



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

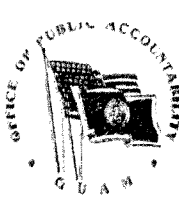
Office of Public Accountability

Fiscal Year 2014 Budget Request and Presentation

As of March 2013

Distribution:

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



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March 1, 2013

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

Subject: FY 2014 Budget Request

Dear Senator Pangelinan and Committee Members,

The Office of Public Accountability (OPA) is pleased to present our FY 2014 budget request of \$1,379,663. Our office did factor the Government of Guam's mounting deficit as our budget request is a nominal 6% increase from our FY 2013 appropriation and slightly more than our FY 2008 appropriation of \$1,350,432. The increase is mainly attributed to the higher retirement contributions.

The attached power point presentation provides the details of OPA's accomplishments for this past year and outlines OPA's audit and procurement appeals plans to achieve our future outlook goals.

We respectfully request OPA to be exempted from Bureau of Budget and Management Research's allotment control, which has been afforded to other elected offices such as the Mayors' Council, the Attorney General's Office, the Legislature, and the Judiciary. Si Yu'os Ma'ase.

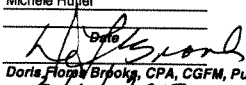
Senseramente,

Doris Flores Brooks, CPA CGFM
Public Auditor

**BUREAU OF BUDGET AND MANAGEMENT RESEARCH
FISCAL YEAR 2014
BUDGET DOCUMENT CHECKLIST**

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

	Department/Agency		BBMR	
	Yes	No	Yes	No
General				
Is the department/agency request within the Governor's established ceiling?	x			
Is the summary digest consistent with detail pages?	x			
Are the required budget forms attached?	x			
a. Agency Budget Certification [BBMR ABC]	x			
b. Agency Narrative Form [BBMR AN-N1] (Powerpoint Presentation)	x			
c. Decision Package [BBMR DP-1]	x			
d. Program Budget Digest Forms [BBMR BD-1, BBMR TA-1, BBMR 96A]	x			
e. FY 2014 (Proposed) Agency Staffing Pattern [BBMR SP-1] - All Fund Sources	x			
f. FY 2013 (Current) Agency Staffing Pattern [BBMR SP-1] - All Fund Sources	x			
g. Federal Program Inventory Form [BBMR FP-1]	x			
h. Equipment/Capital Listing & Space Requirement Form [BBMR EL-1]	x			
i. Prior Year Obligation		NA		
I. Agency Budget Certification [BBMR ABC]				
1. Is the budget certified as to its accuracy and BBMR requirements.	x			
II. Agency Narrative Form [BBMR AN-N1]				
1. Is the mission statement correct and consistent with the department/ agency's enabling act?	x			
2. Are the goals and objectives correct and consistent with the department/ agency's mission?	x			
III. Decision Package [BBMR DP-1]				
1. Is activity description correct?	x			
2. Is major objective correct?	x			
3. Are short term goals correct?	x			
4. Is workload output reflected correctly?	x			
IV. Program Budget Digest Forms [BBMR BD-1, BBMR TA-1, BBMR 96A]				
A.) [BBMR BD-1]				
<u>Personnel Services</u>				
1. Are figures reflected consistent with the attached staffing pattern(s)?	x			
2. Are amounts reflected in each column accurate?	x			
3. Are computations correct?	x			
<u>Operations</u>				
1. Are the amounts reflected under columns, "Governor's Request", for each object category consistent with respective schedules (Schedule A - E) as detailed in the budget digest subforms (BBMR TA-1 & BBMR 96A)?	x			
2. Are amounts reflected in each column accurate?	x			
3. Are computations correct?	x			
<u>Utilities</u>				
Are amounts reflected in each column correct?	x			
<u>Capital Outlay</u>				
Are amounts reflected under columns, "Governor's Request", consistent with schedule F as detailed in the budget digest subform, [BBMR 96A)?	x			
<u>Full Time Equivalencies (FTEs)</u>				
Are the number of FTEs for both "Unclassified" and "Classified" accurately reflected under each column?	x			
B.) [BBMR TA-1]				
1. Is the purpose/justification for travel defined?	x			
2. Is/Are the travel date(s) and number of travelers reflected?	x			
3. Is/Are the position title(s) of the traveler(s) reflected?	x			
4. Are all columns (Air Fare, Per Diem, Registration, and Total Cost) accurate?	x			
C.) [BBMR 96A]				
1. Are "Items" under schedules B - F listed in detail?	x			
2. Is the "Quantity" under schedules B - F reflected for respective items?	x			
3. Is the "Unit Price" and "Total Price" accurate for each item under schedules B - F?	x			
V. Agency Staffing Pattern Forms [BBMR SP-1]				
1. Are position titles correct?	x			
2. Are position numbers reflected?	x			
3. Are the salary levels consistent with the Civil Service Commission, Classification and Pay Plan?	x			
4. Are filled positions funded?	x			
5. Are increment amounts reflected (not applicable in FY 2014)?	x			
6. Are rates reflected under "Benefits" correct?	x			
7. Are computations correct?	x			
VI. Federal Program Inventory Form [BBMR FP-1]				
Is the form complete and accurate?	x			
VII. Equipment/Capital Listing & Space Requirement Form [BBMR EL-1]				
1. Is the description of the equipment and/or capital item(s) detail?	x			
2. Is the "quantity" and "percentage of use" reflected?	x			
3. Are space requirements descriptive and total space reflected and accurate?	x			
VIII. Prior Year Obligation [BBMR PYO-1]				
		N/A		

DEPARTMENT: Office of Public Accountability (OPA)
Prepared By: Michele Huffer
Approved By: 
 Doris Flood Brooks, CPA, CGFM, Public Auditor
 Date: 5/1/2013

BBMR ACTION:
Recommendation
 Approval
 Disapproval
 Analyst _____
 Date _____

Government of Guam
Fiscal Year 2014

Agency Budget Certification

Agency: Office of Public Accountability
Agency Head: Doris Flores Brooks, CPA, CGFM
Guam Public Auditor

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

Agency Head: 
(Signature)

Date: 3/1/2013

**Government of Guam
Fiscal Year 2014 Budget
Department / Agency Narrative**

FUNCTION: Office of Public Accountability

DEPT. / AGENCY: Office of Public Accountability

****See Power Point Presentation for Complete Narrative Details****

MISSION STATEMENT:

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

VISION STATEMENT:

Guam is the model for good governance in the Pacific.

CORE VALUES:

- Integrity
- Independence
- Impartiality
- Accountability
- Transparency

GOALS AND OBJECTIVES:

- 1) Maintain the independence of the Office of Public Accountability.
 - 2) Deliver timely, reliable, and quality reports.
 - 3) Re-growth of OPA staff due to loss of senior staff.
 - 4) Increase public knowledge of OPA's mission, work, and impact.
 - 5) Strengthen working relationship with audited entities.
-

Government of Guam
Fiscal Year 2014
Budget Digest

[BBMR BD-1]

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

AS400 Account Code	Appropriation Classification	GENERAL FUND			SPECIAL FUND 1/			FEDERAL MATCH			GRAND TOTAL (ALL FUNDS)		
		FY 2012 Expenditures & Encumbrances	FY 2013 Authorized Level	FY 2014 Governor's Request	FY 2012 Expenditures & Encumbrances	FY 2013 Authorized Level	FY 2014 Governor's Request	FY 2012 Expenditures & Encumbrances	FY 2013 Authorized Level	FY 2014 Governor's Request	FY 2012 Expenditures & Encumbrances (A + D + G)	FY 2013 Authorized Level (B + E + H)	FY 2014 Governor's Request (C + F + I)
	PERSONNEL SERVICES												
111	Regular Salaries/Increments/Special Pay:	586,775	636,796	714,211	0	0	0	0	0	0	586,775	636,796	714,211
112	Overtime:	0	0	0	0	0	0	0	0	0	0	0	0
113	Benefits:	206,138	253,525	310,189	0	0	0	0	0	0	206,138	253,525	310,189
114	Insurance Benefits (Medical / Dental / Life):	0	0	0	0	0	0	0	0	0	0	0	0
	TOTAL PERSONNEL SERVICES	\$792,913	\$890,321	\$1,024,400	\$0	\$0	\$0	\$0	\$0	\$0	\$792,913	\$890,321	\$1,024,400
	OPERATIONS												
220	TRAVEL- Off-Island/Local Mileage Reimburs:	12,487	13,000	14,800	0	0	0	0	0	0	12,487	13,000	14,800
230	CONTRACTUAL SERVICES:	192,462	180,500	186,700	0	0	0	0	0	0	192,462	180,500	186,700
233	OFFICE SPACE RENTAL:	102,594	102,594	107,723	0	0	0	0	0	0	102,594	102,594	107,723
240	SUPPLIES & MATERIALS:	7,674	7,200	8,040	0	0	0	0	0	0	7,674	7,200	8,040
250	EQUIPMENT:	6,233	21,100	25,200	0	0	0	0	0	0	6,233	21,100	25,200
270	WORKERS COMPENSATION:	0	0	0	0	0	0	0	0	0	0	0	0
271	DRUG TESTING:	0	0	0	0	0	0	0	0	0	0	0	0
280	SUB-RECIPIENT/SUBGRANT:	0	0	0	0	0	0	0	0	0	0	0	0
290	MISCELLANEOUS:	6,627	13,600	5,800	0	0	0	0	0	0	6,627	13,600	5,800
	TOTAL OPERATIONS	\$330,077	\$337,994	\$348,263	\$0	\$0	\$0	\$0	\$0	\$0	\$330,077	\$337,994	\$348,263
	UTILITIES												
361	Power:	0	0	0	0	0	0	0	0	0	0	0	0
362	Water/ Sewer:	0	0	0	0	0	0	0	0	0	0	0	0
363	Telephone/ Toll:	3,174	7,000	7,000	0	0	0	0	0	0	3,174	7,000	7,000
	TOTAL UTILITIES	\$3,174	\$7,000	\$7,000	\$0	\$0	\$0	\$0	\$0	\$0	\$3,174	\$7,000	\$7,000
450	CAPITAL OUTLAY	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	TOTAL APPROPRIATIONS	\$1,126,164	\$1,236,315	\$1,379,663	\$0	\$0	\$0	\$0	\$0	\$0	\$1,126,164	\$1,236,315	\$1,379,663
	1/ Specify Fund Source												
Note:	15% Reserve Requirement	0	(185,297)	0	0	0	0	0	0	0	0	(185,297)	0
	Revised Appropriation	\$	1,050,018								\$	1,050,018	
	FULL TIME EQUIVALENCIES (FTEs)												
	UNCLASSIFIED:	1	1	1	0	0	0	0	0	0	1	1	1
	CLASSIFIED:	11	12	14	0	0	0	0	0	0	11	12	14
	TOTAL FTEs	12.00	13.00	15.00	0.00	0.00	0.00	0.00	0.00	0.00	12.00	13.00	15.00

Schedule A - Off-Island Travel

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

Purpose / Justification for Travel				
To attend National State Auditor Association (NSAA) Annual Conference and Association of Local held in the summer of each year.				
Travel Date: Summer 2014		No. of Travelers: <u>1</u> 1/		
Position Title of Traveler(s)	Air Fare	Per diem 2/	Registration	Total Cost
Public Auditor (NSAA)	\$ 1,800.00	\$ 1,600.00	\$ 600.00	\$ 4,000.00

Purpose / Justification for Travel				
To attend the Association of Government Accountants (AGA) Annual Professional Development Conference (PDC) and the Government Finance Officers Association Conference (GFOA) held in the summer of each year.				
Travel Date: Summer 2014		No. of Travelers: <u>1</u> 1/		
Position Title of Traveler(s)	Air Fare	Per diem 2/	Registration	Total Cost
Public Auditor (AGA PDC)	\$ 1,800.00	\$ 2,000.00	\$ 800.00	\$ 4,600.00
Public Auditor (GFOA)	\$ 1,800.00	\$ 1,800.00	\$ 800.00	\$ 4,400.00

Purpose / Justification for Travel				
To attend the Association of Pacific Islanders Public Auditors Annual Conference held in the summer of each year				
Travel Date: Summer 2014		No. of Travelers: <u>1</u> 1/		
Position Title of Traveler(s)	Air Fare	Per diem 2/	Registration	Total Cost
Public Auditor (APIPA)	\$ 500.00	\$ 1,000.00	\$ 300.00	\$ 1,800.00
	\$ -	\$ -	\$ -	\$ -

Total \$ 14,800.00

1/ Provide justification for multiple travelers attending the same conference / training / etc.

2/ Rates must be consistent with Title 5 GCA, Div.2, Ch.23, §23104 and federal Joint Travel Regulations

Schedule B- Contractual

Item	Quantity	Unit Price	Total Price	Funded in FY 2013?	
				Yes	No
Website Hosting/Maintenance	12	1000	\$ 12,000.00	X	
OPA Consulting Services	10	1200	\$ 12,000.00	X	
Audit Fees			\$ -		
MCOG NAF Attestation SVC (FY12, FY13 Rpts)	1	40000	\$ 40,000.00	X	
Liberation	1	6000	\$ 6,000.00	X	
Solid Waste	1	15000	\$ 15,000.00	X	
OPA Legal Services	12	1000	\$ 12,000.00	X	
Hearing Officers	12	6000	\$ 72,000.00	X	
OPA Copier Maintenance & Supply Plan	12	400	\$ 4,800.00	X	
Professional Publications & Subscriptions	3	250	\$ 750.00	X	
Professional Assn. Membership	27	450	\$ 12,150.00	X	
Total Contractual			\$ 186,700.00		

Schedule C - Supplies & Materials

Item	Quantity	Unit Price	Total Price	Funded in FY 2013?	
				Yes	No
General Office Supplies	12	670	\$ 8,040.00	X	
			\$ -		
			\$ -		
			\$ -		
			\$ -		
			\$ -		
Total Supplies & Materials			\$ 8,040.00		

Schedule D - Equipment

Item	Quantity	Unit Price	Total Price	Funded in FY 2013?	
				Yes	No
Software Upgrade (Microsoft, QuickBooks, & Adobe)	20	400	\$ 8,000.00	X	
Laptop Computers Upgrades	5	900	\$ 4,500.00	X	
Desktop Computers Upgrades	3	1300	\$ 3,900.00	X	
Printers Upgrades	6	300	\$ 1,800.00	X	
Microphones and Systems	1	3000	\$ 3,000.00	X	
iPads	5	400	\$ 2,000.00	X	
Projector	1	2000	\$ 2,000.00	X	
			\$ -		
			\$ -		
			\$ -		
Total Equipment			\$ 25,200.00		

Schedule E - Miscellaneous

Item	Quantity	Unit Price	Total Price	Funded in FY 2013?	
				Yes	No
Print Advertising	3	600	\$ 1,800.00		X
Other	1	4000	\$ 4,000.00	X	
			\$ -		
			\$ -		
Total Miscellaneous			\$ 5,800.00		

Schedule F - Capital Outlay

Item	Quantity	Unit Price	Total Price	Funded in FY 2013?	
				Yes	No
			\$ -		
			\$ -		
			\$ -		
			\$ -		
			\$ -		
Total Capital Outlay			\$ -		

Government of Guam
Fiscal Year 2013
Agency Staffing Pattern
(CURRENT)

[BBMR SP-1]

FUNCTIONAL AREA: Office of Public Accountability Office of Public Accountability
DEPARTMENT/AGENCY: Office of Public Accountability Office of Public Accountability
PROGRAM: SUMMARY 5100A139959CT001.111.113
FUND: 5100A13CT001.111.113

No.	Input by Department									(J) (E+F+G+I) Subtotal	(K) Retirement (J * 30.09%)	(L) Retire (DDI) (\$19.02*26PP)	(M) Social Security (6.2% * J)	(N) Medicare (1.45% * J)	(O) Life 1/	Input by Department		(R) Total Benefits (K thru Q)	(S) (J + R) TOTAL
	(A) Position Number	(B) Position Title	(C) Name of Incumbent	(D) Grade/ Step	(E) Salary	(F) Overtime	(G) Special*	(H) Increment Date Amt.								(P) Medical (Premium)	(Q) Dental (Premium)		
1	1	Public Auditor	Dores Flores Brooks		\$100,000	\$0	\$0		\$0	\$100,000	\$30,090	\$495	\$0	\$1,450	\$153	\$1,683	\$226	\$34,096	\$134,096
2	2	Administrative Officer	Michele Nicole R. Huffer	L-1	26,520	0	0	9-Apr-2013	928	27,448	\$8,259	495	0	398	0	0	0	9,152	36,600
3	3	Chief Auditor/Audit Supervisor	Rodalyn May G. Marquez	O-11	52,492	0	0	16-Mar-2013	1,837	54,329	\$16,348	495	0	788	153	0	0	17,783	72,112
4	4	Auditor I	Jerrick J. J. G. Hernandez	K-07	33,286	0	0	3-Oct-2012	1,165	34,451	\$10,366	495	0	500	153	1,683	226	13,422	47,873
5	5	Deputy (Assistant) Public Auditor	Vacant	L5	0	0	0		0	0	\$0	0	0	0	0	0	0	0	0
6	6	Auditor I	Clariza Mae G. Roque	K-07	33,286	0	0	30-Mar-2013	1,165	34,451	\$10,366	495	0	500	153	1,683	226	13,422	47,873
7	7	Auditor I	Maria Thyrsa D.C. Bagana	K-08	34,518	0	0		1,208	35,726	\$10,750	495	0	518	153	3,607	375	15,898	51,624
8	8	Auditor III	Franklin J. T. Cooper-Nurse	M-11	44,524	0	0	1-Sep-2013	1,558	46,082	\$13,866	495	0	668	153	2,171	224	17,577	63,659
9	9	Auditor I	Rachel Field	K-07	33,286	0	0	30-Mar-2013	1,165	34,451	\$10,366	495	0	500	153	1,683	226	13,422	47,873
10	10	Auditor III	Vincent Jon Duenas	M-12	46,082	0	0	1-Sep-2013	1,613	47,695	\$14,351	495	0	692	153	3,607	375	19,672	67,367
11	11	Auditor II	Vacant	L-01	0	0	0		0	0	\$0	0	0	0	0	0	0	0	0
12	12	Auditor I	Jocelyn B. Untalan	K-07	33,286	0	0	17-Nov-2013	1,165	34,451	\$10,366	495	0	500	153	1,683	226	13,422	47,873
13	13	Paralegal II	Vacant	L-01	0	0	0		0	0	\$0	0	0	0	0	0	0	0	0
14	14	Auditor I	Joy V. Bulatao	K-07	33,286	0	0	13-Nov-2013	1,165	34,451	\$10,366	495	0	500	153	1,683	226	13,422	47,873
15	15	Auditor III	Llewelyn R. Terlaje	M-11	44,524	0	0	1-Sep-2013	1,558	46,082	\$13,866	495	0	668	153	1,683	226	17,091	63,173
16	16	Auditor II	Vacant	L-01	0	0	0		0	0	\$0	0	0	0	0	0	0	0	0
17	17	Special Projects Coordinator	Vacant	M-10	0	0	0		0	0	\$0	0	0	0	0	0	0	0	0
18	18	Auditor I	Vacant	M-01	0	0	0		0	0	\$0	0	0	0	0	0	0	0	0
19	19	Auditor I	Vacant	K-01	0	0	0		0	0	\$0	0	0	0	0	0	0	0	0
20	20	Auditor I	Travis Lee Carbon	K-06	32,053	0	0	24-Oct-2013	1,122	33,175	\$9,982	495	0	481	153	1,683	226	13,020	46,195
																			0
			Grand Total:	----	\$547,143	\$0	\$0		\$15,650	\$562,793	\$169,344	\$6,429	\$0	\$8,160	\$1,836	\$22,849	\$2,782	\$211,400	\$774,193

Bureau of Budget Management Research
 Prior Year Obligations for FY 2013

BBMR PYO-1

A Transaction/ Obligation Date	B Transaction Type	C Vendor	D General Fund (\$)	E Special Fund (\$)	F Federal Fund (\$)	G Reasons for Nonsubmittal or Nonpayment
No Prior Year Obligations for OPA						
Total			\$0.00	\$0.00	\$0.00	

Note:

Column A: Completion date of transaction or event prior to October 1, 2012.

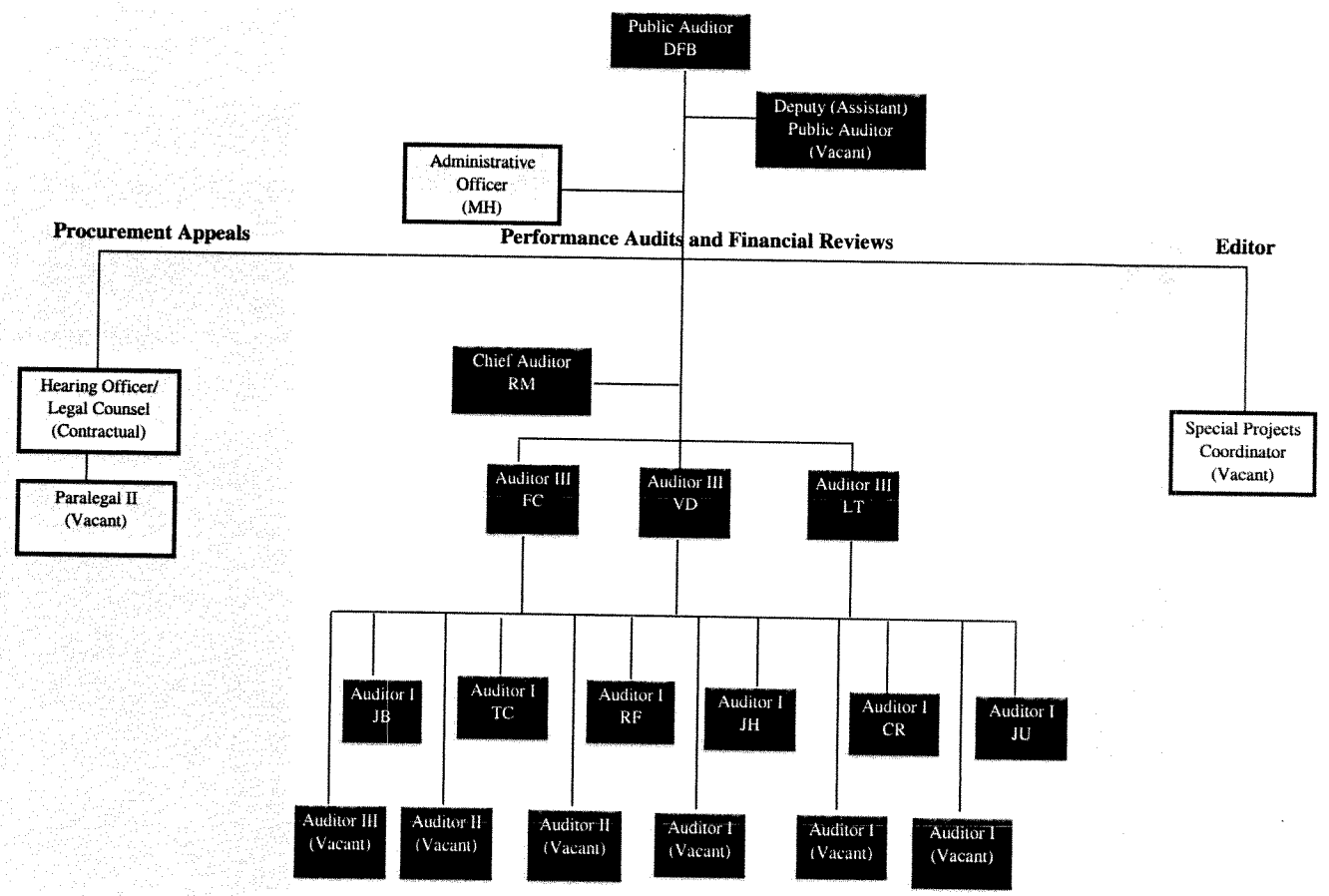
Column B: Transaction Type such as personnel action, contracts, etc.

Column C: Vendor or Party owed

Column D, E, & F: Identify funding source and dollar amount inclusive of associated penalties or fees; if more than one transaction, need to total all transactions.

Column G: Note item of concern.

**Office of Public Accountability - Proposed
December 31, 2012**





Office of Public Accountability

FY 2014 – Budget Presentation

February 2013

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Overview of Agency Mandate

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

February 2013

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Motto, Mission & Vision

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

February 2013

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Goals & Objectives

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

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

February 2013

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Core Values

- Independence
- Accountability
- Integrity
- Transparency
- Impartiality

February 2013

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Goals & Objectives

- The OPA seeks to achieve independent and nonpartisan assessments that promote accountability and efficient, effective management throughout the GovGuam.
- We seek to serve the public interest by providing the Governor of Guam, the Guam Legislature, and the People of Guam with dependable and reliable information, unbiased analysis, and objective recommendations on how best to use government resources in support of the well-being of our island and its constituents.

February 2013

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Goals & Objectives

OPA will:

- Endeavor to fulfill the highest standards of our profession and the expectations of the public to the best of our ability.
- Uphold the highest ethical standards in the performance of our work and encourage such standards throughout the Government of Guam.
- Commit to quality as the main principle governing our work.
- Perform our work with diligence, conscientiousness, and due professional care.
- Foster partnership with our staff to enable them to reach their full potential and contribute to their growth and long-term success.

February 2013

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1 GCA §1908

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

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1 GCA §1909

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

February 2013

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OPA's Stakeholders

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

February 2013

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Future Outlook & Goals

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

- Issue performance audits to improve the accountability, transparency, effectiveness, efficiency, and economy of government programs and agencies.
- Improve the timely issuance of the government wide financial audit and its component units to 6 months.
 - GovGuam would join over 40 states and over 3,600 jurisdictions, cities, and counties, who issue their audits within six months after fiscal year end.
- Issue a Comprehensive Annual Financial Report (CAFR) as required by the Organic Act.
- For issuing the government audits in 6 months and for issuing a CAFR, GovGuam would be eligible to receive a Certificate of Excellence from the Government Finance Officers Association (GFOA).

February 2013

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Future Outlook & Goals

- For all government agencies to have no material weakness and significant deficiencies and to become low-risk auditees.
- Monitor the General Fund deficit and find ways to address revenue leakage, enhance revenue collections, and identify cost savings.

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Future Outlook & Goals

OPA will continue to:

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

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How OPA Supports its Mission

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

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Staffing Level Challenges

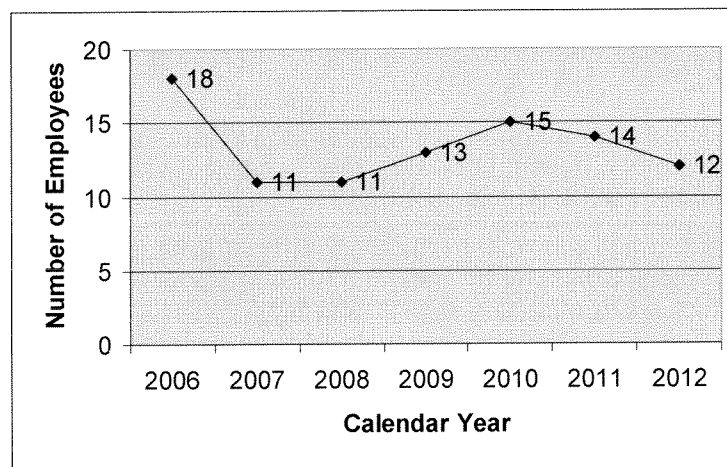
- OPA staff recruitment, compensation, promotion, and retention continue to be among our primary concerns after twelve years.
- OPA operations have been hindered largely due to the shortage of staff. OPA's highest staff complement was 18 full-time staff in 2006 when OPA staff were in the unclassified service.
- The change in law in 2006 removing OPA from the jurisdiction of the Civil Service Commission to the Department of Administration has been and continues to be problematic.
- 2007 and 2008 were the low point in total staff complement with only 11 staff.
- In 2009 and 2010, staff recruitment increased by 2 each year.
- In 2011 and 2012, OPA again loss 4 more staff.
- As of December 31, 2012, OPA had 12 full-time staff composed of 10 auditors, 1 administrative officer, and the Public Auditor.

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Staffing Levels



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Staffing Level Challenges

Difficulty in Recruiting

- In 2011 and 2012, OPA lost 4 fulltime staff consisting of one Administrative Officer, two Auditor III's and one Audit Supervisor. Most have resigned to accept high salaries offered by other government agencies.
- OPA has continuous announcements for Auditor I, II, and III's and Paralegal II since April 2011. However, it was only in February 2013 that OPA hired one new Auditor I.
- Currently, OPA has 8 vacancies. OPA continues to face difficulty in recruiting new staff for two main reasons:
 - Low pay compensation package
 - DOA's bureaucratic and lengthy hiring process.
- Of the 11 auditors, 7 have an average of less than 3 years audit experience. The remaining four senior auditors have an average of 9 years audit experience.

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OPA Staff Recruited to Autonomous Entities

- Since 2006, OPA lost 14 professional staff. Nearly all the 14 individuals left because of significantly higher salaries.
- An Audit Supervisor earning \$51,662 (N-13) was hired by GDOE for a salary of \$56,231 (O-13).
- An Auditor III earning \$44,524 (M-11) was hired by GPA for a salary of \$64,667 (M-06A).
- The Deputy Public Auditor earning \$60,528 was hired by GWA for \$73,596 (M9B).
- An Auditor II earning \$39,780 was hired by GPA for \$62,765 (M-05B).
- An Audit Supervisor earning \$71,541 was hired by UOG for \$85,500.

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Staffing Level Challenges

- To address the challenges of staffing:
 - OPA respectfully requests the Legislature to give the Public Auditor authority to hire employees conditionally subject to post review and ratification by DOA.
 - OPA respectfully requests that staff be allowed overtime as other professionals in the government such as nurses, police officers, and firefighters.

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2012 – Year in Review

- Despite these challenges, OPA continues its commitment and dedication to “**Auditing for Better Government**” by:
 - Issuing 9 performance audits that collectively identified over \$4.3M in questioned costs and other financial impacts;
 - Making 25 recommendations to the audited government entities to improve accountability and operational effectiveness and efficiency;
 - Monitoring and providing oversight in the issuance of 22 financial audits, the government-wide audit, and its component units; and
 - Administering 19 procurement appeals.

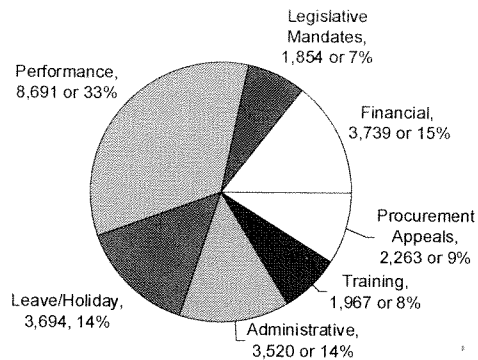
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2012 Staff Hours Distribution

- As of December 31, 2012, OPA had 12 full-time employees.
- Total hours expended was 25,728. The chart below illustrates the composition of hours.



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Audits Completed in 2012

1. Guam Veterans Affairs Office Non-Appropriated Funds (Legislature Request)
2. Supplemental Appropriations Revenue (SAR) Fund Performance Audit (Mandate)
3. Government Wide Submission of Citizen-Centric Reports Pursuant to Public Law 31-77 (Mandate)
4. GMHA Compensation Controls from 2009 to 2011 (Audit Plan)
5. GovGuam Payroll-Related Demand Runs and Special Payments (Audit Plan)
6. GovGuam Analysis of Top Ten Vendors (Audit Plan)
7. GovGuam Gas Fleet Card Program (Audit Plan)
8. Guam DOE's Cash Collections over School Meals Program (Audit Plan)
9. Office of Public Accountability's Status of Recommendations (Audit Plan)

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Audits Completed in 2012

Report No. 12-01: Guam Veterans Affairs Office Non-Appropriated Funds

- We found the Guam Veterans Commission did not perform its fiduciary responsibility to provide oversight or adequately monitor the Veterans Affairs Office's finances and operations.
- This lack of oversight resulted in \$66,453 in question costs and lost revenues.
- We recommended:
 - (1) Immediately discontinue the practice of signing blank checks and require the Administrator to provide supporting documentation prior to signing.
 - (2) Perform monthly bank reconciliations and prepare monthly financial statements to ensure that all cash collected and disbursed are accurately accounted for, and
 - (3) Maintain a list of all claims submitted to the U.S. Department of Veterans Affairs.

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Audits Completed in 2012

Report No. 12-02: Supplemental Appropriations Revenue (SAR) Fund Performance Audit

- With exception of an over-expenditure of \$536 thousand (K), SAR Fund revenues and expenditures were recognized in accordance with law.
- While P.L. 31-74 mandated OPA to conduct an annual audit of the SAR Fund, we recommended amending the law to include review of the SAR Fund as part of the annual Government of Guam financial audit.

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Audits Completed in 2012

Report No. 12-03: Government Wide Submission of Citizen-Centric Reports Pursuant to Public Law 31-77

- 53 entities completed their CCR reports.
- Six entities did not submit a CCR for FY 2011.
 1. Department of Parks and Recreation
 2. Guam Board of Accountancy
 3. Guam Contractors License Board
 4. Guam Memorial Hospital Authority
 5. Office of Veteran's Affairs
 6. Public Utilities Commission
- Eight entities submitted a CCR but did not post on their website.
- All CCR reports for FY 2010 and 2011 are posted on OPA website.
- As most agencies have become familiar with the CCR guidelines and reporting requirements, the annual submission of compliance listing to the Legislature is no longer needed.

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Audits Completed in 2012

Report No. 12-04: Guam Memorial Hospital Authority Compensation Controls

- We found weak basic controls to ensure authorized and accurate compensation to personnel who were paid more than \$100 K annually.
- No system in place to correlate the hours compensated to physicians compared to billable hours charged to patients.
- Questioned Costs of \$206K for 15 individuals or 53% of compensation tested.
- We recommended GMHA's Administrator:
 - (1) Enforce GMHA's policy for all employees to clock-in electronically;
 - (2) Establish built-in mechanisms within the payroll system;
 - (3) Implement compensating threshold policies; and
 - (4) Develop a tracking system to correlate Physicians hours worked and paid to billings by physicians.

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Audits Completed in 2012

Report No. 12-05: GovGuam Payroll-Related Demand Runs and Special Payments

- While the payroll-related demand runs and special payments were generally authorized and correctly calculated, we found they were not efficiently processed.
- DOA was processing demand runs and special payments checks any day of the week, and occurred an average of 11 workdays.
- We recommended that DOA:
 - (1) Develop a policy to limit the number of routinely processed demand runs to once a week on non-payroll weeks or as part of the biweekly payroll run;
 - (2) Create a task force to simplify, consolidate, and review the necessity of having 98 pay codes in the AS400; and
 - (3) Develop a filing system to ensure that all supporting documents are maintained within the Payroll Section.

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Audits Completed in 2012

OPA Report No. 12-06: GovGuam Analysis of Top Ten Vendors

- We found a lack of due diligence with locally funded procurement compared to federally funded procurement that amounted to \$3.7M in questioned costs.
- These conditions occurred because there was no secondary review of locally funded procurement and no standard filing system to ensure proper filing of all procurement documents.
- We recommended that General Services Agency (GSA) follow the AG checklist for all procurements and utilize the standard templates for various methods of source selection to ensure compliance with established procurement regulations.

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Audits Completed in 2012

Report No. 12-07: GovGuam Gas Fleet Card Program

- GovGuam agencies do not reconcile fuel billings.
- GovGuam paid a higher price per gallon of regular and diesel fuel in as compared to GovGuam agencies that procure fuel on their own, \$0.25 on average more per gallon, resulting in lost savings of \$144K.
- GovGuam purchased unauthorized premium fuel of \$10.7K.
- University of Guam (UOG) has an undocumented contract with its current fuel vendor that has been in place for an undetermined period of time.
- We recommended:
 - (1) All agencies conduct monthly reconciliation of fuel billings to actual receipts to ensure accuracy of fuel charges;
 - (2) DOA, GSA, Guam Waterworks Authority (GWA), and UOG coordinate with Guam Power Authority (GPA) in providing assistance on monitoring fuel prices;
 - (3) DOA and GSA require all agencies to re-evaluate and assess the need to purchase premium fuel and work with fuel vendors to improve controls to prevent unauthorized premium fuel purchases; and
 - (4) UOG comply with procurement regulations and issue an IFB for fuel immediately.

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Audits Completed in 2012

Report No. 12-08: Guam DOE's Cash Collections over School Meals Program

- There were:
 - no assurance that meals served were accurately reported and all cash was collected.
 - no one in charge of the overall program.
 - fluctuations in cash collections and a decline in the number of meals served.
 - cash shortages of \$35K in 2009, shortages of \$55K in 2010, and overages of \$63K in 2011.
- There is a risk for theft of cash and underreporting of reimbursement requests made to the United States Department of Agriculture. Un-reconciled differences equaled \$25K.
- We recommended that the GDOE Superintendent:
 - (1) Develop an official policy for accounting meals and collecting cash inclusive of standard formal training;
 - (2) Require GDOE Business Office and Food and Nutrition Services Management Division to reconcile the Cash Receipts Report and Summary of Monthly Meal Count Reports; and
 - (3) Designate a person to be responsible for the overall school meals program.

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Audits Completed in 2012

Report No. 12-09: Office of Public Accountability's Status of Recommendations

- Between calendar years (CY) 2010 and 2011, OPA issued 21 audit reports that focused on fund accountability, program efficiency and effectiveness, procurement, personnel, non-appropriated funds, and suspected fraud and abuse.
- The 21 reports collectively identified \$33.9M in financial impact:
 - \$23.6M were questioned costs;
 - \$271K were unrealized revenues; and
 - \$10M were other financial impact.
- We made 77 recommendations to help improve the overall operations of the audited entities.
- This is the third report on the status of audit recommendations implementation with the first issued in December 2007 and the second in May 2010.

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Summary of Audit Focus

- In 2012, we conducted performance audits based on requests, mandates, and OPA's audit plan.
- Of the 9 reports issued:
 - 1 was requested by two senators (Veterans Affairs Audit);
 - 2 were legislative mandates (SAR Fund and CCR compliance);
 - 4 from the 2011 audit plan (GMHA Compensation, Gov-Guam Payroll-Related Demand Runs and Special Payments, GovGuam Top 10 Vendors, and DOE Cash Collection over School Meals Program); and
 - 2 from the 2012 audit plan (GovGuam Gas Fleet Card and OPA Audit Recommendations Follow-up).
- Moving forward, OPA looks to provide continued **oversight**, **insight**, and **foresight** for our government. Our audits will continue to focus on economy, efficiency, accountability, and transparency of all instrumentalities of GovGuam.

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OPA Identified Financial Impact

OPA issued 9 reports and made 25 recommendations, that identified \$4.3M in financial impact to our government in 2012.

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

Calendar Year	Reports Issued	Recommendations Issued	Financial Impact
2012	9	25	\$ 4.3M
2011	12	39	\$14.5M
2010	9	37	\$22.6M
2009	7	6	\$ 1.2M
2008	10	28	\$ 9.6M
2007	18	45	\$33.3M
2006	19	76	\$20.9M
2005	9	19	\$ 6.2M
2004	14	91	\$16.4M
2003	11	77	\$26.8M
2002 & 2001	13	127	\$ 3.8M
Totals	131	570	\$159.6M

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Financial Impact Identified in 2012

Report No.	Report Title	Questioned Costs	Financial Impact				# of Recommendations
			Lost Revenues	Lost Exceptions	Lost Savings	Total	
#12-01	Guam Veterans Affairs Office's Non-Appropriated Funds	\$ -	\$ 952	\$ 65,500	\$ -	\$ 66,452	4
#12-02	Government of Guam Supplemental Appropriations Revenue (SAR) Fund	\$ -	\$ -	\$ -	\$ -	\$ -	1
#12-03	Government Wide Submission of Citizen-Centric Reports Pursuant to Public Law 31-77	\$ -	\$ -	\$ -	\$ -	\$ -	0
#12-04	Guam Memorial Hospital Authority Compensation Controls	\$ 205,831	\$ -	\$ -	\$ -	\$ 205,831	6
#12-05	Government of Guam Payroll-Related Demand Runs and Special Payments	\$ 3,882	\$ -	\$ -	\$ -	\$ 3,882	5
#12-06	Government of Guam Analysis of Top Ten Vendors	\$ 3,671,346	\$ -	\$ -	\$ -	\$ 3,671,346	2
#12-07	Government of Guam Gas Fleet Card Program	\$ 184,312	\$ -	\$ -	\$ 166,679	\$ 350,991	4
#12-08	Guam Department of Education Cash Control over School Meals Program	\$ -	\$ 25,223	\$ -	\$ -	\$ 25,223	3
#12-09	Office of Public Accountability's Status of Audit Recommendations	\$ -	\$ -	\$ -	\$ -	\$ -	0
Totals		\$ 4,065,371	\$ 26,175	\$ 65,500	\$ 166,679	\$ 4,323,725	25

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Audits in Progress in 2013

1. Guam Economic Development Authority's Qualifying Certificate Program
2. Department of Revenue and Taxation's Business Privilege Tax Exemptions
3. Department of Revenue and Taxation's Real Property Tax Comparison
4. Guam Memorial Hospital Authority's Personnel Analysis – Part B – Compensation Below \$100K

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Audit Plan Development

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

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2013 Audit Work Plan

- Through extensive deliberations with staff, audit requests from stakeholders, and risk assessments, OPA establishes an annual Audit Work Plan.
- Based on an audit staff of 11 (4 Audit Supervisor and 7 Auditor I's) and coupled with staff development, OPA anticipates completing at least 9 audits in 2013.
- The 2013 Audit Work Plan includes:
 1. Government of Guam Merit Bonuses
 2. Customs and Quarantine – Carrier Reimbursements to General Fund and Overtime
 3. GGRF - Effect of Non-Base Pay on Retirement Annuities
 4. GovGuam Employee growth by Agency – Number and Dollar amount
 5. Lifetime annuities of the Governor and Lt. Governor
- Our Work Plan is a guide and not necessarily limited to the aforementioned audits. We have allowed for flexibility and may initiate other audits based on priority, requests from elected officials, changing developments, and staff availability.

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Financial Audits Issued in 2012

- 1 GCA §1909(a) and the Federal Single Audit Act require all financial audits to be issued by June 30 (9 months after year end).
- OPA's goal is to issue financial audits no later than 6 months after year end, rather than 9 months.
- In 2012, of the 22 financial audits, 13 were issued within 6 months, 8 were issued within 9 months, and 1 was issued after 9 months.

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Financial Audits Issued in 2012

- We monitored, reviewed, and analyzed 22 financial audits of autonomous agencies and the General Fund, which identified \$114K in questioned costs for FY 2011.
- OPA works with DOA, the line agencies, and the autonomous entities to resolve questioned costs.
- As a result of these continuous monitoring, questioned costs have dropped dramatically from prior years of \$10M in FY 2002, \$22M in FY 2003, and \$13M in FY 2004.
- Questioned costs of \$114K is the lowest ever government wide.
- 3 of the 22 entities had questioned costs:
 - GIAA (\$50K)
 - GMHA (\$22K)
 - GovGuam (\$42K)

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Financial Audits Issued in 2011

- 19 entities have unqualified or “clean” opinions on the financial statements, and 3 have qualified opinions.
- The 3 entities with qualified opinions were DCA, MCOG, and the Liberation Day Fund.
- There were 10 entities that were subject to an A-133 Single Audit.
- 4 entities have qualified opinions in their compliance over Major federal programs due to material weaknesses and/or significant deficiencies. The entities are: Government-Wide, UOG, GMHA, and GDOE.

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Financial Audit Definitions

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

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Financial Audits issued in 2012

#	Auditee	Issue Date	Financial Statement & Compliance Findings			Federal Awards Findings (A-133)			Total # of Findings	Total Questioned Costs	Management Comments
			Opinion	# of Material Weaknesses	# of Significant Deficiencies	Opinion	# of Material Weaknesses	# of Significant Deficiencies			
1	GIAA	01/26/12	Unqualified	0	0	Unqualified	0	2	2	\$ 50,000	9
2	PAG	01/30/12	Unqualified	0	0	Unqualified	0	4	4	\$ -	4
3	GHC	02/07/12	Unqualified	0	1	N/A	N/A	N/A	1	\$ -	5
4	KGTF (PBS Guam)	02/22/12	Unqualified	0	0	N/A	N/A	N/A	0	\$ -	1
5	UCG	02/29/12	Unqualified	0	0	Qualified	0	2	2	\$ -	0
6	GGRF	03/01/12	Unqualified	0	0	N/A	N/A	N/A	0	\$ -	0
7	GVB	03/02/12	Unqualified	0	0	N/A	N/A	N/A	0	\$ -	1
8	GCC	03/05/12	Unqualified	0	0	Unqualified	0	1	1	\$ -	0
9	GEDA	03/06/12	Unqualified	0	0	N/A	N/A	N/A	0	\$ -	0
10	GPT	03/07/12	Unqualified	0	1	N/A	N/A	N/A	1	\$ -	2
11	DCA	03/11/12	Qualified	2	2	N/A	N/A	N/A	4	\$ -	0
12	GPA	03/27/12	Unqualified	0	1	Unqualified	0	0	1	\$ -	8
13	GMBH	03/28/12	Unqualified	3	0	Qualified	1	0	4	\$ 21,817	10
14	TAF	04/03/12	Unqualified	0	0	N/A	N/A	N/A	0	\$ -	0
15	MCCX	04/12/12	Qualified	1	2	N/A	N/A	N/A	3	\$ -	6
16	THF	04/16/12	Unqualified	1	1	N/A	N/A	N/A	2	\$ -	0
17	GWA	04/23/12	Unqualified	0	0	Unqualified	0	0	0	\$ -	3
18	LDC	04/25/12	Qualified	1	1	N/A	N/A	N/A	2	\$ -	10
19	GHRA	06/26/12	Unqualified	0	0	Unqualified	0	3	3	\$ -	2
20	DOE	06/29/12	Unqualified	5	1	Qualified	1	1	6	\$ -	0
21	Gov Guam	07/03/12, 07/05/12	Unqualified	5	1	Qualified	3	1	10	\$ 41,790	5
22	SWOF	12/03/12	Unqualified	0	1	N/A	N/A	N/A	1	\$ -	5
Totals				18	12		5	14	47	\$ 113,607	71
Totals since 2001									1,817	\$ 63,295,589	536

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

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General Fund Deficit

- The General Fund ended FY 2011 with an operating deficit of \$46.9M.
- On the other hand, GDOE ended FY 2011 with an operating surplus of \$58.9M primarily due to unexpended ARRA funds.
- There was an additional \$6.2M operating surplus in miscellaneous funds.
- Combined, this resulted in an operating surplus of \$18.2M for FY 2011, reducing the cumulative deficit to \$303.1M.
- The GDOE operating surplus will reverse in FY 2013, when ARRA funds are expended for school capital improvement projects which will result in a deficit. In FY 2012, the majority of ARRA funds were encumbered, but not expended.

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General Fund Deficit

- For 2012, the authorized operating deficit is \$28.9M.
- As DOA has not closed its books, it is unknown whether there will be an operating deficit or surplus.
- The FY 2011 cumulative deficit of \$303.1M will decline due to the issuance of the \$235M Business Privilege (BP) Bonds issued in December 2011 and the additional BP Bonds of \$108.7M in June 2012.
- These bonds were used to pay nearly \$258M in tax refunds, the Retirement Fund court ordered COLA, and other obligations.

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2012 Financial Audit RFPs

OPA, together with the entities, issued the following audit services Request for Proposals in 2012:

1. Guam Preservation Trust, March 2012
2. Guam Economic Development Authority, March 2012
3. Chamorro Land Trust Commission, April 2012
4. Port Authority of Guam, April 2012
5. University of Guam, May 2012
6. Government of Guam Retirement Fund, May 2012
7. GovGuam Government Wide, August 2012
8. Department of Chamorro Affairs, August 2012
9. Tourist Attraction Fund/Territorial Highway Fund, October 2012



Procurement Appeals

- Procurement Appeals became fully operational and OPA began accepting appeals in October 2006, when the rules of procedures were promulgated through the AAA.
- As we have gained knowledge and experience, the Procurement Appeals' goals are:
 - resolve an appeal within 90 to 120 days from time of filing, and
 - render a decision within 30 to 60 days upon conclusion of hearing.
- OPA advertised an RFP to secure On-call Conflicts Attorneys and to relieve the primary hearing officer when appeals increase.
- In 2012, OPA secured two On-call Conflicts Attorneys.
- A Year in Review follows.



Procurement Appeals

- During 2012, 19 appeals were filed with OPA.
 - 12 were GSA, 4 were GDOE, and one each for GHURA, DOA, and GVB
 - Appeals ranged from low income housing tax credits to telecommunication services, laptop computers, landscape maintenance, maintenance and repairs, and health insurance.
 - The dollar value of these appeals ranged from point of sale system of \$1.3M, computers of \$2.5M, structural repairs and roof coating of \$1.3M, and telecommunication services in excess of \$3M.

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Procurement Appeals

- OPA addressed these appeals as follows:
 - 5 Decisions rendered
 - 7 were Dismissed after Appellant and Purchasing Agency's resolution via stipulated agreements
 - 3 were withdrawn by the Appellants
 - 1 was Dismissed because the Purchasing Agency did not render a decision on the Appellant's protest
 - 3 are pending Decisions as of 02/28/13

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Procurement Appeals in 2012

Appeal No.	Appellant	Purchasing Agency	Nature of Appeal	Value of Appeal	Status	Action	Total Days
OPA-PA-12-001	Medallion Guam	GHURA	Low Income Housing Tax Credits	\$ 5,400,000	Dismissed	No protest decision	73
OPA-PA-12-002	PDS	GSA	Elevator Phone Line Installation at Civil Defense	\$ -	Dismissed	Settlement Agreement	51
OPA-PA-12-003	PDS	GSA	Installation of Phone Lines for DOC	\$ -	Dismissed	Settlement Agreement	51
OPA-PA-12-004	PDS	GSA	Metro Ethernet Connection at GPD	\$ -	Dismissed	Settlement Agreement	51
OPA-PA-12-005	PDS	GSA	Basic Phone Services w/ Phone for DPW	\$ -	Dismissed	Settlement Agreement	51
OPA-PA-12-006	PDS	GSA	Cost of Telephone Services for Office of the Gov.	\$ -	Dismissed	Settlement Agreement	51
OPA-PA-12-007	DMR	GSA	Point of Sale	\$ 1,300,000	Dismissed	Appellant Withdrew	281
OPA-PA-12-008	E.R. Ilao & Asso	GDOE	Wireless Consultant Services	\$ 358,230	Dismissed	Settlement Agreement	29
OPA-PA-12-009	PDS	GSA	Telephone Services for DPW	\$ -	Dismissed	Settlement Agreement	38
OPA-PA-12-010	Allied Pacific	GDOE	Structural Repairs and Roof Coating	\$ 1,329,530	Decision	Denied	96
OPA-PA-12-011	PDS	GSA	Telecommunication Services (Bid Form 10)	\$ 778,842	Decision	Denied	111
OPA-PA-12-012	PDS	GSA	Telecommunication Services (entire bid)	\$ 3,365,791	Decision	Denied in Part, Granted in Part	30
OPA-PA-12-013	Tokio Marine/CIU	DOA	FY 2013 Health Insurance	\$ -	Dismissed	Appellant Withdrew	159
OPA-PA-12-014	PDS	GDOE	Laptops and Computers	\$ 2,538,000	Decision	Denied	15
OPA-PA-12-015	G-Crew	GVB	Landscape Maintenance	\$ 247,600	Dismissed	Appellant Withdrew	123
OPA-PA-12-016	Teleguam Holdings	GSA	Telecommunication Services (Bid Form 2 & 3)	\$ 2,736	On-going	Pending Decision	
OPA-PA-12-017	PDS	GSA	Telecommunication Services (Bid Form 10)	\$ 778,842	On-going	Pending Decision	
OPA-PA-12-018	Teleguam Holdings	GSA	Telecommunication Services (Bid Form 11)	\$ 2,559,600	On-going	Pending Decision	
OPA-PA-12-019	J & B Modern Tech	GDOE	Maintenance & Repairs for A/C Equipment	\$ 534,920	Decision	Denied	15

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Procurement Appeals

Since OPA first accepted appeals in October 2006, 88 appeals have been filed.

APPEALS	2006	2007	2008	2009	2010	2011	2012	Totals	% Subtotal	% Total
DECISIONS										
Upheld	1	3	5	1	4	2		16	38%	18%
Denied		2	1	4		9	4	20	48%	23%
Upheld and Denied In Part		2	1			2	1	6	14%	7%
Subtotal:	1	7	7	5	4	13	5	42	100%	48%
DISMISSALS										
Appeal withdrawn	1	1		3	1		3	9	21%	10%
PA Recusal		1	3	1	1			6	14%	7%
Untimely Notice of Appeal						1		1	2%	1%
No Protest Decision			1	1	1	1	1	5	12%	6%
Purchasing Agency Withdrew						1		1	2%	1%
Stipulation Agreement	1	1	1	1	2	3	7	16	37%	18%
Cancel/Re-issue Bid		1				1		2	5%	2%
Moved to Superior Court				1	1	1		3	7%	3%
Subtotal:	2	4	5	7	6	8	11	43	100%	49%
DECISIONS PENDING AS OF 02/28/13							3	3		3%
TOTAL APPEALS FILED:	3	11	12	12	10	21	19	88	100%	100%

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Appeals Addressed in 2012

- **12-001 (Medallion Guam, LLC/GHURA)**
 - The Appellant did not wait for GHURA to issue a decision on its protest.
 - An appellant can only appeal to OPA if its protest has been denied by the Purchasing Agency.
 - The appeal was dismissed without prejudice.
- **12-002, 12-003, 12-004, 12-005, 12-006, and 12-009 (Pacific Data Systems (PDS) / GSA)**
 - GSA agreed to cancel and re-issue the request for quotes relative to these appeals, as small purchases, to all telecom providers on Guam.
 - By stipulated agreement of the parties, these appeals were consolidated and dismissed with prejudice.

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Appeals Addressed in 2012

- **12-007 (Data Management Resources (DMR)/GSA)**
 - The appeal was filed on 04/02/12.
 - After several days of extensive hearings over several months, the appellant withdrew, and the appeal was dismissed with prejudice on 01/08/13.
- **12-008 (E.R. Ila and Associates/GDOE)**
 - Stipulation Agreement was reached between parties. The appeal was dismissed with prejudice.

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Appeals Addressed in 2012

- **12-010 (Allied Pacific Builders (APB)/GDOE)**
 - The Public Auditor determined that:
 - GDOE correctly found that APB's protest had no merit.
 - The Invitation for Bids (IFBs) did not require bidders to submit specific licenses with their bids.
 - GDOE complied with 5 GCA §5211(d) and Chapter III, Section 3.9.12.2, GDOE Procurement Regulations.
 - The sequential design and construction projects solicited by the IFBs allowed bidders to make their own estimates of the work required.
 - APB's appeal was DENIED.
 - The Appeal was filed on 04/13/12. The Decision was issued on 07/18/12. The Appeal duration was 96 days.
 - The appeal was for structural repairs and roof coating. The value of the appeal was \$1.3M.

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Appeals Addressed in 2012

- **12-011 (PDS/GSA)**
 - The Public Auditor determined that:
 - PDS' protest was timely.
 - The Local Procurement Preference was not a requirement to be qualified for the bid.
 - PDS was not entitled to a 15% adjustment of its bid price due to its submission of a Local Procurement Preference Application.
 - Both PDS and Teleguam Holdings, LLC (GTA), as local companies known to GSA, were entitled to a Local Procurement Preference.
 - PDS' appeal was DENIED.
 - The Appeal was filed on 05/17/12. The Decision was issued on 09/05/12. The Appeal duration was 111 days.
 - The appeal was for telecommunication services. The value of the appeal was \$779K.

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Appeals Addressed in 2012

- **12-012 (PDS/GSA)**

- The Public Auditor determined that:
 - GSA failed to produce a decision on PDS' protest
 - Pursuant to 5 GCA §5703 and 2 GAR §12103(a), the Public Auditor ordered the GSA Chief Procurement Officer to issue Decisions on PDS' protest and all other pending protests relevant to GSA-IFB-064-11, no later than 30 days and submit said decisions to PDS, the other Protestants, and the Public Auditor.
- PDS' protest is DENIED in part and GRANTED in part.
- The Appeal was filed on 05/17/12. The Decision was issued on 09/05/12. The Appeal duration was 111 days.
- The appeal was for telecommunication services. The value of the appeal was \$3.4M.

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Appeals Addressed in 2012

- **12-013 (Tokio Marine & Calvo's Insurance/DOA)**

- After several hearing dates agreed upon, the appellant together with interested parties in February 2013 mutually agreed to withdraw the appeal.

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Appeals Addressed in 2012

- **12-014 (PDS/GDOE)**

- The Public Auditor determined that:
 - PDS properly protested GDOE's actions pursuant to 5 GCA §5425.1.
 - There was nothing in the record that selected vendor Softchoice acted fraudulently or in bad faith in submitting its bid.
 - The termination, cancellation, or nullification of GDOE's award to Softchoice would result in a loss to GDOE of over \$2M.
 - It is in the best interests of the Territory that the award to Softchoice be ratified and affirmed.
- PDS' protest was DENIED.
- The Appeal was filed on 09/26/12. The Decision was issued on 10/11/12. The Appeal duration was 15 days, as the bid was ARRA funded.
- The appeal was for computer equipment such as indefinite quantity of laptops, mobile computer labs, laptops with docking stations, and desktop computers. The value of the appeal was \$2.5M.



Appeals Addressed in 2012

- **12-015 (G-Crew/GVB)**

- The appeal was filed on 09/27/12.
- On the scheduled hearing date of 01/28/13, the appellant withdrew his appeal.



Appeals Addressed in 2012

- **12-019 (J&B/GDOE)**
 - The Public Auditor determined that:
 - J&B properly filed its protest with the OPA pursuant to Section 8(a), P.L. 31-196 (Effective 03/28/12).
 - JRN's bid complied with the IFB because it included JRN's Contractor's License, which indicates that JRN retains the C13 and C51 classifications required by the IFB.
 - The IFB did not require bidders to submit a Verification of License or their Contractor's License and a Verification of License with their bids.
 - Accordingly, J&B's protest was DENIED.
 - The Appeal was filed on 11/06/12. The Decision was issued on 11/21/12. The Appeal duration was 15 days, as the IFB was ARRA funded.
 - The nature of the appeal was air-conditioning repairs and maintenance. The value of the appeal was \$535K.

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Appeals in Progress

- Three appeals filed in 2012 remain open as of February 28, 2013:
- **12-016 and 12-018 (GTA/GSA), and 12-017 (PDS/GSA)**
 - GTA filed 12-016 on 10/8/12, and 12-018 on 11/9/12.
 - PDS filed 12-017 on 10/19/12.
 - The appeals were made from a decision on protest of method, solicitation, or award.
 - The appeals were consolidated on 11/21/12, as each of the appeals arises from protests pertaining to GSA-IFB-064-11.
 - A formal hearing for the consolidated appeals was held on 01/29/13 and 01/30/13.
 - The Decision is pending.

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Appeals in Progress

- **13-001 (Morrico Equipment/GSA)**
 - The appeal was filed on 01/31/13.
 - The appeal was made from a decision on protest of method, solicitation, or award.
 - The Procurement Record was filed on 02/11/13.
 - The Agency Report was filed on 02/14/13.
 - The Comments on Agency Report are due on 02/28/13.



FY2014 Budget Request Procurement Appeals

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

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



Temporary Expedited Procurement Protest Procedures

- P.L. 31-40 was to provide temporary expedited procurement protest procedures to assist with GDOE's disbursement of stimulus funds under the "2009 ARRA" by adding a new section, §5425A, to the Guam Code Annotated:
 - If an actual or non-selected vendor, contractor, or service provider is aggrieved by an award or a contract funded by the funds allotted to GDOE from the 2009 ARRA, the protest shall be submitted to the Public Auditor who may settle and resolve a protest.
 - If the protest is not resolved by mutual agreement, the Public Auditor shall issue a decision, in writing, within no more than 10 working days of receipt of the protest.
 - The determination of facts and decision by the Public Auditor for the resolution of protests of ARRA funded procurements shall be final and conclusive with no right of appeal or judicial review.
- While OPA understands the time sensitivity of GDOE's stimulus funds, to render a decision on an appeal within 10 days of filing is unrealistic and poses an undue hardship on OPA staff and the Hearing Officer.

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Procurement Advisory Council

- OPA has advocated procurement reform. In September 2011, P.L. 31-93 established the Guam Procurement Advisory Council (Council) to research, evaluate, analyze, review, and make recommendations to improve, address, and modernize government procurement and contracting.
- Council membership consists of:
 - a senior member of the Governor's staff;
 - the AG or his designee;
 - the Public Auditor or her designee;
 - the Compiler of Laws;
 - the Chief Procurement Officer;
 - the Director of Administration;
 - the Director of Public Works;
 - an attorney in private practice;
 - two Guam residents experienced in procurement;
 - the Chairman of the Board of Accountancy; and
 - the Dean of UOG School of Business and Public Administration.

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Procurement Advisory Council

- Council activities thus far consist of the following:
 - The Council has requested a moratorium on any proposed changes to the Guam Procurement Law and Regulations.
 - Held extensive town hall meetings with government agencies and private contractors to hear concerns regarding GovGuam procurement.
 - The Council is expected to issue its first report the end of February 2013.

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Proposed Amendments to Procurement Law & Regulations

- While OPA respects the Council's request to have a moratorium on procurement legislation, there are several areas that require amendments to the Procurement Laws and Regulations and should be addressed:
 - Disqualification of the Public Auditor,
 - Exhaustion of remedies, and
 - Decision by agency.

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Proposed Amendments to Guam Procurement Law

- Disqualification of the Public Auditor
 - Amend to allow for other OPA staff, together with OPA's Hearing Officer, to hear appeals should the Public Auditor be disqualified rather than have appeals be taken to Superior Court, provided the delegated officials are not in conflict (5 GCA §5703 and §5709, and 2 GAR §12601).
- Exhaustion of Remedies
 - Amend to prevent an agency or appellant from going to Superior Court until OPA has rendered its decision. This ensures administrative remedies are exhausted and prevents forum shopping (5 GCA §5708 and §5703).
- Decision by Agency
 - Amend to require an agency to render a protest decision to the vendor within a reasonable time period of approximately 30 to 60 days (5 GCA §5707).

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Procurement Appeals Hearing Officers

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

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Procurement Appeals Hearing Room

- After four years of hearing procurement appeals by borrowing space from other agencies, OPA now has a Procurement Appeals Hearing Room located on the 9th Floor of the DNA Building.
- The lease space of approximately 800 square feet is the result of an IFB issued by OPA for a facility to conduct procurement appeal public hearings. OPA pays an annual rent of \$18,103 for the space.
- Prior to the commencement of the lease, OPA worked with Department of Integrated Services for Individuals with Disabilities (DISID) and Department of Corrections (DOC) (both tenants in the DNA Building) to schedule public hearings on an “as needed” arrangement.
- This method proved to be cumbersome and often ineffective because OPA was only allowed to use their hearing rooms when they were not in use.
- This method limited OPA’s ability to effectively plan hearing schedules in advance because DISID and DOC use their rooms frequently to carry out their own mandated missions.

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Procurement Appeals Hearing Room

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

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OPA Website

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

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OPA Website Hits vs. Visits

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

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2011 OPA Website Activity

Months	Visits	Unique Visitors	Pageviews
January	1,239	714	3,832
February	1,184	620	3,753
March	1,543	721	7,678
April	1,554	697	5,957
May	1,199	620	4,828
June	1,111	564	3,866
July	1,573	754	5,303
August	1,397	748	5,341
September	1,280	653	4,560
October	1,693	748	5,782
November	1,580	795	4,969
December	1,381	736	4,645
Totals	16,734	8,370	60,514

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



Boards and Commissions Audio Reporting Requirements

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



Hotline Tips 47AUDIT (472-8348)

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

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Hotline Tips

- In addition to audit duties, audit staff are assigned to handle HOTLINE tips and to follow-up and coordinate with the AG's Office for indictment and prosecution.
- Responding to citizen concerns requires time and effort as it entails research, interviews, and follow-up in order to provide an answer. Given OPA's limited staff, OPA will endeavor to respond timely to these tips.
- OPA staff addressed all 23 hotline tips/citizen concerns received in 2012. Of the 23 tips received: 17 were hotlines and 6 were citizen concerns.
- The decline in hotline tips is due in part to lack of general knowledge and awareness on the part of government employees and the public.
- While OPA encourages employees and the public to use the hotline, OPA does not have the staff resources to address these tips and concerns in a timely manner.

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Hotline Statistics 2001 - 2012

Agencies or Programs	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	TOTAL
Guam International Airport Authority	0	0	2	0	0	3	5	2	10	13	12	22	69
Department of Education	3	3	18	9	46	17	14	9	11	13	13	13	154
Department of Public Works	2	2	1	0	6	15	9	3	3	10	11	14	74
Guam Power Authority	2	1	0	1	2	7	6	4	5	6	12	4	48
Department of Corrections	1	2	3	2	5	1	1	2	2	2	11	10	41
Guam Memorial Hospital Authority	0	1	4	2	2	2	3	7	4	1	11	8	43
Government of Guam Retirement Fund	0	0	1	0	0	3	3	1	15	1	6	0	30
Department of Administration	1	2	5	0	0	3	1	2	4	5	6	3	33
Mayors Council of Guam	2	1	2	0	5	11	8	9	4	6	2	7	55
Guam Housing and Urban Renewal Authority	1	0	0	0	2	1	6	10	3	2	3	3	27
Guam Waterworks Authority	0	0	0	1	0	7	5	12	4	7	4	3	43
Guam Fire Department	0	0	2	0	3	1	2	1	6	4	3	4	26
Guam Mass Transit Authority	1	0	0	0	0	0	0	1	3	5	5	4	18
Department of Public Health and Social Services	1	1	1	2	2	0	1	4	5	0	4	8	28
Guam Telephone Authority	0	0	0	0	0	0	0	1	9	3	3	1	17
Office of the Attorney General	0	1	2	0	1	1	3	4	9	1	0	1	25
Guam Police Department	2	1	0	1	0	2	1	0	2	3	3	5	18
Guam Visitors Bureau	0	0	0	0	1	2	0	3	5	1	1	5	18
Superior Court of Guam	0	0	0	3	0	3	2	4	4	2	4	2	24
University of Guam	0	0	1	1	2	2	1	0	4	3	3	2	19
Port Authority of Guam	1	1	0	0	0	0	1	3	3	4	1	3	16
Department of Land Management	0	0	0	0	0	0	0	1	3	0	1	4	9
Office of the Governor	0	0	2	2	5	0	1	0	4	3	1	0	18
Department of Parks & Recreation	0	0	0	0	1	7	4	0	1	1	1	5	22
Department of Labor	0	0	0	1	0	0	0	0	2	3	2	1	9
Guam Economic Development Authority	1	1	0	1	0	0	0	0	2	4	0	1	9
General Services Agency	0	1	1	0	0	2	2	3	3	3	0	1	16
Other Agencies and Programs	5	12	13	19	18	40	37	29	47	31	22	28	296
TOTAL	23	30	42	54	62	160	112	116	177	144	145	163	1205

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Technology Roadmap

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

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OPA Staff Composition

- As of February 28, 2013, the current OPA staff complement is 13 full-time employees.
 - Public Auditor
 - 4 Audit Supervisors
 - 7 Junior Auditors
 - 1 Administrative Assistant
- In addition, OPA contracts 1 primary Hearing Officer and 2 Conflicts Attorneys for Procurement Appeals on an as needed basis.

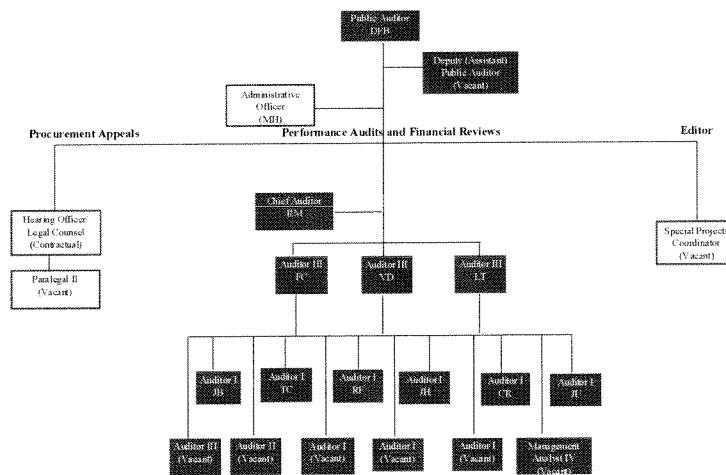
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Organizational Chart

December 31, 2012



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Staff Certifications

For a staff of 12, OPA collectively have the following degrees and certifications (some staff hold 2 or more certifications):

- 2 Certified Public Accountants (CPA)
- 1 Certified Internal Auditor (CIA)
- 2 Certified Government Financial Managers (CGFM)
- 3 Certified Government Auditing Professionals (CGAP)
- 1 Chartered Global Management Accountant (CGMA)
- 2 Masters of Business Administration
- 1 Master of Public Administration
- All staff have a Bachelor's Degree



DOI OIA Training Grant

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

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

Grant Amount	Date Approved	Grant Period
\$ 76,000	May 9, 2012	May 04, 2012 to December 31, 2013

- Approved for Professional Training and Development of Auditors /Investigators Only.
- Eligible expenses include Airfare, Per Diem, Ground Transportation, Conference Fee, Data Mining, and Library Resources.
- OPA will be working with DOI OIA to secure a new training grant for 2014.



DOI OIA Training Grant

- The primary purpose of the training grant has been to send auditors to the DOI Office of Inspector General (DOI OIG) On-the-Job (OJT) Internships, fund local training seminars, and certain off-island conferences.
- In December 2012, the OJT Internship was put on hold by DOI OIG until sometime after April 2013 due to concerns over sequestration and ability to travel.
- Government Audit Standards require auditors to maintain their professional competence through Continuing Professional Education (CPE). Auditors are required to take a total of 80 hours of CPE in a two year period with a minimum of 20 hours each year. (GAS 3.76).
- OPA Auditors averaged 122 CPE hours in 2012, which is largely funded by the DOI OIA Training Grant.

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Appropriation History

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

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

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

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BBMR Allotment Control

- In FY 2013, OPA was the only elected office not exempted from BBMR allotment control. We have been given this exemption for the past 12 budget cycles as other elected offices. The Legislature, the Mayor's Council, the elected AG, and the Judiciary were all exempted.
- OPA has the smallest budget of these agencies, and yet the 15% reserve of \$185,297 was immediately taken from our FY 2013 appropriation of \$1,302,388 by BBMR.
- OPA respectfully requests the Legislature give OPA the same privilege given to other elected offices and the Judiciary and be exempted from BBMR allotment control.

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15% Reserve

- For the second year in a row, the Governor has issued a call requiring all agencies to have a 15% reserve placed on their 2014 appropriations.
- BBMR budget forms have factored in the 15% reserve requirement.
- In anticipation of being exempted from BBMR allotment control, OPA did not factor in a 15% reserve in its 2014 budget submission.
- Because our government is in a fiscal crisis with its own version of a fiscal cliff, all agencies must be fiscally prudent and contribute to the deficit.
- In actuality however, the 15% reserve has been applied rather inequitably among line agencies and autonomous agencies, such as DOE, UOG, and GCC. For FY 2011 and 2012, UOG had an effective 3% reserve rather than the full 15% reserve. FY 2012, DOE experienced a reserve of 3% or \$5.3M on its \$202.5M budget.
- OPA, as one of the smallest agencies in the entire government of Guam, continues to be fiscally prudent.
- Because of recruitment difficulties, OPA has returned over \$900K in personnel lapses since FY 2009. OPA personnel lapses are in effect reserves.

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Personnel Lapses

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

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Financial Independence

- Our FY 2013 initial appropriation of \$1,302,388 has been adjusted by the Income Tax Refund set aside of \$67,073 and the 15% reserve of \$185,297. This leaves a net authorized budget of \$1.05M, which is less than OPA's final budget in FY 2006 of \$1.07M.
- One way to render an audit office ineffective is by lack of adequate funding.
- For an effective audit office to function independently, it must have adequate funding, financial autonomy, and staff resources in order to perform the work required.
- The continued minimal funding of OPA will render OPA ineffective.

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Status Quo Budget Request

- Given the mounting deficit of \$303.1M as of FY 2011 and an expected increase in the deficit for FY 2012 due to issuance of the bond, OPA submits a nominal increase of 6% to \$1,379,663 over its FY 2013 budget appropriation of \$1,302,388.
- The increase is primarily attributed to the increase in benefits, of which nearly 2% is for retirement fund contribution and the increase in health care insurance premiums.
- In FY 2010, total benefits represented 24% of salaries. In FY 2011 and 2012, total benefits increased to 26% of salaries. In FY 2013, total benefits again increased to 28% of salaries. For FY 2014, total benefits represent 31% of salaries.
- Such increases in benefits from increased health insurance premiums and increased retirement contributions is becoming unsustainable at the General Fund level.

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GovGuam Audit Spending

- Two critical aspects can be considered in assessing OPA's performance:
 - The first aspect is the Budget Execution Process. In FY 2012, GovGuam spent \$2.2M on audits or less than one-half cent of every dollar of General Fund revenues of \$552M. The \$2.2M is comprised of \$1.1M in financial audits and \$1.1M in OPA expenditures.
 - With an operational budget of \$1.1M, the OPA completed 9 audits, analyses, and reports that identified \$4.3M in questioned cost and other financial impact; monitored 22 financial audits that identified \$114K in questioned costs; and administered 19 procurement appeals in 2012. This equates to a return on investment of 401% for every dollar appropriated.
 - The second aspect is OPA's quality of work. Government Auditing Standards require audit organizations to undergo a quality control review, or peer review, every three years. In 2011, OPA received its fourth consecutive "Full Compliance" peer review rating since 2002 and the first time no management letter was issued.

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FY 2014 Budget Request

Salaries	\$ 714,211
Benefits	\$ 310,189
Subtotal	\$ 1,024,400
Travel	\$ 14,800
Contractual	\$ 186,700
Rent	\$ 107,723
Supplies	\$ 8,040
Equipment	\$ 25,200
Miscellaneous	\$ 5,800
Telephone	\$ 7,000
FY 2014 Total Budget Request	\$ 1,379,663

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Retirement Fund Contribution Rates

- The Retirement Fund unfunded liability has now reached \$1.64 billion, with an amortization period of approximately 20 years.
- Given the expected members' mortality rate, the amortization period may be too short and should be lengthened.
- This has placed significant financial pressure on GovGuam as the trend for contribution rate has steadily increased over the last 6 years, from 26.02% to 28.3% in FY 2012 to 30.09% in FY 2013.
- The FY 2014 contribution rate is 31.02%. These rates over the last several years are among the highest in the country and future increases are unsustainable at the General Fund level.

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Define Contribution Employees

- A concern on the horizon is the inequitable treatment of Define Contribution (DC) members. DC members have an average balance of \$40K in retirement savings.
- All OPA employees, except the Public Auditor, are members of the DC plan.
- DC plan members are left with the performance of their 5% base salary contribution and the 5% matching contribution from the government.
- However, GovGuam is contributing 30.09% in FY 2013 of DC members salaries, of which only 5% is only going to DC members. The remaining 25.09% goes towards the unfunded liability of the Define Benefit (DB) members.

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Define Contribution Employees

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

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Budget Request

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

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New Programs and Future Considerations

- The OPA does not anticipate the initiation of any new programs that will affect the FY 2014 Budget Request.
- However, outreach efforts at nominal costs include procurement training, serving as a member of the Guam Procurement Advisory Council, and the EFSC.

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Prior Year Obligations & Unbudgeted Items

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

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