal arises from a meeting between GSA/DOA DOE/GPSS wherein the parties came to an understanding with regard to the appeal filed.	
Appeal Filed: 08/28/2009		Appeal Closed: 09/16/2009	



<u>APPEAL NO: OPA-PA-09-007</u>	Purchasing Agency: Department of Public Works
	Appellant: Guam Education Financing Foundation
	Awarded Bidder: Pending (highest ranked proposer: International Bridge Corporation)
Procurement: RFP No. 700-5-1020-L-TAM Construction of New John F. Kennedy High School, Finance, Demolition, Design, Build, Maintain and Leaseback.	

Procurement: RFP No. 700-5-1020-L-TAM Construction of New John F. Kennedy High School, Finance, Demolition, Design, Build, Maintain and Leaseback.			
Main Grievance:	Procurement Area at Issue:	Decision	Decision Summary
Appellant argued that DPW either disqualify IBC's proposal as not being compliant due to IBC's failure to include cost numbers; or reject IBC's proposal and select the next fully qualified proposal; and recommends that OPA request detailed cost breakdowns if the re-bid option is decided by OPA.	Decision on Protest of Method, Solicitation, or Award.	<p>DECISION: Appellant's Appeal Denied and deemed to have no merit. The Public Auditor found that the procurement record was incomplete and the following be made part of the record:</p> <ul style="list-style-type: none"> • Sources and uses of fee' • Analysis of the \$1.8 million; and • Analysis and cost comparison on financing 30 year period versus a 20 year period. 	
Appeal Filed: 09/18/2009	Appeal Closed: 01/06/2010		

<u>APPEAL NO: OPA-PA-09-008</u>	Purchasing Agency: Guam Power Authority		
	Appellant: O & M Energy, Inc.		
	Awarded Bidder: Taiwan Electrical and Mechanical Engineering Services (TEMES)		
Procurement : Re-Bid GPA-013-07 For Performance Management Contract (PMC); Cabras # 1 and # 2 Steam Power Plants			
Appellant argued that TEMES did not submit a bid that conforms to all material aspects to the Re-bid 013-07 as found in Section 17, sections (D) & (G); and that TEMES did not satisfy all mandatory aspects therein.	Decision on Protest of Method, Solicitation, or Award.	OPA jurisdiction under review by Superior Court. The appellee and intervener (TEMES) took the issue to court before OPA rendered its decision. In February 2010, the court ordered OPA to stop all appeal proceedings and not issue a final decision. A hearing is scheduled in April 2010.	
Appeal Filed: 10/28/2009	Appeal Closed: PENDING		



<u>APPEAL NO: OPA-PA-09-009</u>		Purchasing Agency: Department of Chamorro Affairs	
		Appellant: Guam Cleaning Masters	
		Awarded Bidder: Lucky Kids Lawn Care and Janitorial Service	
Procurement : DCA RFP CV10-002 Janitorial and Maintenance Service			
Main Grievance:	Procurement Area at Issue:	Decision	Decision Summary
The Appellant argued that GCM was the lowest and most qualified bidder.	Decision on Protest of Method, Solicitation, or Award.	DISMISSED: Resolved by the appellant and purchasing agency. DCA to restart the bid procurement process.	
Appeal Filed: 10/27/2009		Appeal Closed: 01/26/2010	

<u>APPEAL NO: OPA-PA-09-010</u>		Purchasing Agency: Government of Guam Retirement Fund (GGRF)	
		Appellant: ASC Trust Corporation (ASC)	
		Awarded Bidder: Great-West Retirement Services (GWRS)	
Procurement: RFP No. GGRF-028-06 Investment Management and Plan Administration Services			
Main Grievance:	Procurement Area at Issue:	Decision	Decision Summary
The Appellant argued that GGRF's award to GWRS was untimely and is without merit because GGRF did not release the award information to ASC. The Appellant also argues that their pricing proposal was less than the options offered by GWRS and that there was no rational basis for the ratings for GWRS by one committee member.	Decision on Protest of Method, Solicitation, or Award.	DECISION: Appellant's Appeal Denied. The Public Auditor determined that ASC has not met its burden of proof that the procurement process was improperly executed. There was also no evidence to support ASC's claim that a committee member intentionally and deliberately manipulated the evaluation criteria to favor GWRS.	
Appeal Filed: 10/29/2009		Appeal Closed: 3/1/2010	



APPEAL NO: OPA-PA-09-011		Purchasing Agency: General Services Agency (GSA)	
		Appellant: Jones & Guerrero, Co., Inc dba Island Business Systems and Supplies (IBSS)	
		Awarded Bidder: No Award	
Procurement: Multi-Step Bid No. GSA-084-09 for 60 Month Lease Agreement, Inclusive of Equipment, Services, Related Consumables and Software Solutions for Digital Multi-Functional Systems			
Main Grievance:	Procurement Area at Issue:	Decision	Decision Summary
The appellant argued that GSA's failure to produce a decision, as of 11/05/09, on the appellant's protest, filed with GSA on 08/28/09, violates 5 GCA §5003 and undermines the integrity of the procurement process.	Decision on Protest of Method, Solicitation, or Award.	DISMISSAL: GSA CPO released decision on IBSS's protest and appellant filed petition to withdraw their appeal.	
Appeal Filed: 11/05/2009		Appeal Closed: 12/01/2009	
APPEAL NO: OPA-PA-09-012		Purchasing Agency: Department of Education / General Services Agency	
		Appellant: Z4 Corporation	
		Awarded Bidder: Eons Enterprises Corporation	
Procurement : Re-Bid GPSS-IFB-008-2009 for Oceanview Middle School Gymnasium Repairs			
The appellants argued that:			
<ul style="list-style-type: none"> The award to Eons Enterprises must be revoked because Eons failed to meet the IFB bid specifications by not fully explaining it reasons, bid amount and services offered in Alternate Bid. GSA did not have the authority to revoke the initial award to Z4 Corporation and award the bid to Eons. Z4 Corporation's offer was the lowest, the most responsive, and most responsible offer. 	Decision on Protest of Method, Solicitation, or Award.	On-Going Appeal. Pre-hearing conference held in January 2010. Formal hearing held in February 2010 and April 2010. Pending OPA decision.	
Appeal Filed: 10/29/2009		Appeal Closed: PENDING	



CLOSED OR RESOLVED OPA MANDATES:

- ❑ P.L. 25-119 required the Public Auditor to conduct an annual audit of each municipality's Municipal Litter and Defacement Fund.
- ❑ P.L. 25-143 required OPA to audit the Guam Educational Radio Foundation (KPRG-FM 89.3). In the absence of audited financial statements, KPRG is to provide a full accounting of the funds appropriated by P.L. 25-143.
- ❑ P.L. 25-164 required an audit of the Village Streets Fund (VSF) administered by the Mayor's Council of Guam.
- ❑ P.L. 26-70 required the OPA to be an observer in the government's attempt to sell the Guam Telephone Authority (GTA).
- ❑ P.L. 26-83 required GVB to allow the Public Auditor to audit all the Bureau's funds and matching cash, and the in-kind contributions of its membership.
- ❑ P.L. 26-85 created a Line of Credit Repayment Fund under the Public Auditor's purview.
- ❑ P.L. 26-116 opened all records relative to the recovery from Typhoon Chata'an and Typhoon Halong to the Public Auditor for auditing.
- ❑ P.L. 26-135, required the OPA to be a member of the Advance Federal Funding Work Group. The Work Group dissolved on December 31, 2002.
- ❑ P.L. 26-144, required the Guam Waterworks Authority to outsource the maintenance and operation of water wells, booster pump stations, meters, etc., and the Public Auditor to observe the outsourcing process.
- ❑ P.L. 26-169, required the Public Auditor to be a member of the Work Group.
- ❑ P.L. 27-01 authorized the OPA to assess transactions of Typhoon Pongsona-related expenditures incurred by the government of Guam.
- ❑ P.L. 27-10 appointed the Public Auditor (or designee) as a member of the newly created Cost Reduction Task Force.
- ❑ P.L. 27-22 required expense reports of the \$9M appropriation related to Super typhoon Pongsona be submitted to the OPA.
- ❑ P.L. 27-27 required the Public Auditor to receive an annual financial audit of the "exempted funds" (authorized to be retained by the Guam Baseball Federation, to include stadium sponsorship revenues, and the Municipal Stadium Operations Fund).
- ❑ P.L. 27-35 required the Public Auditor to certify \$3,323,763, which is to be paid to DOC, DPW, GEPA, and GFD for past due employment compensation. The funding for compensation shall be taken from the Community Advancement Fund.
- ❑ P.L. 27-37 required the Municipal Recycling Program Fund to be annually audited by the Public Auditor.



- P.L. 27-45 required the Public Auditor to receive a detailed report of all transfers, expenditures, and reimbursement directly related to Super-Typhoon Pongsona.
- P.L. 27-47 required the Public Auditor to receive an expenditure and progress report of all funds appropriated to the Guam System of Care Council (GSOCC) by P.L. 27-47.
- P.L. 27-86 required the Public Auditor to receive a detailed report of the authorized expenditures from the Sports Tourism Committee of the Guam Visitors Bureau.
- P.L. 27-99 appropriated \$600,000 to GFD, and required OPA to be an observer throughout the emergency procurement of fire trucks and related equipment.
- P.L. 27-106 required each Mayor to submit a report of receipts, expenditures, and applications of funds to the Public Auditor on the fifth day of the first month of every fiscal quarter.
- P.L. 27-119 required the Public Auditor to be a member of the Government of Guam Procurement Review Commission.
- P.L. 28-68 required the Public Auditor: to (1) conduct the FY 2005 annual audit; (2) receive quarterly financial reports of non-appropriated funds handled by each Mayor; (3) audit the Chamorro Land Trust Operations Fund; (4) receive quarterly reports of the Guam Medical Referral Offices; (5) hear and decide all procurement appeals; and (6) report compliance with the quarterly reporting requirements.
- P.L. 28-76 required the Public Auditor to develop standards for the “ethics in government program” until the Guam Ethics Commission is appointed and functioning.
- P.L. 28-149 required the Public Auditor to approve the GPSS projected schedules of monthly cash disbursements for each school, division, and program, by expenditure category for the fiscal.
- P.L. 28-150 required the OPA to administer the \$304,110 appropriated from the General Fund to DOA for the FY 2006 government of Guam General Purpose Financial Statements and Single Audit Report.
- P.L. 28-149 and P.L. 28-150, also known as the FY 2007 Budget Act, required OPA to report on the compliance of government entities’ quarterly reporting requirements.
- P.L. 28-171 required the Director of DPW to transfer from the Recycling Revolving Fund 3% of the total amount collected during that fiscal year (no later than 10 days after the end of each fiscal year), to fund one FTE at GEPA. The fund shall be subject to audits by the Public Auditor.
- P.L. 29-02 amended P.L. 28-149 and 28-150, which required OPA to report on the compliance of government entities’ quarterly reporting requirements.
- P.L. 29-19 also known as the FY 2008 Budget Act, required OPA to report on the compliance of government entities’ quarterly reporting requirements.



- ❑ P.L. 29-106 required the Public Auditor to conduct a thorough financial and management audit of textbook acquisition, use, processes, costs and accountability at the Guam Public School System.
- ❑ P.L. 29-113 required OPA to conduct a comprehensive financial and management audit of the costs and benefits of the Meals Reimbursement Program and the legally mandated privatization of cafeteria services and maintenance services at DOE. It also required the Public

Auditor to conduct a financial and management audit of cost and benefits of the commercial leases of the Chamorro Land Trust.

- ❑ P.L. 29-123 required OPA to deliver notices to the Legislature of authorized payment of prior years' obligations.

OPEN OPA MANDATES:

- ❑ P.L. 26-120 required the Guam Police Department to furnish the OPA with detailed annual financial reports of its Asset Forfeiture Fund.
- ❑ P.L. 26-170 required the Child Mental Health Initiative Grant Fund to be annually audited by OPA.
- ❑ P.L. 27-06 required the Executive Branch to furnish OPA with a written report of General Fund emergency appropriation expenditures.
- ❑ P.L. 27-58 required the Public Auditor to receive an annual report of the activities of the Guam Board of Accountancy. This report shall include a listing of all current licensees.
- ❑ P.L. 27-85 required the Public Auditor to receive an annual copy of the financial statements issued by the Guam Football (Soccer) Association.

- ❑ P.L. 27-148 authorized OPA to audit the Guam Recycling Fund. This fund is administered by the Guam Environmental Protection Agency.
- ❑ Executive Order 2003-19 required OPA to inspect documentation related to the procurement of legal representation pursuant to the designation of 8,000 acres of federal land.
- ❑ P.L. 28-44 requires the Public Auditor to receive an annual report detailing receipts, collections, and amounts of the Commercial Mobile Radio Service accounts and the Enhanced 911 Emergency System surcharges.
- ❑ P.L. 28-68 required the Public Auditor to audit the net proceeds received by the sponsoring organization of the Liberation Day carnival and to conduct an audit for regulatory compliance every two years of the Public Market Fund.



- P.L. 28-78 required the Public Auditor to receive a quarterly report from the office of Veteran's Affairs describing the solicitation, acceptance, utilization, and administration of gift, bequests, and donations.
- P.L. 29-116 required the transfer from the Recycling Revolving Fund three percent (3%) of the total amount collected during that fiscal year to fund one (1) FTE employee at the Guam Environmental Protection Agency. The Fund shall be subject to audits by the Public Auditor.
- P.L. 30-05 established the "Guam Regional Transit Authority Fund." The said fund shall be audited annually by an independent certified public accountant or by OPA.
- P.L. 30-08 authorized the establishment of a public, not-for-profit corporation for DOE for the purposes of being able to accept private gifts, donations, endowments,

services in-kind, etc. The foundation is required to submit detailed quarterly reports of contributions to the Legislature and OPA.

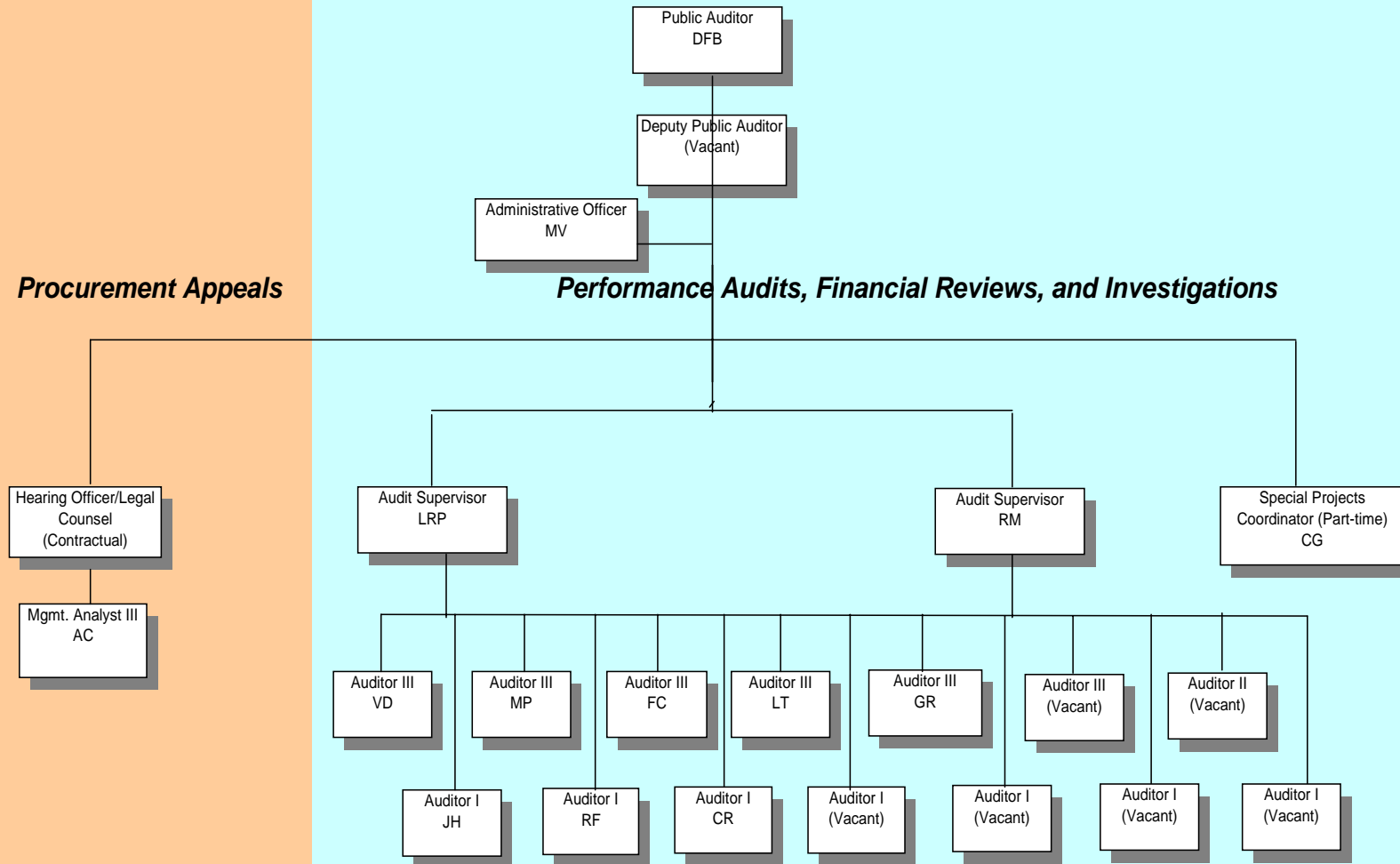
- P.L. 30-55 required the Department of Parks and Recreation to submit quarterly report of the expenditures for the maintenance and repair of public restrooms in the sum of \$520,166 to the Public Auditor and the Speaker of the Legislature, and post the same on the Department's website.
- P.L. 30-68 authorized Mayors to sponsor and to approve concessions, festivals, fiestas, or other village events associated with the promotion of the Chamorro culture, tradition, heritage and tourism, etc. The funds and activities generated in this Section shall be subject to annual audit by OPA.



**Office Public Accountability
December 31, 2009**

Procurement Appeals

Performance Audits, Financial Reviews, and Investigations





Agencies or Programs	2009	2008	2007	2006	2005	2004	2003	2002	2001	TOTAL
Guam International Airport Authority	0	0	3	5	2	10	13	12	22	67
Guam Public School System	18	9	46	17	14	9	11	13	13	150
Department of Public Works	0	6	15	9	3	3	10	11	14	71
Guam Power Authority	1	2	7	6	4	5	6	12	4	47
Department of Corrections	2	5	1	1	2	2	2	11	10	36
Guam Memorial Hospital Authority	2	2	2	1	7	4	1	11	8	38
Government of Guam Retirement Fund	0	0	3	3	1	15	1	6	0	29
Department of Administration	0	0	3	1	2	4	5	6	5	26
Mayors Council of Guam	0	5	11	8	9	4	6	2	7	52
Guam Housing and Urban Renewal Authority	0	0	2	1	6	10	3	2	3	27
Guam Waterworks Authority	1	0	7	5	12	4	7	4	3	43
Guam Fire Department	0	3	1	2	1	6	4	3	4	24
Guam Mass Transit Authority	0	0	0	0	1	3	5	5	4	18
Department of Public Health and Social Services	2	2	0	1	4	5	0	4	8	26
Guam Telephone Authority	0	0	0	0	1	9	3	3	1	17
Office of the Attorney General	0	1	1	3	3	4	9	1	0	22
Guam Police Department	1	0	2	1	0	2	3	3	5	17
Guam Visitors Bureau	0	1	2	0	3	5	1	1	5	18
Superior Court of Guam	3	0	3	2	4	4	2	4	2	24
University of Guam	1	2	2	1	0	4	3	3	2	18
Port Authority of Guam	0	0	0	1	3	3	4	1	3	15
Department of Land Management	0	0	0	0	1	3	0	1	4	9
Office of the Governor	2	5	0	1	0	4	3	1	0	16
Department of Parks & Recreation	0	1	7	4	1	1	1	1	5	21
Department of Labor	1	0	0	0	0	2	3	2	1	9
Guam Economic Development and Commerce Authority	1	0	0	0	0	2	4	0	1	8
General Services Agency	0	0	2	2	3	3	3	0	1	14
Other Agencies and Programs	19	18	40	37	29	47	31	22	28	271
Total	54	62	160	112	116	177	144	145	163	1133



“Thank you so much for your quick attention to this issue. I think if the community knew what great services the public auditor's office offers in regards to keeping our government honest they would fully support whatever you need. For my part I will keep spreading the word about your office's integrity both in the audits you do and the impartial, fair service you perform in hearing procurement protests/issues. Thank you!”

“Congratulations for the success of APIPA 2009. You and your staffs have done a terrific job for putting up a very successful workshop. I personally would want to thank you also for all the hospitalities that you have accorded to us from the islands.”

“Thank you and your capable staff for a very informative and enjoyable APIPA 2009 conference. The knowledge our staff and I gained will increase our learning curves here at OPA CNMI.”

*Thank you for your diligence, hard work and fairness regarding the recent OPA decision for the RFP protest involving Latte Treatment Center.... Your decision was exceptionally timely in light of today's revelation in the South Bend Tribune, Indiana.
Thank you on behalf of the children!*

“Doris and the staff are doing a fantastic job in protecting our taxpayer's dollars. Congratulations to Doris and the staff for keeping people in check, most recently with the gym membership audit the office conducted.”

“Thank you for your professional diligence and interaction.”

“CONGRATULATIONS to the people's public auditor, Doris Brooks, for speaking out against the waste of tax payer money....I hope our public auditor does not stop looking at this big problem because this money should be going to services that are really for the public health, the public safety and the public welfare.”

“In reference to the RFP decision regarding DMHSA and Latte Treatment Center - Your decision has been validated again.”



January 6, 2009

The Public Auditor was sworn in for her third term on January 5, 2009 at the Guam Judicial Center in Hagatna

- [Inaugural Remarks](#)
- [Inaugural Program](#)



January 13, 2009

The Office of the Public Auditor has released OPA Report No. 09-01, Submission of FY 2008 4th Quarter Financial Reports as mandated by P.L. 29-19.

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



January 13, 2009

OPA Management Analyst Theresa Gumataotao Receives National Recognition from U.S. Department of Interior's Inspector General

- [Click here for release](#)



January 16, 2009

The Office of the Public Auditor has released the Decision on appeal OPA-PA-07-011 in the appeal of JMI Medical Systems, Inc. regarding the Guam Memorial Hospital Authority Bid No. 024-2007 solicitation for a Microbiology Analyzer.

- [Click here for Decision](#)
- [Click here for Findings and Recommendation of Hearing Officer](#)

January 22, 2009

Pursuant to Section 6205 of Title 4, Guam Code Annotated, the Office of the Public Auditor is petitioning to recruit above the minimum step for an Auditor I position.

- [Click here for petition](#)

January 26, 2009

Pursuant to Section 6205 of Title 4, Guam Code Annotated, the Office of the Public Auditor is petitioning to recruit above the minimum step for the Chief Auditor position. ➤ [Click here for petition](#)



January 30, 2009

The Office of the Public Auditor has released the Guam International Airport Authority FY 2008 Financial Statements, Report on Compliance and Internal Controls, and Management Letter

- [Highlights](#)
- [2008 Financial Statements](#)
- [2008 Compliance and Internal Controls](#)
- [2008 Management Letter](#)



February 3, 2009

Pursuant to Section 6205 of Title 4, Guam Code Annotated, the Office of the Public Auditor is petitioning to recruit above the minimum step for the Auditor III position.

- [Click here for petition](#)

February 3, 2009

The Office of the Public Auditor has released the Port Authority of Guam FY 2008 Financial Statements, Report on Compliance and Internal Controls, and Management Letter

- [Highlights](#)
- [2008 Financial Statements](#)
- [2008 Report on Compliance and Internal Controls](#)
- [2008 Management Letter](#)



February 3, 2009

Pursuant to Section 6205 of Title 4, Guam Code Annotated, the Office of the Public Auditor is petitioning to recruit above the minimum step for the Auditor II position.

- [Click here for petition](#)

February 4, 2009

Pursuant to Section 6205 of Title 4, Guam Code Annotated, the Office of the Public Auditor is petitioning to recruit above the minimum step for the Auditor III position.

- [Click here for petition](#)
-



February 10, 2009

The Office of the Public Auditor has released the Decision on appeal OPA-PA-08-012 in the appeal of Town House Department Stores Inc. dba Island Business Systems & Supplies regarding General Services Agency's Request for Quotation Nos. 08002241, 08002249, 08002251, 08002252, 08002255, and 08002256 for multi-function copiers.

- [Click here for Decision](#)
- [Click here for Findings and Recommendation of Hearing Officer](#)

February 26, 2009

The Office of the Public Auditor has released the Decision on appeal OPA-PA-08-008 in the appeal of Latte Treatment Center Inc. regarding the Department of Mental Health and Substance Abuse RFP/DMHSA-014-08 for Program Management and Operational Services for Therapeutic Group Home Child/Adolescent Residential Programs

- [Click here for Decision](#)
- [Click here for Findings and Recommendations of Hearing Officer](#)

March 2, 2009

The Office of the Public Auditor releases the Government of Guam Retirement Fund's FY 2008 Financial Statements, Report on Compliance, and Management Letter

- [Highlights](#)
- [2008 Financial Statements](#)
- [2008 Report on Compliance and Internal Controls](#)
- [2008 Management Letter](#)



March 9, 2009

The Office of the Public Auditor is soliciting bids from interested bidders for the lease of OPA office space. Interested parties may download from www.guamopa.org or pick up the bid package at:

Office of the Public Auditor
Suite 401, DNA Bldg.
238 Archbishop Flores St.
Hagatna, Guam 96910

- [IFB Announcement](#)
- [OPA-IFB-001-09 IFB Package](#)
- [OPA Response to Bid Questions](#)



March 16, 2009

OPA has released Guam Housing Corporation's FY 2008 Financial Statements, Report on Compliance and Internal Controls, and Management Letter.



- [Highlights](#)
- [2008 Financial Statements](#)
- [2008 Report on Compliance and Internal Controls](#)
- [2008 Management Letter](#)

March 17, 2009

OPA has released Guam Educational Telecommunications Corporation (KGTF) FY 2008 Financial Statements, Report on Compliance and Internal Controls, and Management Letter.



- [Highlights](#)
- [2008 Financial Statements](#)
- [2008 Report on Compliance and Internal Controls](#)
- [2008 Management Letter](#)

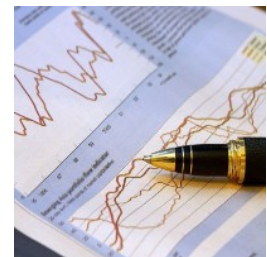
March 17, 2009

Pursuant to Section 6205 of Title 4, Guam Code Annotated, the Office of the Public Auditor is petitioning to recruit above the minimum step for the Auditor III position.

- [Click here for petition](#)

March 19, 2009

The Office of the Public Auditor has released OPA Report No. 09-02, Submission of FY 2009 1st Quarter Financial Reports As Mandated By P.L. 29-113.



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

March 26, 2009

The Office of the Public Auditor has released a notification to all departments and agencies with respect to their 2nd Quarter reporting requirement responsibilities required by Public Law 29-113.

- [Click Here For Transmittal Letter](#)
- [Click Here For Notification](#)
- [Click Here For Reporting Requirements](#)



March 26, 2009

The Office of the Public Auditor, in accordance with the Guam Procurement Law (5 G.C.A. §5701) and the Administrative Adjudication Law (5 G.C.A. Chapter 9) will hold a public hearing to receive comments on three proposed Amendments to the Rules of Procedure for Procurement Appeals on Monday, April 6, 2009, at 1:00 p.m. at the Office of the Public Auditor.

- [Public Notice](#)
- [Proposed Amendments](#)
- [Economic Impact Statement](#)

April 1, 2009

The Office of the Public Auditor has released the University of Guam's FY 2008 Financial Statements, Report on Compliance and Internal Controls, and Management Letter

- [Highlights](#)
- [2008 Financial Statements](#)
- [2008 Report on Compliance and Internal Controls](#)
- [2008 Management Letter](#)



April 3, 2009

The Office of the Public Auditor is soliciting proposals on behalf of the Port Authority of Guam (PAG) for an audit (to include the Single Audit Act Provision) of its financial operations for FY 2009 ~ FY 2011. You may click the following links to download the RFP or pick up an RFP Package at:

Port Authority of Guam
Procurement Department
Piti, Guam

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

April 3, 2009

The Office of the Public Auditor has released the Tourist Attraction Fund FY 2008 Financial Statements and Report on Compliance and Internal Controls

- [Highlights](#)
- [2008 Financial Statements](#)
- [2008 Report on Compliance and Internal Control](#)



April 9, 2009

The Office of the Public Auditor has released the Territorial Highway Fund FY 2008 Financial Statements and Report on Compliance and Internal Controls

- [Highlights](#)
- [2008 Financial Statements](#)
- [2008 Report on Compliance and Internal Controls](#)





April 13, 2009

The Public Auditor submitted testimony on Bill 65, An Act to Amend 1900, Chapter 19, title 1 Guam Code Annotated to Rename the Office of the Public Auditor to the Office of Public Accountability

➤ [Click here for testimony on Bill 65](#)

April 13, 2009

The Office of the Public Auditor has released the Guam Visitors Bureau FY 2008 Financial Statements, Report on Compliance and Internal Controls, and Management Letter



- [Highlights](#)
 - [2008 Financial Statements and Report on Compliance and Internal Controls](#)
 - [2008 Management Letter](#)
 - [2008 Letter to those Charged with Governance](#)
-

April 14, 2009

The Office of the Public Auditor has released OPA Report No. 09-03, Performance Audit of the Chamorro Land Trust Commission Commercial Division



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

April 14, 2009

The Office of the Public Auditor, in accordance with the Guam Procurement Law (5 G.C.A. §5701) and the Administrative Adjudication Law (5 G.C.A. Chapter 9) has submitted and filed three proposed Amendments to the Rules of Procedure for Procurement Appeals to the Speaker and Legislative Secretary of the 30th Guam Legislature.

- [Proposed Amendments](#)
 - [Audio Hearing](#)
-



April 15, 2009

The Office of the Public Auditor is soliciting bids from interested bidders for a telephone system. Interested parties may download from www.guamopa.org or pick up the bid package at:

Office of the Public Auditor
 Suite 401, DNA Bldg.
 238 Archbishop Flores St.
 Hagatna, Guam 96910

- [OPA-IFB-002-09 IFB Package](#)
- [IFB Announcement](#)
- [Amendment #1 & OPA's Responses to Questions Received](#)

April 16, 2009

The Office of the Public Auditor has released the Guam Preservation Trust FY 2008 Financial Statements, Report on Compliance and Internal Controls, Management Letter, and Letter to those Charged with Governance



- [Highlights](#)
- [2008 Financial Statements](#)
- [2008 Report on Compliance and Internal Controls](#)
- [2008 Management Letter](#)
- [2008 Letter to those Charged with Governance](#)

April 17, 2009

The Office of the Public Auditor is seeking applications from qualified persons for the positions of:

- [Auditor I](#)
- [Auditor II](#)
- [Auditor III](#)

April 20, 2009

The Office of the Public Auditor has released the Guam Power Authority FY 2008 Financial Statements, Report on Compliance and Internal Controls, Management Letter, and Letter to those Charged with Governance.



- [Highlights](#)
- [2008 Financial Statements](#)
- [2008 Report on Compliance and Internal Controls](#)
- [2008 Management Letter](#)
- [2008 Letter to those Charged with Governance](#)



April 20, 2009

The Office of the Public Auditor has released the Guam Memorial Hospital Authority FY 2008 Financial Statements, Report on Compliance and Internal Controls, and Letter to those Charged with Governance



- [Highlights](#)
- [2008 Financial Statements](#)
- [2008 Report on Compliance and Internal Controls](#)
- [2008 Letter to those Charged with Governance](#)

April 22, 2009

The Office of the Public Auditor has released the Guam Economic Development Authority's FY 2008 Financial Statements, Report on Compliance and Internal Controls, and Report to those Charged with Governance



- [Highlights](#)
- [2008 Financial Statements, Report on Compliance and Internal Controls](#)
- [2008 Letter to those Charged with Governance](#)

April 30, 2009

The Guam Office of the Public Auditor (OPA) is hosting the 20th Association of Pacific Islands Public Auditors (APIPA) Conference from July 27 to 31, 2009. The theme for this year's conference is "20 Years of Advancing Pacific Islands Public Accountability." Please log on to <http://www.apipa2009.org> for more information.



- [Click here for press release](#)

May 18, 2009

The Guam Office of the Public Auditor is proud to announce that its website, www.guamopa.org, has won the Association of Local Government Auditors' (ALGA) prestigious Silver Award for Best Website.



- [Click here for press release](#)

May 22, 2009

The Office of the Public Auditor has released its 2008 Annual Report



- [2008 Annual Report](#)



May 27, 2009

The Office of the Public Auditor has released the Guam Waterworks Authority FY 2008 Financial Statements, Report on Compliance and Internal Controls, Management Letter, and Letter to those Charged with Governance



- [Highlights](#)
- [2008 Financial Statements](#)
- [2008 Report on Compliance and Internal Controls](#)
- [2008 Management Letter](#)
- [2008 Letter to those Charged with Governance](#)

June 5, 2009

In an effort to assist the citizenry in understanding government financial information found in audited financial reports, the Office of the Public Auditor (OPA) is pleased to publish on its website the Citizen-Centric reports prepared by the Spring 2009 University of Guam (UOG) Government Accounting students. The Citizen-Centric reports are an expansion of the OPA highlights in providing transparency as to how government entities expend the people's money. The Guam Chapter of the Association of Government Accountants (AGA), through UOG professor Dr. Doreen Crisostomo, invited UOG Government Accounting students to present the results of their work in AGA's May 2009 general meeting.

AGA's Citizen-Centric Government Reporting Initiative is intended to foster innovative means of communication between governments and their citizenry. AGA believes that government financial information should be provided to citizens in forms that are clear and understandable, updated regularly and often, delivered to all, easy to locate, honest in breadth and technically accurate in detail. OPA encourages other government entities to prepare their Citizen-Centric reports as well.

- [Click here for information on Citizen-Centric Government Reporting Initiative](#)
- [Guam Community College Citizen-Centric Report](#)
- [University of Guam Citizen-Centric Report](#)
- [Guam Public School System's Citizen-Centric Report](#)

June 8, 2009

The Office of the Public Auditor has released the Guam Community College's FY 2008 Financial Statements, Report on Compliance and Internal Control, Management Letter, and Letter to Those Charged with Governance.

- [Financial Highlights](#)
- [2008 Financial Statements](#)
- [2008 Report on Compliance and Internal Control](#)
- [2008 Management Letter](#)
- [2008 Letter to Those Charged with Governance](#)





June 19, 2009

The Office of the Public Auditor has released the Guam Housing and Urban Renewal Authority's FY 2008 Financial Statements, Report on Compliance and Internal Control, and Letter to Those Charged with Governance.



- [Financial Highlights](#)
- [2008 Financial Statements, Report on Compliance and Internal Controls](#)
- [2008 Letter to those Charged with Governance](#)

June 25, 2009

The Office of Public Accountability has released the Guam Public School System FY 2008 Financial Statements, Report on Compliance and Internal Controls, and Letter to Those Charged With Governance



- [Highlights](#)
- [2008 Financial Statements](#)
- [2008 Report on Compliance and Internal Controls](#)
- [2008 Letter to Those Charged With Governance](#)

June 26, 2009

The Office of Public Accountability has released the Basic Financial Statements, Single Audit Reports, Management Letter, and Letter to Those Charged With Governance of the Government of Guam for the fiscal year ended September 30, 2008.



- [Highlights](#)
- [2008 Basic Financial Statements](#)
- [2008 Single Audit Reports](#)
- [2008 Management Letter](#)
- [2008 Letter to Those Charged With Governance](#)

June 26, 2009

The Office of Public Accountability has released a notification to all departments and agencies with respect to their 3rd Quarter reporting requirement responsibilities required by Public Law 29-113

- [Click here for transmittal letter](#)
- [Click here for notification](#)
- [Click Here For Reporting Requirements](#)



July 20, 2009

The Office of Public Accountability is soliciting proposals from interested offerors for a Position Classification, Compensation, and Benefits Study. Interested parties may download from www.guamopa.org or pick up the RFP package at:

Office of Public Accountability
Suite 401, DNA Bldg.
238 Archbishop Flores St.
Hagatna, Guam 96910

- [OPA-RFP-09-01 RFP Package](#)
- [RFP Announcement](#)

July 20, 2009

Pursuant to Section 6205 of Title 4, Guam Code Annotated, the Office of Public Accountability is petitioning to recruit above the minimum step for the Auditor III position.

- [Click here for petition](#)
- [Click here for petition](#)
- [Click here for petition](#)

July 23, 2009

The Office of Public Accountability has released a press release on Governor Felix Camacho's declaration of Public Accountability Week from July 26, 2009 to August 1, 2009.

- [Press Release](#)

July 24, 2009

The Office of Public Accountability has released OPA Report 09-04, Department of Corrections Overtime and Hazardous Pay

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



July 24, 2009

Pursuant to Section 6205 of Title 4, Guam Code Annotated, the Office of Public Accountability is petitioning to recruit above the minimum step for the Auditor I position.

- [Click here for petition](#)
 - [Click here for petition](#)
-



August 10, 2009

The Office of Public Accountability has announced that Public Auditor Doris Flores Brooks received a Platinum Level Regional Vice President Award at the 58th annual Professional Development Conference of the Association of Government Accountants in New Orleans.



➤ [Click here for press release](#)

August 11, 2009

The Office of Public Accountability is soliciting proposals on behalf of the Tourist Attraction Fund and Territorial Highway Fund for independent audit services for fiscal years 2009, 2010, and 2011. Interested parties may download from www.guamopa.org or pick up the Request for Proposal (RFP) package at:

Government of Guam
Department of Administration
Director's Office
Manuel F. L. Guerrero Bldg.
212 Aspinall Avenue
Hagåtña, Guam 96910

➤ [RFP/DOA-014-09](#)
➤ [RFP Announcement](#)

August 31, 2009

The Office of Public Accountability is soliciting proposals on behalf of the Guam Preservation Trust for independent audit services for fiscal years 2009, 2010, and 2011. Interested parties may download from www.guamopa.org or pick up the Request for Proposal (RFP) package at:

Guam Preservation Trust
Suite 211 2nd Floor
Terlaje Professional Building
Hernan Cortez Avenue
Hagåtña, Guam 96910

➤ [RFP Announcement](#)
➤ [GPT RFP 09-006](#)

September 8, 2009

The Office of Public Accountability is soliciting proposals on behalf of The Government of The Guam Retirement Fund for independent audit services for fiscal years 2009, 2010, and 2011. Interested parties may download from www.guamopa.org or pick up the Request for Proposal (RFP) package at:

Government of Guam Retirement Fund
Director's Office
424 Route 8
Maite, Guam 96910

➤ [RFP/GGRF-001-09](#)
➤ [RFP Announcement](#)



September 8, 2009

The Office of Public Accountability is soliciting proposals on behalf of the University of Guam for independent audit services for fiscal years 2009, 2010, and 2011. Interested parties may download from www.guamopa.org or pick up the Request for Proposal (RFP) package at:

University of Guam
Consolidated Procurement Office
Administration Building
Mangilao, Guam 96923

- [RFP/UOGRFP29-09](#)
- [RFP Announcement](#)
- [RFP Amendment](#)

September 14, 2009

The Office of Public Accountability is soliciting proposals on behalf of the Guam Economic Development Authority (GEDA) for an audit (to include the Single Audit Act Provision) of its financial operations for FY 2009 – FY 2011. You may click the following links to download the RFP or pick up an RFP Package at:

Guam Economic Development Authority
ITC Building, Suite 511
590 South Marine Corps Drive
Tamuning, Guam 96913

- [GEDA RFP Notice](#)
- [GEDA RFP \(Audit Services 2009-2011\)](#)

September 21, 2009

The Office of Public Accountability has released OPA Report 09-05, Submission of FY 2009 2nd and 3rd Quarter Financial Reports Pursuant to Public Law 29-113

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



September 24, 2009

The Office of Public Accountability has released a notification to all departments and agencies with respect to their 4th Quarter reporting requirement responsibilities required by Public Law 29-113

- [Click here for transmittal letter](#)
- [Click here for notification letter](#)
- [Click Here For Reporting Requirements](#)



October 7, 2009

The Office of Public Accountability presented a plaque of appreciation to the Department of Interior Office of Insular Affairs for their 20 years of support to Guam and other Pacific Islands for advancing government accountability.

➤ [Click here for press release](#)



November 16, 2009

The Office of Public Accountability is soliciting proposals from interested offerors for services as Legal Counsel and Procurement Appeals Hearing Officer. Interested parties may download from www.guamopa.org or pick up the RFP package at:

Office of Public Accountability
 Suite 401, DNA Bldg.
 238 Archbishop Flores St.
 Hagatna, Guam 96910

- [OPA Response to Questions Received](#)
- [RFP Announcement](#)
- [OPA-RFP-09-02](#)

November 24, 2009

The Office of Public Accountability has released OPA Report 09-06, Government of Guam Medical Referral Benefits Bank Account

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



November 25, 2009

The United States Department of Education issued amended special conditions to procure the services of a third party fiduciary agent to perform the financial management responsibilities for grants awarded to the Guam Department of Education.

➤ [Click here for letter](#)

December 28, 2009

The Office of Public Accountability has released OPA Report 09-07, Government of Guam's Wellness Benefits

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





**Association of Pacific Islands Public Auditors 20th Annual
Comparative Statement of Revenues, Expenses, and Changes in Net Assets
Years ended December 31, 2009 and 2008**

Cash basis	GUAM (Unaudited) 20TH ANNUAL APIPA (Jan 1, '09 - Dec. 31, '09)	CNMI (Unaudited) 19TH ANNUAL APIPA (Jan 1, '08 - Dec. 31, '08)
Revenues		
Registration Fees		
Early	\$ 74,700.00	
Late	26,700.00	
Total Registration Fees	\$ 101,400.00	\$ 47,250.00
Membership Dues	3,850.00	3,150.00
T-shirt Sales	45.00	2,804.00
Total Revenues	<u>105,295.00</u>	<u>53,204.00</u>
Expenses		
Conference Venue	59,981.38	22,699.00
Closing Reception	10,463.42	4,000.00
Opening Reception/ Welcoming Breakfast	7,944.00	3,045.00
Giveaways	7,756.72	6,060.50
Volunteers	2,676.21	2,729.85
Printing	2,289.85	-
T-shirts	2,116.70	4,784.11
Island Tour	1,851.39	-
Banners	871.00	-
Supplies	739.41	702.77
Photographer	485.00	545.00
Bank Charges	68.00	-
Postage fees	4.40	297.34
Admin. Overtime	-	2,144.48
Total Expenses	<u>97,247.48</u>	<u>47,008.05</u>
Change in Net Assets	<u>8,047.52</u>	<u>6,195.95</u>
Beginning Net Assets:		
APIPA Transfer from CNMI	13,750.82	-
APIPA Transfer from Am. Samoa	-	7,369.83
Total Beginning Net Assets	<u>13,750.82</u>	<u>7,369.83</u>
Net Assets at the end of the year	<u>\$ 21,798.34</u>	<u>\$ 13,565.78</u>
2009 Outstanding Receivables:		
Late Registrtion (GMHA)	\$ 400.00	
Total Receivables '09	<u>\$ 400.00</u>	
2008 Outstanding Receivables:		
FSM National membership dues '08		\$ 350.00
RMI Membership dues '08		350.00
CNMI reimbursement for postage		73.00
Total Receivables '08		<u>\$ 773.00</u>



**Association of Pacific Islands Public Auditors 20th Annual
Statement of Net Assets
As of December 31, 2009**

Modified Accrual Basis

	<u>Unaudited December 31, 2009</u>
Assets	
Cash in bank	\$ 21,798.34
Accounts Receivable	
Membership Dues	700.00
Late Registration Fees	400.00
Total Accounts Receivable	<u>1,100.00</u>
Total Assets	<u>\$ 22,898.34</u>
Liabilities and Net Assets	
Liabilities	\$ -
Net Assets (Unrestricted)	<u>22,898.34</u>
Total Liabilities and Net Assets	<u>\$ 22,898.34</u>



**Association of Pacific Islands Public Auditors
20th Annual Conference
Notes to Financial Statements
For the Twelve-Month Period Ended December 31, 2009**

1. ORGANIZATION

The Association of Pacific Islands Public Auditors (APIPA) is an unincorporated association formed in January 1988 through a Memorandum of Understanding (MOU) that was executed by the heads of the audit organizations of five Pacific island nations. The founding parties to the 1988 MOU were the Public Auditor of the Federated States of Micronesia (FSM), the Public Auditor of Palau, the Public Auditor of the Commonwealth of the Northern Mariana Islands (CNMI), the Territorial Auditor of the American Samoa, and the Auditor-General of the Republic of the Marshall Islands. The Inspector General of the United States Department of Interior Guam also became a non-voting member in 1988. From the initial six members, APIPA now has twelve members which include the State Public Auditors of Pohnpei, Yap, Chuuk, and Kosrae, the Public Auditor of Guam, the Controller and Chief Auditor of Samoa, and the Virgin Islands' Inspector General.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Statement of Revenues, Expenses, and Change in Net Assets have been prepared on the cash basis. Receipts from membership dues and registration fees are recognized when received. The Statement of Net Assets is prepared on a cash basis except for the reflection of outstanding receivables.

3. REVENUES AND ACCOUNTS RECEIVABLE

The main revenue sources of APIPA are membership dues from participating member offices and registration fees for the annual APIPA conferences. For the last two years the annual membership fee assessed was \$350 per member office. In 2008, the conference registration fee was \$225 per participant. In 2009, conference registration fees were \$300 for early registration and \$400 for late registration.

Accounts receivable of \$1,100 from membership dues and late registration is reflected on the Statement of Net Assets. Specifically, accounts receivables consist of 2008 balances from the Marshall Islands and the Federated States of Micronesia of \$350 each and a 2009 late registration fee of \$400. The 2009 APIPA cancellation policy stated that notices of cancellation received after Tuesday, July 14, 2009 will be billed the full registration fee (\$400 per participant). These accounts receivables are not reflected as revenues in the Statement of Revenues, Expenses, and Net Assets. The total of \$22,898.34 in net assets will be transferred to the Pohnpei State member office for the 2010 APIPA conference.

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



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

All information will be held in strict confidence.