



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

June 3, 2011

Honorable Vicente Cabrera Pangelinan
Chairman
Committee on Appropriations, Taxation, Public Debt, Banking
Insurance, Retirement, and Land
31st Guam Legislature
155 Hesler Place
Hagatna, Guam 96910



Ref: FY 2012 Departmental Detailed Budget

Hafa Adai Senator Pangelinan,


In response to your letter dated June 1, 2011, relative to Fiscal Year 2012 budget requests, the Office of Public Accountability submits the following:

- FY 2012 AN-N1 FORM (Agency Narrative)
- FY 2012 DP-1 FORM (Decision Package)
- FY 2012 BD-1 FORM (Budget Digest)
- FY 2012 TA-1 FORM (Off-Island Travel – Schedule A)
- FY 2012 96A FORM (Schedules B – F for Operations)
- FY 2012 SP-1 FORM (FY12 PROPOSED with Summary Page)
- FY 2012 SP-1 FORM (FY11 CURRENT with Summary Page)
- FY 2012 FP-1 FORM (Federal Program Inventory)
- FY 2012 EL-1 FORM (Equipment Listing)

Included with this written transmittal is an electronic format on compact disc as well as one original set of submission and four printed copies as required in your letter.

Should you have any questions, please do not hesitate to contact Marie Villanueva at 475-0390 ext 201.

Senseramente,


Doris Flores Brooks, CPA, CGFM
Public Auditor

**Government of Guam
Fiscal Year 2012 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) Advance staff competence.
- 4) Increase public knowledge of OPA's mission, work, and impact.
- 5) Build and improve relations with audited entities.

Schedule A - Off-Island Travel

[BBMR TA-1]

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 Government Auditors (ALGA) Annual Conference held in the summer of each year.				
Travel Date: Summer 2012		No. of Travelers: 1 1/		
Position Title of Traveler(s)	Air Fare	Per diem 2/	Registration	Total Cost
Public Auditor (NSAA) & (ALGA)	\$ 1,800.00	\$ 2,600.00	\$ 1,600.00	\$ 6,000.00
				\$ -

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 2012		No. of Travelers: 1 1/		
Position Title of Traveler(s)	Air Fare	Per diem 2/	Registration	Total Cost
Public Auditor (PDC)	\$ 1,950.00	\$ 1,300.00	\$ 800.00	\$ 4,050.00
Public Auditor (GFOA)	\$ 1,950.00	\$ 1,335.00	\$ 410.00	\$ 3,695.00

Purpose / Justification for Travel				
To attend the Association of Pacific Island Public Auditors (APIPA) Annual Conference held in the summer of each year.				
Travel Date: Summer 2012		No. of Travelers: 1 1/		
Position Title of Traveler(s)	Air Fare	Per diem 2/	Registration	Total Cost
Public Auditor	\$ 1,600.00	\$ 1,800.00	\$ 500.00	\$ 3,900.00
	\$ -	\$ -	\$ -	\$ -

Purpose / Justification for Travel				
Travel Date:		No. of Travelers: 1 1/		
Position Title of Traveler(s)	Air Fare	Per diem 2/	Registration	Total Cost
	\$ -			\$ -

Total

\$ 17,645.00

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

Schedule B- Contractual

Item	Quantity	Unit Price	Total Price	Funded in FY 2011?	
				Yes	No
Website Hosting/Maintenance	12	980	\$ 11,760	X	
CPA Consulting Services	12	900	\$ 10,800	X	
Audit Manual Update & Trainings	1	11585	\$ 11,585	X	
Position Description Review Study	1	20000	\$ 20,000		X
MCOG NAF Attestation SVC (FY10, FY11 Rpt)	1	30000	\$ 30,000		X
OPA Legal Services	12	1000	\$ 12,000	X	
Hearing Officers	12	7000	\$ 84,000	X	
OPA Leased Copier + Addtl Copy Usage	12	550	\$ 6,600	X	
Professional Publications Subscriptions	3	250	\$ 750	X	
Juris Pacific	12	220	\$ 2,640		X
Professional Assn. Membership	15	550	\$ 8,250	X	
Total Contractual			\$ 198,385		

Schedule C - Supplies & Materials

Item	Quantity	Unit Price	Total Price	Funded in FY 2011?	
				Yes	No
General Office Supplies	12	700	\$ 8,400	X	
			\$ -		
			\$ -		
			\$ -		
			\$ -		
Total Supplies & Materials			\$ 8,400		

Schedule D - Equipment

Item	Quantity	Unit Price	Total Price	Funded in FY 2011?	
				Yes	No
Upgrade server & IT Support	1	5000	\$ 5,000	X	
UPS Power Surge Protectors	5	110	\$ 550	X	
Laptop Computers	2	900	\$ 1,800	X	
Desktop Computers	2	700	\$ 1,400	X	
Laser Printers	2	350	\$ 700	X	
			\$ -		
Total Equipment			\$ 9,450		

Schedule E - Miscellaneous

Item	Quantity	Unit Price	Total Price	Funded in FY 2011?	
				Yes	No
OPA Vehicles - General Maintenance and Repair	12	100	\$ 1,200	X	
Public Notice Print Advertising	6	350	\$ 2,100	X	
Transcription Fees	1	300	\$ 300	X	
Legal procurement reference materials	1	200	\$ 200	X	
Total Miscellaneous			\$ 3,800		

Schedule F - Capital Outlay

Item	Quantity	Unit Price	Total Price	Funded in FY 2011?	
				Yes	No
			\$ -		
			\$ -		
			\$ -		
			\$ -		
			\$ -		
Total Capital Outlay			\$ -		

Government of Guam
Fiscal Year 2012
Agency Staffing Pattern
(PROPOSED)

FUNCTIONAL AREA: Office of Public Accountability
DEPARTMENT/AGENCY: Office of Public Accountability
PROGRAM: Office of Public Accountability
FUND: 5100A129959CT001.111.113

(A) No.	(B) Position Title	(C) Name of Incumbent	(D) Grade/Step	(E) Salary	(F) Overtime	(G) Special	(H) Date	(I) Increments	(J) (E-P-G-4) Subtotal	(K) Retirement (J * 28.3%)	(L) Retire (DR) (\$19,024,269P)	(M) Social Security (6.2% * J)	(N) Medicare (1.45% * J)	(O) Life	(P) Mileage (Premium)	(Q) Dental (Premium)	(R) Total Benefits (K thru Q)	(S) (J + R) TOTAL
1	Public Auditor	Doris Flores Brooks	L-2	\$100,000	\$0	\$0	0	\$0	\$100,000	\$28,300	\$0	\$6,200	\$1,450	\$174	\$2,496	\$192	\$36,812	\$138,812
2	Administrative Officer	Mack Villaverde	O-11	28,178	0	0	0	1,657	28,178	\$8,443	495	\$1,850	\$433	\$174	4,158	350	\$15,982	\$45,737
3	Chief Auditor/Audit Supervisor	Rodolyn May G. MacQueen	R-47	52,692	0	0	0	3,162,2012	52,692	\$14,853	495	\$3,250	\$761	\$174	0	0	\$19,539	\$72,631
4	Auditor I	Jarrett J. J. C. Hernandez	R-47	32,286	0	0	0	02/2012	32,286	\$9,769	495	\$2,140	\$501	\$174	2,064	0	\$15,334	\$49,652
5	Deputy ASST	Vicent(50% Annual Salary)	L1	20,596	0	0	0	0	20,596	\$5,967	495	\$1,307	\$306	\$174	2,064	0	\$10,905	\$31,991
6	Auditor I	Charin Mae G. Roque	R-47	33,286	0	0	0	9/30/2012	33,286	\$9,769	495	\$2,140	\$501	\$174	2,064	0	\$15,334	\$49,652
7	Auditor III	Gopinath Ramakrishnan	M-9	41,584	0	0	0	10/21/2012	41,584	\$12,174	495	\$2,667	\$624	\$174	2,064	0	\$18,666	\$60,250
8	Auditor III	Franklin J. Compton-Nunes	M-11	44,524	0	0	0	9/1/2013	44,524	\$12,608	495	\$2,760	\$646	\$174	2,064	0	\$19,158	\$63,682
9	Auditor I	Rachel Field	R-47	33,286	0	0	0	9/30/2012	33,286	\$9,769	495	\$2,140	\$501	\$174	2,064	0	\$15,334	\$49,652
10	Auditor III	Vicent Jon Duenas	M-12	46,082	0	0	0	9/1/2013	46,082	\$13,041	495	\$2,857	\$668	\$174	2,504	408	\$22,009	\$68,091
11	Management Analyst III	Ann T. S. Carrasco	M-12	46,082	0	0	0	12/1/2013	46,082	\$13,041	495	\$2,857	\$668	\$174	2,504	0	\$21,931	\$68,013
12	Auditor I	Jocelyn B. Urdan	K-06	32,653	0	0	0	5/17/2012	32,653	\$9,720	495	\$2,064	\$483	\$174	2,064	0	\$14,881	\$47,535
13	Auditor II	Vicent(50% Annual Salary)	L-05	16,875	0	0	0	0	17,238	\$4,878	495	\$1,069	\$258	\$174	2,064	0	\$9,123	\$26,360
14	Auditor I	Joy V. Balisano	K-06	32,653	0	0	0	5/13/2012	32,653	\$9,428	495	\$2,064	\$483	\$174	2,064	0	\$14,881	\$47,535
15	Auditor III	Lewelyn R. Terrillo	M-11	44,524	0	0	0	9/1/2013	44,524	\$12,608	495	\$2,664	\$646	\$174	2,064	0	\$18,931	\$58,455
16	Management Analyst IV	Louise R. Paves	N-13	51,643	0	0	0	11/13/2013	51,643	\$14,620	495	\$3,203	\$749	\$174	4,366	408	\$24,915	\$76,577
17	Special Projects Coordinator	Catherine S. Guak	M-10(20%)	3,604	0	0	0	0	3,604	\$2,635	495	\$533	\$125	\$174	0	0	\$3,782	\$12,384
18	Auditor III	Vicent(50% Annual Salary)	M-05	17,924	0	0	0	0	18,651	\$5,278	495	\$1,156	\$278	\$174	2,064	0	\$9,530	\$28,181
19	Auditor III	Michelle N. Paves	M-11	44,524	0	0	0	3/20/2013	44,524	\$12,608	495	\$2,760	\$646	\$174	2,064	350	\$21,183	\$65,707
20	Auditor I	Vicent(50% Annual Salary)	R-05	15,410	0	0	0	0	16,026	\$4,535	495	\$994	\$232	\$174	2,064	0	\$8,686	\$24,712
21	Auditor I	Vicent(50% Annual Salary)	R-05	15,410	0	0	0	0	16,026	\$4,535	495	\$994	\$232	\$174	2,064	0	\$8,686	\$24,712
22																		
23																		
24																		
25																		
									Grand Totals	\$728,645	\$9,890	\$47,771	\$11,172	\$3,654	\$49,312	\$4,413	\$344,264	\$1,114,764

* Night Differential / Hazardous / Worker's Compensation / etc.

Government of Guam
Fiscal Year 2011
Agency Staffing Pattern
(CURRENT)

FUNCTIONAL AREA: Office of Public Accountability

DEPARTMENT/AGENCY: Office of Public Accountability

PROGRAM:

FUND: 5100A119959CT001.111.113

(A) No.	(B) Position Title	(C) Name of Incumbent	(D) Grade/Step	(E) Salary	(F) Overtime	(G) Special	(H) Date	(I) Ann.	(J) Subtotal	(K) Retirement (1 * 27.46%)	(L) Retire (DBD) (\$16,407.66PF)	(M) Social Security (6.2% * J)	(N) Medicare (1.45% * J)	(O) Expd by Department			(R) Total Benefits (K thru Q)	(S) (J + R) TOTAL
														Life	Medical (Premium)	Dental (Premium)		
1	Public Auditor	Dora Florio Brooks	L-1	\$100,000	\$0	\$0	12/21/2010	\$0	\$100,000	\$7,450	\$0	\$0	\$1,450	\$174	\$2,064	\$192	\$31,340	\$131,340
2	Administrative Officer	Maria Villanera	O-10	26,520	0	0	3/16/2011	1,653	26,520	7,738	478	0	5,609	174	4,175	340	13,323	41,501
3	Chief Auditor/Audit Supervisor	Rodolfo May G. Marquez	K-06	50,717	0	0	4/2/2011	1,233	52,493	14,414	0	0	\$761	\$174	0	0	15,828	68,320
4	Auditor I	Herrick J. J. G. Hernandez	L-09	32,853	0	0	9/30/2011	0	32,853	9,140	0	0	0	0	2,064	192	12,531	45,817
5	Dynasty (Annual Public Auditor)	Vacant (50% Annual Salary)	L-09	32,853	0	0	9/30/2011	0	32,853	9,140	0	0	0	0	2,064	192	12,531	45,817
6	Auditor I	Clayton Mae G. Roque	K-06	32,083	0	0	9/17/2011	1,233	33,286	9,140	0	0	0	0	2,064	192	12,531	45,817
7	Auditor III	Cynthia Ramirez-Rodriguez	M-08	40,150	0	0	4/2/2011	1,454	41,584	11,419	478	0	8,603	174	2,064	192	14,930	56,514
8	Auditor III	Franklin J. T. Cooper-Narva	M-10	43,018	0	0	9/17/2011	1,506	44,524	12,226	478	0	5,646	174	2,064	209	16,229	60,753
9	Auditor I	Rachel Field	K-06	32,853	0	0	9/30/2011	1,233	33,286	9,140	0	0	0	0	2,064	192	12,531	45,817
10	Auditor III	Vincent Jon Duronio	M-11	44,524	0	0	9/17/2011	1,558	46,082	12,654	478	0	5,683	174	2,064	407	18,748	64,830
11	Management Analyst III	Aaron T. S. Camacho	M-11	44,524	0	0	12/17/2010	1,558	46,082	12,654	478	0	5,683	174	2,064	192	16,670	62,752
12	Auditor I	Joselyn B. Urdaneta	K-05	30,820	0	0	5/17/2011	1,233	32,053	8,802	478	0	5,645	174	2,064	192	12,175	44,228
13	Auditor I	Joy V. Buitano	K-05	30,820	0	0	5/13/2011	1,233	32,053	8,802	478	0	5,645	174	2,064	192	12,175	44,228
14	Auditor III	Llewellyn B. Terkyle	M-10	43,018	0	0	9/17/2011	1,506	44,524	12,226	478	0	5,646	174	2,064	192	15,780	60,304
15	Management Analyst IV	Louisa R. Ferris	M-12	49,528	0	0	11/13/2010	1,787	51,667	14,188	478	0	5,749	174	4,366	407	20,363	72,029
16	Special Projects Coordinator	Catherine S. Gault	M-10 (20%)	5,694	0	0		0	5,694	2,363	478	0	1,125	0	0	0	2,968	11,570
17	Auditor III	Vacant (50% Annual Salary)	M-05	0	0	0		0	0	0	0	0	0	0	0	0	0	0
18	Auditor III	Marijane N. Ferris	M-10	43,018	0	0	3/2/2011	1,506	44,524	12,226	478	0	5,646	174	4,157	349	18,030	62,554
19	Auditor I	Vacant (50% Annual Salary)	K-05	0	0	0		0	0	0	0	0	0	0	0	0	0	0
20	Auditor I	Vacant (50% Annual Salary)	K-05	0	0	0		0	0	0	0	0	0	0	0	0	0	0
21	Auditor I	Vacant (50% Annual Salary)	K-05	0	0	0		0	0	0	0	0	0	0	0	0	0	0
22																		
23																		
24																		
25																		
Grand Totals									\$677,235	\$184,593	\$7,176	\$0	\$9,747	\$4,618	\$34,575	\$3,449	\$244,150	\$918,373

* Night Differential / Hours / Worker's Compensation / Etc.



Office of Public Accountability

FY 2012 - Budget Presentation

June 2011

1



Overview of Agency Mandate

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



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 the government of Guam, independently, impartially, and with integrity.

Vision: “Guam is the model for good governance in the Pacific.”



Goals and 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
- Build and improve relations with government entities



Core Values

- » Independence
- » Accountability
- » Integrity
- » Transparency
- » Impartiality



1 GCA §1908

- §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 the government of Guam.
- The Public Auditor may conduct the audit through his or her staff or may retain the services of an independent audit firm or organization, which audit shall be under the direction and supervision of the Public Auditor.



1 GCA §1909

- 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 of Guam for prosecution of violations of law, where such violations pertain to the expenditures of funds and property of the government of Guam.
- Hear and decide all appeals of decisions that arise under 5 GCA § 5425(c), as provided for by 5 GCA § 5425(e).



OPA's Stakeholders

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

The OPA serves the public interest, and the various stakeholders by providing reliable and dependable 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.



Public Auditor's Future Outlook and Goals

- Conduct audits that will enhance the efficiency and effectiveness of government agencies and programs.
- Provide oversight in the timely issuance of government of Guam Financial Statements and its component units.
- Comprehensive Procurement Reform through:
 - Legislation, Continuous Training and the Use of Technology
- Monitor General Fund Deficit & Find Ways to Address Revenue Leakage, Enhance Revenue Collections, and Identify Cost Savings.
- Continue Professional Growth and Development of OPA's staff to Recover from Loss of Senior Level Staff in 2006 – 2008.
- Work with Government Counterparts as Guam Addresses the Challenges of the Impending Military Buildup



How OPA Supports its Mission

- Accountability to the public for the proper use and prudent management of government resources is an essential part of auditors' responsibilities. Protecting and conserving government resources and using them appropriately for authorized activities is an important element in the public's expectations for auditors. (GAGAS 1.22)
- 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.



2010: Regrowth and Staff Development

- All OPA staff, with the exception of the Public Auditor, are classified employees.
- Although OPA lost key personnel in previous years, in the past two years we have begun re-staffing and have entered into a new growth stage. OPA hired the following:
 - 4 auditors in 2009
 - 2 auditors and 1 Administrative Officer in 2010



2010: Regrowth and Staff Development

- Recruitment is still slow due to the low compensation package and the suspension of the Hay Study in January 2011.
- As a result, we still have 5 vacancies.
- With the Hay Study, recruitment for entry-level positions appears to be comparable.
- Senior-level positions and Deputy Auditor remains problematic due to existing salary inequities not addressed by the Hay Study
- Hay Study salary adjustments for senior-level positions are still not comparable to senior-level salaries offered by the government of Guam autonomous agencies, the federal government or the private sector.



2010 – Year in Review

Despite these challenges, OPA continued its commitment and dedication to “*Auditing for Better Government*”, by:

- Issuing 9 performance audits that collectively identified over \$22.6 million (M) in questioned costs and other financial impacts
- Making 37 recommendations to the audited government entities to improve accountability and operational efficiency
- Monitoring and providing oversight in the issuance of 18 government of Guam financial audits and its component units
- Administering 10 procurement appeals



2010 – Year in Review

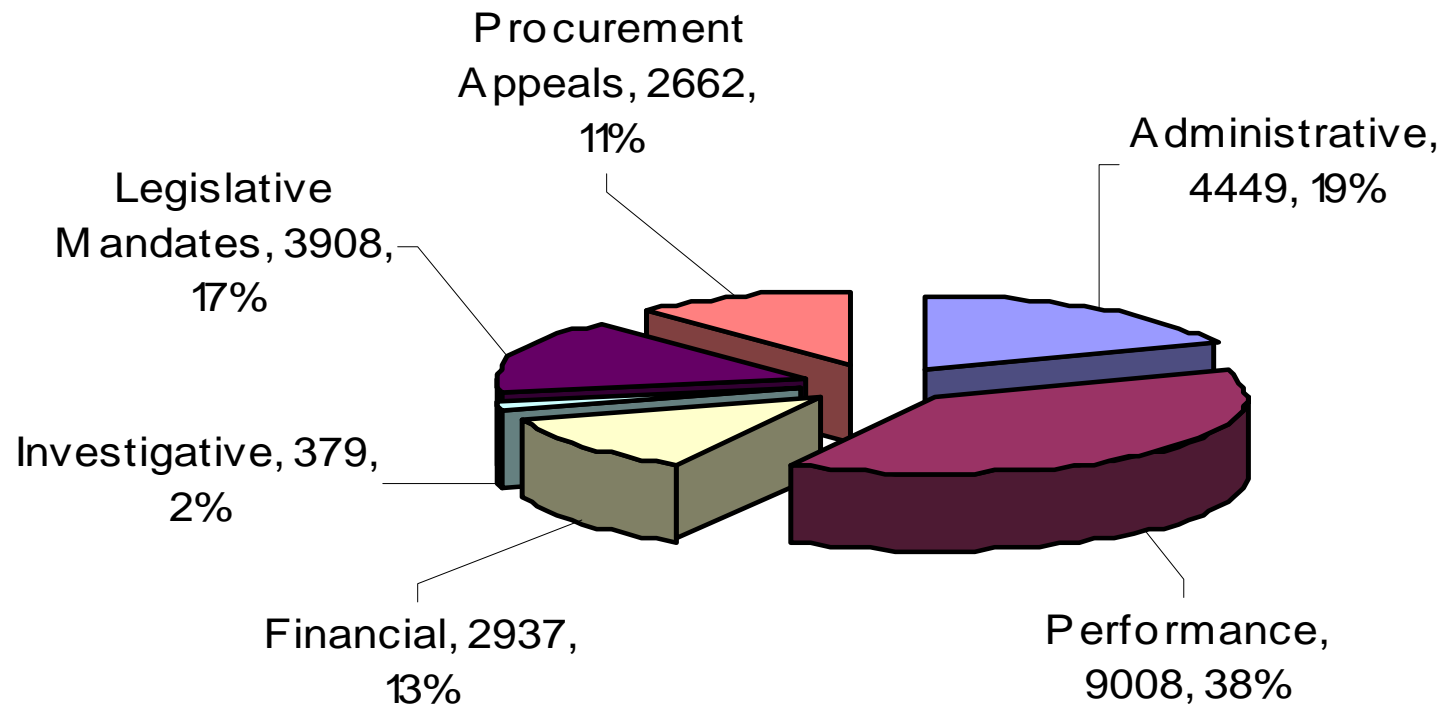
– Other Activities Performed

- Conducting 3 training sessions on the Citizen-Centric Report
- Presenting an evaluation of GDOE's oversight and program implementation of the ARRA
- Partnering with the Guam Association of Government Accountants to offer training on concepts of government of Guam procurement to the public and private sectors
- Partnering with the Guam Bar Association on the Inns of Court presentation on procurement reform
- Participating in the briefing the Finance Sub-Committee of the Transition Committee of the Governor-Elect



2010 Staff Hours Distribution

- As of December 31, 2010, OPA had 15 full-time and 1 part-time staff.
- Total hours expended was 23,343. The chart below illustrates the composition of hours.





Audits Completed in 2010

Government auditing continues to evolve. It has become a more comprehensive activity involving **Oversight, Insight, and Foresight.**

- OPA completed **4 oversight** reviews during the year:
 - OPA Status of Audit Recommendations
 - GovGuam Leave Sharing Program
 - Liberation Day Committee Funds and Activities
 - Special Payments Review
- **3** audits offered **insight**:
 - DPHSS Medically Indigent Program
 - GFD Enhanced 911 Emergency Reporting System Fund
 - DPW Procurement of Capital Improvement Projects
- **2** audits provided **insight** as well as **foresight**:
 - GovGuam Payroll Efficiency for Employee Pay & Voluntary Deductions
 - DPW Solid Waste Management Division



Audits Completed in 2010

1. GovGuam Payroll Efficiency for Employee Pay and Voluntary Deductions
2. OPA Status of Audit Recommendations
3. DPHSS Medically Indigent Program
4. DPW Solid Waste Management Division
5. GovGuam Leave Sharing Program
6. GFD Enhanced 911 Emergency Reporting System Fund
7. DPW Procurement of Capital Improvement Projects
8. Special Payments Review
9. Liberation Day Committee Funds and Activities



Audits Completed in 2010

Report No. 10-01: Government of Guam Payroll Efficiency for Employee Pay and Voluntary Deductions

- FY 2009 Total GovGuam Population: Approximately 12,116 employees
 - Over 39.8% or 4,822 employees are on the direct deposit/EFT program
 - Over 60.1% or 7,277 employees receive paper checks, and
 - 0.1% or 17 employees utilize both pay methods
- Six autonomous entities exclusively use direct deposit for their 685 employees
 - GEDA, GGRF, GHC, GHURA, Guam Legislature (the Legislature), and GWA
- Nine entities allow their 7,628 employees the option to receive their pay either by (1) direct deposit, (2) paper check, or (3) a combination of both
 - DOA, GCC, GIAA, GMHA, GPA, GVB, the Judiciary, PAG, and UOG
- Two entities exclusively issue paper checks for their 3,803 employees
 - DOE and PDSC
 - PDSC has switched all but 1 of its 49 employees to direct deposit in FY2010



Audits Completed in 2010

Report No. 10-02: Office of Public Accountability's Status of Audit Recommendations

- Between CY 2001 to 2009, OPA issued 100 audit reports that identified \$109.5M in financial impact, of which \$58.3M were questioned costs, \$16.3M were unrealized revenues, and \$34.9M were other financial impact.
- 35 audits issued between Jan. 2007 and Dec. 2009, made 505 recommendations to improve overall government operations.
- As of March 31, 2010, 460 recommendations (91%) were addressed by agency corrective action plans, the passage of legislation, or deemed no longer applicable or relevant due to changes in the auditees' system or processes. Only 45 recommendations (9%) remain open.
- OPA recognizes that implementing some of the recommendations may entail direct or indirect costs. However, the cost of failing to implement audit recommendations can be higher and result in long-term inefficiencies.
- OPA continues to send periodic reminders and follow-up letters to encourage implementation.



Audits Completed in 2010

Report No. 10-03: Department of Public Health and Social Services Medically Indigent Program (MIP)

- DPHSS could not provide reasonable assurance – nor could OPA conclude - that \$67.3M expended between FY 2005 and 2009 entirely benefited eligible recipients.
- MIP's pro-rata share of labor cost appears to be absorbed by other public assistance programs, and management of DPHSS' Certification Division has not complied with applicable laws to establish effective checks and balances over the program.
- We found a lack of separation of duties, independent review, and monitoring of MIP applications. The lack of independent review is exacerbated by the Automated Guam Program Assistance (AGUPA) system's inability to allow the automatic transfer or sharing of applicants' information.
- OPA's findings reflect those from the government of Guam Single Audits since FY 2000, wherein external auditors expressed similar concerns on eligibility verification. Since 2000, the Certification Division has not utilized the Income Eligibility Verification System to determine income and resource eligibility.
- The audit identified \$727,885 in questioned costs - \$310,280 was from MIP labor costs that were absorbed by other public assistance programs and \$417,605 from unsupported MIP certifications.



Audits Completed in 2010

Report No. 10-04: Department of Public Works Solid Waste Management Division (SWMD)

- GovGuam is not prepared to resume solid waste management and operations.
- Solid waste management consultant Gershman, Brickner & Bratton (GBB) was appointed as Federal Receiver in March 2008 to manage SWMD. The legal and policy framework for solid waste management was rendered obsolete when SWMD went into federal receivership.
- DPW was not involved in decisions to institute new systems, such as the roll-out trash carts and the billing software, or in discussions regarding construction of the new landfill.
- To fund construction of the new landfill and closure of the Ordot Dump, GovGuam issued bonds totaling \$202M, with an average annual debt service requirement of \$15M until FY 2035. Essentially, the \$202M will cost GovGuam \$423M.
- The Federal Receiver's average monthly expenses are approximately \$213,000. As of September 2009, the Federal Receiver was paid \$4.05M. We estimate an additional \$4.7M to be paid to the Receiver through July 2011, for a total of \$8.7M over 41 months.
- With the deadline to close the Ordot Dump by August 2011, the need to overhaul the legal and organizational framework of SWMD is vital. GovGuam should be proactive and attend to the organizational structure of the SWMD.



Audits Completed in 2010

Report No. 10-05: Government of Guam Leave Sharing Program

- Between FY 2007 and 2009, 806 employees were paid for 252,263 hours of donated leave at a cost of \$4.5M. Employees from the DOE, our largest government entity, were paid the most leave sharing hours at 99,224 (39%). GFD ranked second with 24,359 hours (10%), of which, 7,594 were drawn for military deployment.
- Firefighters work five 24-hour shifts and are paid for 120 hours. By law, for the regular two-week pay period, firefighters receive 106 hours of compensation at their regular hourly rate and are paid at 1½ times their regular hourly rate for hours in *excess* of 106.
 - When on leave for five days, GFD uniformed personnel are paid 106 hours, but only 45 hours of leave (9 hours of leave per day) is deducted from their leave balance.
 - The 61-hour difference between the 106 paid hours and the 45 hours of deducted leave is categorized by Department of Administration (DOA) as “non-productive” time.
 - We estimate that as much as \$558,742 was paid to GFD uniformed personnel for such “nonproductive” time over the last three years.
- The law that provides firefighters on leave with 61 hours of additional compensation per pay period is a benefit no other government employee enjoys. GFD management recognizes the inequity and the morale of other non-uniformed personnel, but has been stymied by various interpretations.
- This audit identified \$1,445,814 in financial impact of which \$601,637 pertained to questioned costs for leave paid in excess of legal threshold, and \$844,177 pertained to other inequitable GFD benefits and potential dual compensation for GovGuam employees on military leave.



Audits Completed in 2010

Report No. 10-06: Guam Fire Department Enhanced 911 Emergency Reporting System Fund

- The PUC did not fully meet its legally mandated responsibilities to monitor the collection and remittance of E911 surcharges to ensure the accuracy, completeness, and timeliness of service providers/collectors. In addition, PUC relies heavily on the honesty and integrity of service providers to collect and remit E911 surcharges without independent review or verification.
- Local providers charged from 3% to as much as 31% for administrative costs. In contrast, administrative costs among stateside service providers range from 1% to 5%. For FY 2009, administrative costs retained by the service providers totaled \$138,984, or \$11,582 a month.
- Of the \$4M E911 Emergency Reporting System Fund expenditures between FY 2006 and FY 2009, GFD used \$2.7M (66%) for the salaries of E911 personnel and \$153,559 (only 4%) on equipment. As a result of this limited capital spending on equipment, Guam's emergency response system is antiquated and incompatible with modern technology.
- The PUC management response, prepared by the consultants, substantially disagreed with the audit report and took a legal position asserting that since PUC has no authority with the fund's budget, they are not the appropriate entity to monitor collections of the surcharge. Given their position, the risk of the lack of effective monitoring over the fund is heightened.
- The audit identified \$724,407 of financial impact, of which \$105,723 was questioned cost relative to surcharges payment not verified and \$618,684 pertained to accuracy and completeness of surcharge reports not reviewed.



Audits Completed in 2010

Report No. 10-07: Department of Public Works' Procurement of Capital Improvement Projects

- From FY 2007 to 2009, DPW expended \$25.9M for 566 Capital Improvement Projects (CIPs), of which \$16.1M were not procured in accordance with the Guam Procurement Law and the Procurement Regulations.
- DPW does not have a suspension and debarment listing and thus has no way to identify contractors who should be barred from doing business with the government.
- An Engineer Supervisor stated that projects are often divided into smaller purchases to make soliciting price quotes easier. As a result, 262 projects were artificially divided to avoid advertisement, sealed bid process circumvented, and 25 contractors were paid \$6.6M.
- Of the Emergency procurements tested, 9 projects totaling \$1M took 76 to 255 days to complete, far exceeding the 30-day emergency period. Based on the type of work and lengthy completion time, emergency procurement was inappropriate and used to circumvent the procurement process.
- We reviewed 67 files totaling \$10.5M that were disorganized and did not conform to procurement regulations' standardized filing requirements. For example, five emergency projects files totaling \$868,213 contained no determination of emergency.
- Questioned cost of \$16,072,622 were identified relative to lack of advertisement, artificial division, emergency methods used to circumvent advertisement, missing procurement documentation, and routine maintenance work contracted as CIPs.



Audits Completed in 2010

Report No. 10-09: Liberation Day Committee Funds and Activities

- From 2004 to 2009, the Guam Island Fair Committee, the Liberation Day Committee (LDC), was not held accountable for the funds raised during the annual Liberation Day festivities. We found no evidence that proper financial reports were prepared and submitted to any oversight body.
- Although the 2003 LDC implemented our audit recommendations, those internal controls were not passed on and subsequent LDCs repeated the deficiencies to include lack of supporting invoices and documentation, and unsubstantiated revenues of \$1.6M.
- No evidence of financial statements was found for 2006, 2007, and 2009. Only the LDCs of 2004, 2005, and 2008 yielded enough financial information to allow us to determine their financial position at year end. Inconsistent accounting and unreasonable balances cast doubt on the accuracy of the data.
- We found no evidence that LDC returns were filed for 1995 through 1997. Thus, succeeding LDCs may not have had tax-exempt status. The LDC of 2004 filed a return, but the LDCs of 2005 through 2009 did not.
- By annual Executive Orders since 2004, 50% of the net proceeds should go to the Liberation Day Textbook Fund, but the Fund was never established and no deposits were ever made.
- Financial impact totaling \$3,575,338 were identified, of which \$1,977,821 was questioned cost due to lack of controls over cash disbursements, and \$1,597,517 was other financial impact due to lack of controls over cash receipts.



Summary of Audit Focus

- In the last three years, mandated audits and requests for audits by government officials have averaged over 30% of our shrunken workforce hours.
- Moving forward, the OPA looks to provide continued **oversight, insight, and foresight** for our government. Our audits will focus on finding ways to address revenue leakage, increase revenue collections, identify cost savings, and enhance transparency.



High Risk Audit Areas

- 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.
- High risk audit areas have been widespread among various government entities and programs, particularly those operating their own checking accounts. OPA audits of these entities have consistently shown:
 - Lack of understanding of the importance of internal controls, checks, and balances;
 - Lack of monitoring and oversight;
 - Improper procurement; and
 - Lack of financial reporting.



Other Activities in 2010

ARRA Implementation

- Developed and presented an evaluation of GDOE's oversight and program implementations of ARRA.

Citizen-Centric Report (CCR) Training

- Developed CCR guidance for all of government of Guam agencies and conducted 3 training sessions with about 50 participants from various government entities.

Government Procurement Training

- Partnered with the Guam Association of Government Accountants and offered training on the basics of GovGuam procurement to the public and private sectors.

Inns Court Presentation

- Partnered with the Guam Bar Association on Inns Court presentation on procurement reform

Transition Committee Briefing

- OPA briefing to the Finance Sub-Committee of the Transition Committee of the Governor-Elect



OPA Financial Impact Identified

OPA has issued 110 reports and made 506 recommendations which recognized a total of \$140.8M in financial impact to our government over the last ten years.

Financial impacts are the 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
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
Total:	110	506	\$140.8M



2010 Performance Audits Financial Impact Identified

Report No.	Report Title	Questioned Costs	Other Financial Impact	TOTAL Financial Impacts:
#10-01	Government of Guam Payroll Efficiency for Employee Pay and Voluntary Deductions	\$ -	\$ -	\$ -
#10-02	Office of Public Accountability's Status of Audit Recommendations	\$ -	\$ -	\$ -
#10-03	Department of Public Health & Social Services' Medically Indigent Program	\$ 727,885	\$ -	\$ 727,885
#10-04	Department of Public Works' Solid Waste Management Division	\$ -	\$ -	\$ -
#10-05	Government of Guam Leave Sharing Program	\$ 601,637	\$ 844,177	\$ 1,445,814
#10-06	Guam Fire Department Enhanced 911 Emergency Reporting System Fund	\$ 105,723	\$ 618,681	\$ 724,404
#10-07	Department of Public Works Procurement of Capital Improvement Projects	\$ 16,072,622	\$ -	\$ 16,072,622
#10-08	Special Payments Review	\$ 53,909	\$ -	\$ 53,909
#10-09	Liberation Day Committee Funds and Activities	\$ 1,977,821	\$ 1,597,517	\$ 3,575,338
TOTAL:		\$ 19,539,597	\$ 3,060,375	\$ 22,599,972



Audits in Progress in 2011

1. DPW Building Permit Fees
2. GFD Non-Productive Compensation
3. GSA Procurement
4. PEALS Board Funds
5. Annual Leave Lump Sum Payments
6. Government of Guam Oversight on ARRA Funds
7. GPD Police Vehicles Bid Review



2011 Audit Work Plan

- Through extensive deliberations, the OPA established the 2011 Audit Work plan with 11,337 total available auditing hours for the year.
- Based on an audit staff of 12.25, coupled with the development of staff, OPA anticipates completing 12 new audits in 2011 plus the completion of the 7 audits in progress.
- The OPA Audit Work Plan for 2011 includes the following:
 - DOA Payroll Review and Special Payments
 - Government of Guam Gas Consumption/Fleet Card Analysis
 - Review of Top 10 Vendors from FY 2008-2010
 - Unclaimed/Stale-Dated Checks
 - Highly Compensated Personnel Government-Wide
- 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.
- In January 2011, we responded to the Governor's request for an assessment of unfunded liabilities.



Financial Audits Issued in 2010

- 1 GCA §1909(a) and Federal Single Audit Act require all financial audits to be issued by June 30 (9 months after year end).
- FY 2009 marks the third consecutive year for GovGuam's financial statements, including its autonomous entities, to be issued unqualified or "clean" opinions.
- FY 2009 marks the fifth consecutive year the government of Guam government-wide financial audit was timely issued in June 2010.



Financial Audits Issued in 2010

- We supervised, reviewed, and analyzed 18 financial audits of autonomous agencies and the General Fund, which identified \$204K in questioned costs for FY 2009.
- The amount questioned has been the lowest since FY 2001, and indication that improvements have been made.
- Only 4 of the 18 entities had questioned costs as follows:
 - Guam Waterworks Authority (QC: \$26,796)
 - University of Guam (QC: \$15,709)
 - Guam Department of Education (QC: \$4,862)
 - Guam Memorial Hospital Authority (QC: \$156,598)



Financial Audits Issued in 2010

- OPA works with DOA and the autonomous entities to resolve questioned costs for all Executive Branch agencies.
- In FY 2009, DOA resolved \$3.2M in questioned costs, leaving \$4.6M in unresolved costs for the General Fund.



Financial Audits Issued in 2010

- The FY 2009 audits were issued timely, with less audit findings, and fewer questioned costs.
- While there has been improvements in the accounting infrastructure at most government of Guam entities, we still need improvements at some agencies due in part to weak internal controls, particularly GMHA and GDOE.
- While all entities have unqualified or “clean” opinions on the financial statements, nearly all entities have qualified opinions in their compliance report due to material weaknesses and/or significant deficiencies.
- Nearly all entities received management letter comments.
- Only GCC and UOG were classified as low-risk auditees.



Financial Audits Issued in 2010

- GDOE had questioned costs of \$5K.
 - Cumulative unresolved questioned costs since 2004 totaled \$1.7M.
 - Remains on high-risk status for over 7 years with the US Department of Education, since 2003.
- GMHA had questioned costs of \$157K.
 - Cumulative unresolved questioned costs since 2003 totaled \$1.1M.
 - Although GMHA received a clean opinion, they continue to operate at a loss and suffer negative cash flows; revenues continue to be insufficient to pay current expenses and payments to vendors.
 - Due to the cash flow challenges, GMHA is unable to take advantage of discounts offered by suppliers and must pay higher prices for medical, pharmaceutical, and other supplies.
 - Net patient receivables continues to grow, increasing by 18%, or \$6.2M, from \$34.5M in FY 2008 to \$40.7M in FY 2009. Likewise, allowance for uncollectible and bad debts increased by 13%, or \$15.1M, from \$117.6M in FY 2008 to \$132.7M in FY 2009.



Financial Audits

- CY 2010
 - 18 Financial Audits Issued for FY 2009
 - \$204K in Questioned Costs
 - 47 Audit Findings and 85 Management Letter Comments
 - GCC and UOG were the only low risk auditees
- CY 2009
 - 18 Financial Audits Issued for FY 2008
 - \$3.1M in Questioned Costs
 - 70 Audit Findings and 83 Management Letter Comments
 - GCC and UOG were the only low-risk auditees



OPA Financial Audit Statistics

The OPA tracks financial audit information based on the audits completed during a calendar year. From calendar years 2001 to 2010, a total of 1,730 findings and 390 management comments were identified, with over \$62.3M in questioned costs.

Calendar Year	Number of Reports	Findings Issued	Financial Impact	Management Comments
2010	18	47	\$ 203,965	85
2009	18	70	\$ 3,090,559	83
2008	18	88	\$ 3,312,358	77
2007	18	136	\$ 4,057,666	66
2006	18	188	\$ 4,443,204	79
2005	26	236	\$ 2,112,369	Not Tracked
2004	25	485	\$ 13,073,265	Not Tracked
2003	15	260	\$ 21,957,785	Not Tracked
2002	14	181	\$ 10,062,663	Not Tracked
2001	11	39	\$ 14,954	Not Tracked
Total:	181	1,730	\$ 62,328,788	390



General Fund Deficit

- The General Fund closed FY 2009 with a \$265.4M deficit, a significant improvement from the \$415.5M deficit in 2008.
- The main factor contributing to the decline in the deficit was the issuance of the \$271.1M General Obligation Bonds known as the deficit financing bonds to pay tax refunds, court ordered COLA payments, and other operating expenditures.



General Fund Deficit

- Guam's overall economic performance remained static throughout FY 2009. As a result, FY 2009 revenues of \$483.2M were \$30M lower than the \$513.2M collected in 2008 and \$48M lower than budgeted revenues of \$531.2M.
 - Income taxes brought in \$12.2M less or \$241.9M compared to \$254.1M in 2008. In addition, gross receipts taxes dropped \$3.2M to \$182.6M from the prior year of \$185.8M.
 - Section 30, licenses and fees, and contributions also decreased. Section 30 decreased \$1.3M from \$40.2M in 2008 to \$38.9M in 2009.



General Fund Deficit

- GovGuam continues to live beyond its means, as evidenced by the gap between revenues and expenditures and transfer payments.
- General Fund revenues of \$483.2M did not cover expenditures of \$524.5M, resulting in a deficiency of revenues over expenditures totaling \$41.3M.
- When net transfer payments of \$69.9M are added, the deficiency jumps to \$111.3M. However, when the expenditures are adjusted to remove bond-related expenditures of \$18.4M, the current operational deficit is \$92.9M.



General Fund Deficit

- Unbudgeted expenditures and increased operating costs contributed to the net deficiency. Among the unbudgeted expenditures include:
 - Interest on tax refunds of \$16.2M
 - Off-island detention of prisoners owed to the United States Department of Justice of \$9.6M
 - Credit card charges and bank fees of \$5.8M
 - Interest on COLA payments of \$17.9M
 - Interest only payments to the Retirement Fund of \$4.6M.
- However, several of these “unbudgeted items” have been recurring for the past five years, like interest on tax refunds, credit card fees, and interest only payments to the Retirement Fund.



Financial Audits RFPs - 2010

OPA, together with the entities, issued the following audit services Request for Proposals in 2010:

1. Department of Chamorro Affairs, April 2010
2. Public Broadcasting Station, May 2010
3. Guam Housing Corporation, May 2010
4. Guam Housing and Urban Renewal Authority, August 2010
5. Chamorro Land Trust Commission, August 2010



OPA Website Hits / Visits

- To ensure public accountability and enhance transparency in our government, all OPA audit reports, financial audits of government entities, procurement appeals, ARRA guidance, and CCR reporting requirements are among the reports and information are 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.
- In 2006, our website recorded 402,837 hits. In 2007, the hits doubled to 927,410.
- The OPA website continues to be an important source of reliable transparent information about the financial condition of our government.



OPA Website Carrier Switch

- In September 2010, OPA issued a RFP for Website Hosting and Maintenance Services due to the expiration of the contract with OPA's former carrier.
- The transition from OPA's former website contractor to the new contractor has encountered challenges.
- The number of website hits for 2010 is not available due to the carrier transition.
- During the transition, we found that OPA does not own the rights to www.guamopa.org, which can be detrimental to OPA's website.
- Prior year website statistics have historically shown an increase in OPA's website traffic- not a decrease.



HOTLINE Tips

- The OPA HOTLINE provides the public with the means to pass on questions and concerns about our government.
- HOTLINE tips are investigated and addressed accordingly.
- In HOTLINE's first year, 2001, we received 163 tips.
- Our highest number of tips was 175 in 2004 and our lowest number of tips was 42 in 2010. This is the lowest number of tips since the establishment of the hotline in 2001.
- OPA's sole investigator, who retired in 2007, addressed more than 85% of the 2006 tips.



HOTLINE Tips

- With the loss of our Investigator, nearly 98% of our 2008 and 2009 tips have remained unaddressed.
- In addition to audit duties, audit staff are now assigned to handle HOTLINE tips and to follow-up and coordinate with the Attorney General's Office for indictment and prosecution.
- Given limited resources and a small number of hotline tips received, hotline tips are added collateral duties assigned to OPA's auditors.
- Despite this, OPA addressed 39 of the 42, or 93% of the hotline tips received in 2010.



HOTLINE Tips in 2010

- Of the 42 number of tips in 2010
 - 2 were hotlines
 - 36 were citizen concerns
 - 4 were inquiries
- Responding to citizen concerns takes time as it entails research, interviews, and follow-up in order to provide an answer.
- As these are collateral duties, OPA will continue to be more timely in responding.



Hotline Statistics 2001 - 2010

Agencies or Programs	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	TOTAL
Guam International Airport Authority	2	0	0	3	5	2	10	13	12	22	69
Department of Education	1	18	9	46	17	14	9	11	13	13	151
Department of Public Works	1	0	6	15	9	3	3	10	11	14	72
Guam Power Authority	0	1	2	7	6	4	5	6	12	4	47
Department of Corrections	3	2	5	1	1	2	2	2	11	10	39
Guam Memorial Hospital Authority	4	2	2	2	1	7	4	1	11	8	42
Government of Guam Retirement Fund	1	0	0	3	3	1	15	1	6	0	30
Department of Administration	5	0	0	3	1	2	4	5	6	5	31
Mayors Council of Guam	2	0	5	11	8	9	4	6	2	7	54
Guam Housing and Urban Renewal Authority	0	0	0	2	1	6	10	3	2	3	27
Guam Waterworks Authority	0	1	0	7	5	12	4	7	4	3	43
Guam Fire Department	2	0	3	1	2	1	6	4	3	4	26
Guam Mass Transit Authority	0	0	0	0	0	1	3	5	5	4	18
Department of Public Health and Social Services	1	2	2	0	1	4	5	0	4	8	27
Guam Telephone Authority	0	0	0	0	0	1	9	3	3	1	17
Office of the Attorney General	2	0	1	1	3	3	4	9	1	0	24
Guam Police Department	0	1	0	2	1	0	2	3	3	5	17
Guam Visitors Bureau	0	0	1	2	0	3	5	1	1	5	18
Superior Court of Guam	0	3	0	3	2	4	4	2	4	2	24
University of Guam	1	1	2	2	1	0	4	3	3	2	19
Port Authority of Guam	0	0	0	0	1	3	3	4	1	3	15
Department of Land Management	0	0	0	0	0	1	3	0	1	4	9
Office of the Governor	2	2	5	0	1	0	4	3	1	0	18
Department of Parks & Recreation	1	0	1	7	4	1	1	1	1	5	22
Department of Labor	0	1	0	0	0	0	2	3	2	1	9
Guam Economic Development and Commerce Authority	0	1	0	0	0	0	2	4	0	1	8
General Services Agency	1	0	0	2	2	3	3	3	0	1	15
Other Agencies and Programs	13	19	18	40	37	29	47	31	22	28	284
Total	42	54	62	160	112	116	177	144	145	163	1175

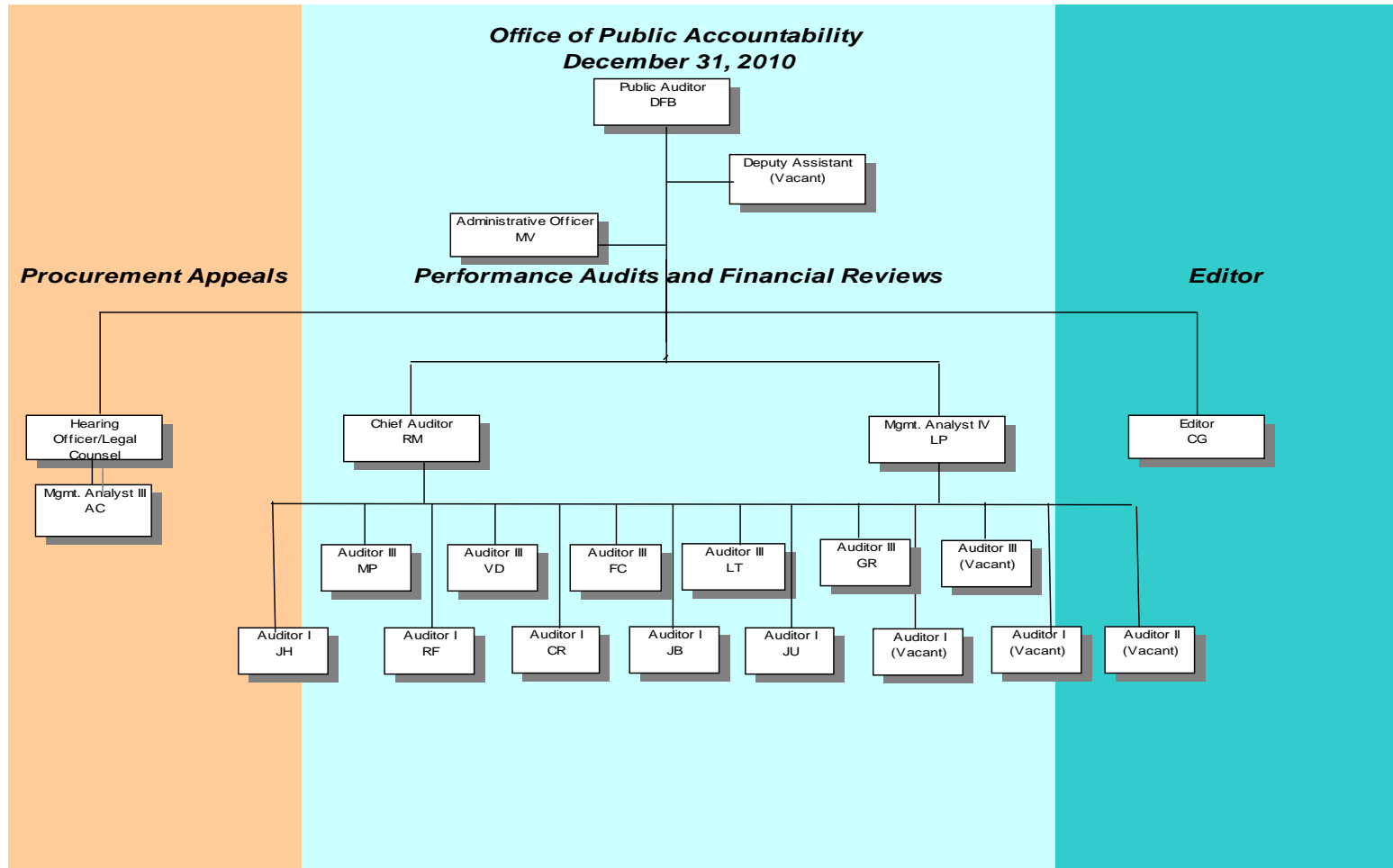


OPA Staff Composition

- The current OPA staff is a complement of 15 full time employees and 1 part-time.
 - Public Auditor
 - 2 Audit Supervisors
 - 4 Senior Auditors
 - 6 New Auditors
 - 1 Management Analyst for Procurement Appeals
 - 1 Administrative Officer
 - 1 Part-time Editor
- In addition, OPA contracts 3 hearing officers for Procurement Appeals on an as needed basis.



Organizational Chart





OPA Staff Certifications

For a staff of 15, OPA collectively have the following certifications and degrees. Some staff hold 2 or more certifications.

- 2 Certified Public Accountants
- 1 Certified Internal Auditor
- 3 Certified Government Financial Managers
- 3 Certified Government Auditing Professionals
- 2 Master of Business Administration
- 1 Master of Arts in Organizational Management
- 1 Master of Public Administration
- All but 1 staff have a Bachelor's Degree



DOI OIA Training Grant

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

Technical Assistance Grant No. TA-Guam-OPA-2011-1

<u>Description</u>	<u>Grant Amount</u>	<u>Date Approved</u>
NEW Grant	\$76,000	December 9, 2010

- Grant Period: December 22, 2010 to December 31, 2011
- Approved for Professional Training and Development of Auditors / Investigators Only.
- Eligible expenses include Airfare, Per Diem, Ground Transportation, Data Mining and Library Resources.



OPA Professional Development Plan for 2011

- 2 auditors recently completed a 40~60 day On-The-Job internship training with the Department of the Interior –Office of Inspector General (DOI OIG) in Washington D.C.
- With OPA’s New Technical Assistance Grant, (No. TA-Guam-OPA-2011-1) staff are tentatively scheduled to participate in the following training:
 - DOI OIG Internships
 - Federal Law Enforcement Training Center (FLETC)
 - Internal Controls and Management Assessment Updates
 - Grants Management
 - Ethics Update



Professional Development Results Achieved

- The primary purpose of the training grant has been to send auditors to the DOI OIG Internships.
- All senior auditors have participated in the DOI OIG Internships which lasted 40~60 days since 2004.
- Using funds from OPA's completed Technical Assistance Grant No. G-109 & TA-Guam-OA-2008-1, the following results were achieved:
 - DOI OIG Internship – 8 staff (*3 have resigned from OPA*)
 - FLETC Academy – 4 staff (*3 have resigned from OPA*)
 - Local Training – AGA and GSCPA sponsored courses
 - New Additions to OPA's Professional Education Resource Library



GovGuam Audit Spending

- Two critical aspects can be considered in assessing OPA's performance are:
 1. The Budget Execution process, with an operational budget of \$1.045M, the OPA completed 9 audits, analyses, and reports that identified \$22.6M in questioned cost and other financial impact, and supervised 18 financial audits that identified \$204K in questioned costs in CY 2010. This equates to a return on investment of 2,182% for every dollar appropriated.
 2. In FY 2009, GovGuam spent \$2.1M on audits, or less than one-half cent of every dollar of general fund revenues of \$483.2M. The \$2.1M is comprised of \$1.2M for financial audits and \$985K for OPA expenditures in FY 2009.
- An external quality control review of OPA is tentatively scheduled for August 2011.





Rebuilding OPA's Staff

- OPA experienced its peak in 2007 with a staff of 18.
- OPA went through a valley in 2009 when 40% of its staff (most at the senior level) resigned to accept higher salaries offered by other government agencies.
- In 2006, OPA went from a staff complement of 18 and 1 part-time editor to 9 and 1 part-time editor.
- In CY 2009, OPA hired 4 new auditors and in CY 2010, OPA hired 2 more auditors.
- Although OPA has 15 staff, the audit side of the house has 13 staff of which 6 of them were recently hired averaging less than 2 years of audit experience.
- As of December 2010, OPA has 15 staff of which 13 staff are in audit, 1 in procurement appeals, and 1 administrative.



Difficulty in Recruiting

- In 2010, only a handful of applicants responded to DOA HR's job announcements for the auditor positions.
- Through DOA HR, the OPA runs continuous announcements searching for qualified audit staff.
- The new Hay Study Plan provided updated salaries for new entry level audit staff, but failed to address the salary inequities for OPA's existing senior audit staff.
- Low salaries continue to impact OPA's plan to recruit, hire and retain senior audit staff- particularly with the suspension of the Hay Plan in January 2011.
- OPA competes not only with other government agencies, but also with the federal government and private sector. OPA is unable to offer attractive salaries to retain senior level audit staff from leaving OPA.



OPA Staff Recruited to Autonomous Entities

- Since 2006, OPA has lost 10 professional staff.
- Nearly all the 10 individuals left because of significantly higher salaries.
- An Audit Supervisor earning \$71,541 was recruited by UOG for a salary of \$85,500.
- An Auditor II earning \$39,780 was hired by GPA for \$62,765 (M-05B).
- The Deputy Public Auditor with a salary of \$60,528 was recruited by GWA for a salary of \$73,596 (M9B).



OPA Hiring Difficulties

The three main reasons when OPA is unable to recruit follows:

1. Low pay Compensation Package
2. Bureaucratic and lengthy hiring process (almost 4 months for new hires and 6 months for reclassification of existing employees)
3. DOA HR recruitment and hiring procedures is an arduous task



Effects of Hay Study

- DOA implemented the Hay Study government-wide classification, compensation, and benefits plan.
- A retroactive lump sum adjustment for quarter ending December 2010 and 2 full pay periods in January 2011 were processed by DOA before the Governor's executive order rescinding the implementation of the Hay Study plan.
- The Hay Study compensation adjustments resulted in pay increases that were attractive to new hires entering the government of Guam workforce with current market pay scales.
- The Hay Study compensation adjustments were less favorable for existing senior personnel of the government of Guam workforce.



Effects of Hay Study

- From our observation, the Hay Study rewards entry-level positions over senior-level positions.
- The new Hay Study provided updated salaries for new entry-level audit staff, but failed to address the salary inequities for existing senior-level audit staff.
- Specifically, with the implementation of Hay Study auditors of the following level received the corresponding increments:
 - Entry-Level Auditors : up to 10.03%
 - Senior-Level Auditors : up to 4.64%
 - Supervisors : up to 2.11%



Effects of Hay Study

- All OPA's existing senior level audit staff received less than a 3.5% pay increase.
- Governor's Executive Order 2011-01 rescinded and suspended the new plan effective January 31, 2011.
- The Governor's suspension of the Hay Study is inherently unfair for all line entities because the autonomous entities did not lose their flexibility to offer better compensation since 2009.
- Autonomous agencies were authorized to implement updated compensation plans through piecemeal legislation prior to the Hay Study and maintained their ability to offer higher pay scales even after the Governor issued his order.
- Autonomous agencies are not constrained by outdated pay scales that negatively impact OPA and other line agencies' ability to recruit and retain employees.



Cost of Hay Study for OPA

- OPA's additional appropriation for the Hay Study implementation was \$73K
 - \$54K for Salaries
 - \$19K for Benefits
- Approximately \$59K remains from OPA's Hay Study appropriation as of February 1, 2011.
- OPA requests legislative approval to carry over FY2011 personnel lapses into the FY 2012 budget appropriation.
- Legislative approval will enable OPA to attract, hire, and retain qualified staff.
- With personnel lapses, OPA can still implement the Hay Study.



OPA Personnel Lapses

- In FY 2009, OPA had personnel lapses of \$253K. This represents 20% of OPA's FY 2009 approved budget that can be used toward deficit reduction.
- In FY 2008, personnel lapses of \$321K would have contributed to deficit reduction; however, these lapses were transferred to cover over expenditures in other areas.
- The budgetary process tends to reward entities who over expend as shortfalls are covered from entities that stay within their budgets or under spend.
- Through transfer authority, entities who under spend have been penalized by having their budget further reduced.



OPA Lapses and Carry Over

- We thank the Legislature for allowing us to use the FY 2010 carry over personnel lapses of \$180K in FY 2011.
- We ask the Legislature's approval to carry over approximately \$250K in FY 2011 personnel lapsed funds into the FY 2012 budget appropriation.



Appropriation History

Over the last 6 years, appropriated funds have varied considerably.

Fiscal Year	OPA	Procurement Appeals	Total Appropriation ^(A)	Adjustment	Final Budget
2011	\$ 1,263,867	\$ -	\$ 1,263,867	\$ 180,007 ^(E) \$ 59,014 ^(F)	\$1,502,888
2010	\$ 1,226,349	\$ -	\$ 1,226,349	-	\$1,226,349
2009	\$ 1,108,676	\$ 163,106	\$ 1,271,782	\$(253,037) ^(B)	\$1,018,745
2008	\$ 1,177,239	\$ 173,193	\$ 1,350,432	\$(320,692) ^(C)	\$1,029,740
2007	\$ 1,102,731	\$ 134,014	\$ 1,236,745	\$(162,225) ^(D)	\$1,074,520
2006	\$ 950,000	\$ 100,000	\$ 1,050,000	\$ 22,395 ^(E)	\$1,072,395

(A) The FY 2010 appropriation was a combination of OPA and Proc.Appeals amounts. In prior fiscal years there were separate budgets for OPA and Proc. Appeals. For comparison, we combined the OPA and Proc. Appeals appropriations and adjustments for FY 2006 – FY 2009 .

(B) Personnel lapses due to recruitment difficulties.

(C) Governor's Transfer Authority (TR-2008-01).

(D) Pursuant to P.L. 29-02.

(E) Carryover Authorization.

(F) Hay Study Implementation Allotment



FY 2012 Budget Request

• Salaries & Benefits	\$	1,114,764
• Contractual	\$	198,385
• Rent	\$	102,594
• Travel	\$	17,645
• Equipment	\$	9,450
• Supplies	\$	8,400
• Miscellaneous	\$	3,800
• Telephone	\$	7,000
		<hr/>
	<i>Subtotal:</i>	\$ 1,462,038
		<hr/>
FY 2011 Estimated Personnel Lapse Funds	\$	(250,000)
		<hr/>
Total Budget Request for FY 2012:	\$	1,212,038
		<hr/>



Justification for Increase

- The OPA currently has 5 vacancies:
 - 1 Deputy Public Auditor
 - 4 Auditors
- Upon hiring additional staff during the year, we anticipate increases in expenses in most categories as a result.
- Contractual increase due to RFPs for a position description review study, the Mayors Council of Guam non-appropriated funds attestation services, and the subscription to Juris Pacific.
- 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.



Position Description Review Study

- The National Association of State Auditors, Comptrollers, and Treasurers (NASACT) conducts an annual survey to review compensation, professional certifications, and the composition of auditing offices across the United States and Guam.
- The OPA utilize the results of the survey as a guide for the professional development of its audit staff at the entry, intermediate and senior levels.
- The Guam OPA staff is up to par nationwide relative to the continuing education credits and professional certifications, but lags far behind relative to senior-level compensation.
- OPA's appropriation request to contract a comprehensive study to assess and evaluate the audit staff's position descriptions, duties, and responsibilities to ensure alignment with accepted national standards for the auditing profession will help to further OPA's professional growth and development plan.



Position Description Review Study

- DOA's current auditor position descriptions utilize a one-size-fits-all approach.
- DOA's current auditor position descriptions do not accurately reflect the work performed by an OPA auditor.
- DOA's current auditor position descriptions have no provisions for senior-level audit management positions.
- The Position Description Review Study will provide OPA the basis to formulate new auditor position descriptions that accurately reflect the duties and responsibilities of OPA's audit staff with comparable audit shops across the United States.
- The study will also provide the justification to align compensation with the level and degree of accountability, duties and responsibilities for auditor positions at the entry, intermediate and advanced levels.



Specialty Pay and Vacant Positions

- The OPA does not incur expenses for specialty pay categories to include: Overtime, Night Differential, Hazard Pay, Holiday Pay, Incentive Pay, etc.
- The OPA does not have any new division expenditures, and does not anticipate outsourcing any existing work except financial audits, which have been contracted over these past decades.
- OPA does not have any expenditures that can be funded by the American Recovery and Reinvestment Act of 2009. However, OPA continues to monitor ARRA expenditures and provide ARRA guidance.



New Programs and Future Considerations

- The OPA does not anticipate the initiation of any new programs that will affect the FY 2012 Budget Request.
- However, new outreach efforts have already been implemented, which provide more services with minimal costs, such as procurement training.



Technology Roadmap

- Currently, 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 office also has remote access to the AS400 system.
- Our website serves as a portal for government financial information, and our hotline provides an outlet for tips, citizen concerns, and audit requests.
- Filings of procurement appeals are posted in real time on the web.
- We upgraded our website, with new search features allowing users access to audits and other government financial information at a click of the mouse.
- We also upgraded our phone system, which will improve communications, as well as provide multi-user conferencing.



Prior Year Obligations & Unbudgeted Items

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



Procurement Appeals

- Procurement Appeals became fully operational and OPA began accepting appeals in October 2006, when the Rules of Procedure was promulgated through the AAL process.
- The designation of OPA as the hearing authority for Procurement Appeals indicates trust and confidence in OPA. We are appreciative of the Legislature's trust and will continue to ensure fair and balanced procedures for all procurement appeals.



Procurement Appeals Savings

Prior to FY 2010, Procurement Appeals was a separate division and had a separate appropriation. Beginning October 1, 2009, Procurement Appeals became part of OPA's total budget. The cost savings and other benefits of this budget arrangement include:

- OPA staff provides quality control reviews of decisions, administrative support, and back-up personnel when the assigned staff is 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 Savings

Cost savings have also been realized through hiring contractual attorneys vs. a full-time attorney:

- In FY 2010, OPA paid two attorneys \$71,000 for procurement appeal work;
- In FY 2009, OPA paid three attorneys \$50,200 for procurement appeal work;
- In FY 2008, OPA paid two attorneys just under \$70,000 for procurement appeal work; and
- In FY 2007, OPA's full time attorney earned a salary of \$80,000 plus benefits of \$21,900.



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.
- Prior to the commencement of the lease, OPA worked with DISID and 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.



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 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, etc.
- Both OPA and other agencies, such as DOE, GFD and BBMR, have used the space to conduct training classes, to hold meetings or to conduct other government-related planning events.



Procurement Appeals

- Since OPA first accepted appeals in October 2006, 48 appeals have been filed:
 - 7 appeals filed as of March 31, 2011
 - 10 appeals filed in CY 2010
 - 12 appeals filed in CY 2009
 - 12 appeals filed in CY 2008
 - 11 appeals filed in CY 2007
 - 3 appeals filed in CY 2006



Procurement Appeals

- During CY 2010, OPA addressed 10 appeals.
 - 4 received Decisions (2 following a Hearing and 2 on pleadings alone)
 - 1 (10-004 Harbor Guam vs. PAG) was moved to the Superior Court by the appellant (on the first day of the formal hearing)
 - 3 received Dismissals as they were resolved by the appellant and purchasing agency
 - 1 appeal was not heard due to the Public Auditor's recusal
 - 1 was dismissed and the appellant withdrew(Note: 4 cases were filed in CY 2010 but were closed in CY 2011)
- The OPA again requests that the Legislature amend the law to allow OPA staff to hear appeals in the event the Public Auditor has a conflict of interest, or whenever she must recuse herself.
- The OPA now has senior staff level expertise who are qualified to work together with the Hearing Officers to hear appeals in the absence of the Public Auditor.



Procurement Appeals

- Having three attorneys efficiently and effectively allowed OPA to close out a number of pending appeals.
- Conflict checks were closely tracked and monitored to avoid conflicts of interest with a specific appellant or appellee involved in an appeal.
- As we have gained knowledge and experience, the Procurement Appeals' goal is to issue a decision within 90 days.
- In the CY 2009 JFK case, OPA-PA-009-005 GCIF vs. DPW, OPA resolved the case in 93 days - from receipt on August 29, 2009 to decision issuance on November 27, 2009.
- A Year in Review Follows. . .



Procurement Appeals in 2010

Appeal No.	Parties	Status	Action
10-001	Fleet Services / GSA	Dismissed	Appellant Withdrew
10-002	GTA / GSA	Dismissed	Public Auditor Recusal
10-003	Eons / GSA	Dismissed	Stipulated Agreement
10-004	Harbor Guam / PAG	Dismissed	Moved to Superior Court
10-005	PDS / GCC	Decision	Decision Issued
10-006	IBSS / DOE	Dismissed	Stipulated Agreement
10-007	JRN / DOE	Decision	Decision Issued
10-008	JRN / DOE	Decision	Decision Issued
10-009	IBSS / UOG	Dismissed	Stipulated Agreement
10-010	IBSS / DOE	Decision	Decision Issued



Appeals Addressed in 2010

Dismissals:

- **10-001 (Fleet Services, Inc. vs. GSA)**
 - The appellant withdrew the appeal but did not provide a specific reason.
- **10-002 (TeleGuam Holdings, dba GTA vs. GSA)**
 - Dismissed due to the Public Auditor's recusal because her step-son served as legal counsel for the appellant.
- **10-003 (Eons Enterprises vs. GCC)**
 - Stipulation Agreement was reached and the appeal was resolved between parties.
- **10-004 (Harbor Centre Guam vs. PAG)**
 - Appellant filed an Alternate Writ of Mandate (SP 0209-10) in Superior Court on the first day of OPA's formal hearing. This unexpected action by the appellant took place after OPA worked three months on this appeal. Pursuant to 2 GAR 12103(b), the Public Auditor is required to cease all further action due to Superior Court's judicial involvement and dismissed the case. This case remains active in Superior Court.
- **10-006 (IBSS vs. DOE)**
 - Stipulation Agreement was reached and appeal was resolved between parties.
- **10-009 (IBSS vs. UOG)**
 - Stipulation Agreement was reached and appeal was resolved between parties.



Dismissals by Stipulated Agreements

- 3 of the 6 Dismissals in 2010 were the result of the parties reaching a stipulation agreement.
- When parties reach a stipulation agreement the appeal is dismissed because it no longer requires the Public Auditor to render a decision to resolve the case.
- The Public Auditor must still approve the agreement reached by both parties.
- Stipulation agreements are mutually beneficial to both parties and the government.
- When parties agree to resolve the matter, it saves time and reduces an appeal's cost.



Procurement Appeal Decisions

10-005 (Pacific Data Systems vs. GCC)

- Main Issue: Responsiveness to Bid Conditions
- GTA (the awarded bidder) failed to submit an accurate Major Shareholder's Affidavit
- GCC unknowingly accepted the false affidavit at bid opening
- GCC awarded the bid to GTA
- GCC accepted GTA's corrected affidavit, after the bids were opened
- GCC's erroneous evaluation of GTA as a responsive bidder prejudiced PDS – the unsuccessful bidder and appellant in this appeal
- OPA ordered GCC to terminate GTA's contract and provided reasonable costs but excluded attorney's fees. No parties appealed OPA's Decision.
- Appeal was filed on 10/12/10 and granted on 01/12/11.
- Appeal Duration: 92 days



Procurement Appeal Decisions

10-007 and 10-008 (JRN Air Con vs. DOE)

- **2 Separate Appeals. 2 Separate IFB's. Same aggrieved claims.**
- Main Issues: Responsiveness to Bid Conditions and No Objective Measurable Criteria Contained in IFB.
- OPA granted and denied appeal in part.
- OPA denied in part because the DOL Director has authority to decide violations of US DOL wage law. This issue was not properly before the Public Auditor.
- DOE failed to cite the applicable US DOL Wage Determination recitation for the issued IFB.
- DOE did not conduct the bid evaluation using objectively measurable criteria.
- DOE's failure to identify a baseline wage floor caused an uneven competitive field because bidders were left to guess which US DOL recitation applied.
- The successful bidder had used the oldest revision of the US DOL Wage Determination and the unsuccessful bidders used more current wage revisions.
- OPA terminated the awarded contract and provided for reasonable costs, excluding attorney's fees.
- Both appeals filed on 10/28/10. Appeals granted on 2/11/11 (10-007) and 2/17/11 (10-008).
- Appeal Duration: 106 (10-007) and 112 (10-008) days.



Procurement Appeal Decisions

10-010 (IBSS vs. DOE)

- Main Issue: Failure to Award Bid Within Reasonable Time after Bids Were Opened.
- After DOE opened the bids on 5/21/10, it did not award or reject all bids as mandated by law.
- IBSS filed a protest with DOE, and then filed Appeal 10-006 asking OPA to compel DOE to respond to the protest. DOE agreed to respond and 10-006 was dismissed.
- DOE denied IBSS' protest which OPA determined to be invalid or moot in the Decision.
- DOE cited the lack of funding for not awarding the bid, but then asked the OPA to lift the automatic stay to allow DOE to award the bid.
- OPA ruled that DOE's actions were in bad faith and ordered DOE to award the bid within 7 days of the date of releasing her Decision.
- Appeal Filed on 11/26/10. Appeal Granted on 03/07/11.
- Duration of appeal: 101 days



Appeals in Progress

One appeal filed in 2010 remains open:

10-004 (Harbor Centre Guam vs. PAG):

- Appeal filed on 8/31/10.
- OPA worked three months to obtain the procurement record and agency report from PAG and set the formal hearing date for 10/18/10.
- On the day of the formal hearing, the appellant filed court action (SP0209-10) in the Superior Court and later filed other court actions (SP0226-10 and CV-1812-10).
- When any court action pertaining to an on-going appeal is filed in Superior Court, the Public Auditor is mandated to cease all proceedings at OPA's tribunal level.
- Because the appellant named OPA as a party in his court actions, this appeal remains an open issue in the Superior Court.
- OPA believes it is unlikely that the Superior Court judge will rule against OPA for complying with the law by ceasing to take further action at OPA's administrative tribunal level.



2011 Appeals in Progress

- 11-001 (JMI Edison vs. GSA):
 - Main Issue: Responsiveness to IFB Bid Specifications.
- 11-002 (IBSS vs. DOE):
 - Main Issues: Responsiveness to IFB Bid Specifications and Decision on Protest.
- 11-003 and 11-004 (DMR vs. DOE):
 - Main Issues: Responsiveness to IFB Bid Specifications and Decision on Protest.
- 11-005 and 11-006 (J C Tenorio, P. E. vs. GIAA)
 - Main Issue: Failure to Respond to Protest
- 11-007 (IBSS vs. GSA-DPHSS)
 - Main Issue: Unduly restrictive specifications



FY 2011 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; and
- (2) resolve filed appeals within a 90-day time frame.



Proposed Amendments to Procurement Appeals Rules & Law

Rule Changes adopted August 2009

- Issuing Separate Findings of Fact
 - Amended 2 GAR § 12110 to eliminate the requirement for the Hearing Officer (HO) to issue a separate Findings of Fact and provide for only one Decision issued by the PA, with guidance from the HO.
- Disqualification of Public Auditor
 - Amended 2 GAR § 12602 to allow for other OPA officers to hear appeals should the PA be disqualified rather than have appeals be taken to Superior Court, provided the alternates are not in conflict. However, this rule still requires changing the law.
 - Amended 2 GAR § 12104 to remove the seven-day deadline requiring parties to file their motion to object to the PA hearing an appeal.



Proposed Amendments to Procurement Appeals Rules & Law

Law Changes Being Requested

- Decisions of the Public Auditor
 - Amend 5 GCA §5701 and §5702 to allow the Public Auditor to appoint OPA officers to hear appeals should the PA be disqualified rather than have appeals be taken to Superior Court, provided the alternates are not in conflict.
 - Amend 5 GCA §5425(h)(2) to prevent parties from prematurely moving appeals filed with OPA to Superior Court and to allow OPA to complete its administrative review process before invoking judicial review proceedings.

OPA will go through the AAA for more proposed rule changes and will again request amendments to law with the Legislature.