



OFFICE OF THE PUBLIC AUDITOR

EXECUTIVE SUMMARY

Submission of FY 2008 1st Quarter Financial Reports

Report No. 08-02, June 2008

For the third consecutive year, the Office of the Public Auditor (OPA) is required to review the submission of government of Guam entities' quarterly reports. In the 1st quarter of FY 2008, government of Guam entities compliance with all reporting requirements declined due to the additional reporting requirements imposed by Public Law (P.L.) 29-19, the 2008 Budget Act. Moreover, the penalty of a 20% salary reduction established since May 2007 by P.L. 29-02 has yet to transpire to a single salary reduction to agency Directors, Deputy Directors, and Chief Financial Officers for non-compliance.

P.L. 29-19 mandated 58 entities to submit various reports. For the 1st quarter, 45 entities, or 78%, were fully compliant and submitted the reports in the three required reporting formats: written, electronic, and website posting. Thirteen entities, or 22%, did not meet all three reporting requirements. In the 4th quarter of FY 2007, only nine entities, or 16% did not comply with all the reporting requirements. In FY 2008, the number of special reports increased from 31 in FY 2007 to 41. In addition, every autonomous and semi-autonomous entity is now required to report all revenues and expenditures on a monthly basis and post on its website.

P.L. 29-19 does not require prior year obligations reports, unlike the FY 2007 Budget Act. The following reports are required for FY 2008:

- 1) Financial Reports (due 30 days after the quarter end for all 58 entities)
- 2) Staffing Patterns (due 30 days after the quarter end for 55 entities)¹
- 3) Non-Appropriated Funds Reports (due 30 days after the quarter end for 17 entities)
- 4) Non-Profit Organization Reports (due 30 days after the quarter end for 4 entities)
- 5) Special Reports (due at various dates for 21 entities)
- 6) Autonomous and Semi-Autonomous Entities' Monthly Revenue and Expenditures Reports (no due date)

Financial Reports

All 58 entities submitted written financial reports and posted them on the websites. However, BSP and DMHSA did not submit electronic reports.

Staffing Patterns

Of the 55 entities, 50 entities complied with all their staffing pattern reporting requirements for the 1st quarter, while 4 entities (BSP, DMHSA, GEC, and UOG) complied with at least one but not all three reporting requirements, and VAO did not submit any reports.

Non-Appropriated Funds (NAF) Reports

Of the 17 entities with NAF accounts, 14 entities complied with the reporting requirements for the 1st quarter. DMHSA and GEC did not submit any NAF reports and VAO submitted a written NAF report, but did not submit electronically and post on its website.

¹ The staff of the Guam Board of Accountancy, the Guam Preservation Trust, and the Public Utilities Commission are not government employees.

Non-Profit Organization (NPO) Reports

Three of the four overseeing entities required to report on their NPO activities complied with the reporting requirements. DMHSA continues to be non-compliant by not submitting the NPO report electronically and not posting the report on its website.

Special Reports

P.L. 29-19 required 21 entities to submit 41 special reports on various due dates. In the 1st quarter, 28 special reports were due from 17 entities.² Of the 17 entities, 10 entities complied with the reporting requirements. The OAG notified the OPA that they did not receive funds for bond proceeds. Therefore we considered this reporting requirement non-applicable. The remaining six entities did not submit all the required reports (DMHSA, DPW, GEPA, GMHA, Governor's Office, and UOG).

Of the six non-compliant entities, DPW, GEPA, and GMHA were only non-compliant with the new reporting requirements and would have been fully compliant had the reporting requirements not changed from FY 2007. These new reports include the Landfill Financing Plan (DPW), Landfill Expenditures (DPW and GEPA), and Use of Bond Proceeds (GMHA).

Autonomous and Semi-Autonomous Monthly Revenue and Expenditures Reports

In 2008, P.L. 29-19 required all 15 autonomous and semi-autonomous entities to submit monthly revenue and expenditure reports and post the reports on the websites. However, no due date was specified. Of the 15 entities, 10 entities complied with the reporting requirements. Of the five remaining entities, the GIAA did not submit any reports and KGTF, GPSS, PAG, and GWA met at least one but not all three reporting requirements.

OPA Suggestions

P.L. 29-19 changed the staffing pattern due date from one day to 30 days after the quarter end at the OPA's suggestion for uniform reporting due dates. This change has facilitated reporting for OPA and the government entities. However, other special reports and the Autonomous entities revenue and expenditures reports do not share the consistent reporting deadline.

The magnitude of reporting requirements continues to increase with each Budget Act. The OPA continues to devote time and its limited resources to report compliance to the law. The OPA suggests the following: (1) tasking BBMR, DOA and/or OFB to report quarterly report submission compliance in the upcoming quarters, (2) the Legislature limit the reporting format to website postings, which offers the easiest and most convenient way to deliver reports that can be produced in both electronic and hard copy print, and (3) tasking entities such as BBMR, DOA, DRT, BSP, GSC, GEDCA, GVB or others to compile special reports for the Office of the Governor with the Governor's certification.

We applaud the Legislature for continuing to advocate regular financial reporting in the use of public funds.

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Public Auditor

² Seven reports were not yet due, five reports did not have a due date, and one report was not required because the Education Suruhanu was not yet appointed.