



## **Office of Public Accountability**

### **Calendar Year 2019 Annual Work Plan**

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# Office of Public Accountability Calendar Year 2019 Annual Work Plan

## Overview

The annual work plan provides the vision and framework for the activities of Office of Public Accountability (OPA) for the calendar year (CY) 2019. It supports OPA’s five-year Strategic Plan covering CY 2019-2023.

## Introduction

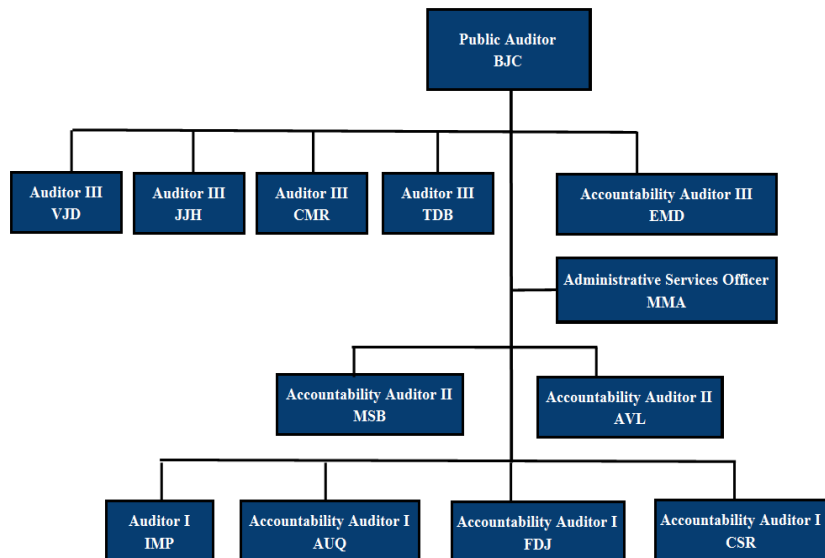
Public Law 21-122 established OPA on July 20, 1992, and codified under Title 1 Guam Code Annotated (GCA) Chapter 19. OPA is an instrumentality of the Government of Guam (GovGuam), independent of the executive, legislative, and judicial branches. It seeks to achieve independent and nonpartisan assessments that promote accountability and efficient, effective management throughout GovGuam. OPA works with GovGuam departments and agencies to improve their performance and ensure transparency and accountability of government funds for the benefit of our island.

The OPA primarily conducts performance audits, has oversight over financial audits, and adjudicates procurement appeals. In CY 2018, OPA released eight performance audits, had oversight on 24 financial audits, and administered eight procurement appeals. For CY 2019, OPA will continue to exercise professional judgment in the execution of annual work plan.

## Staff Complement

As of CY 2018, OPA comprised 13 employees as shown on Chart 1.

The Administrative Services Officer is the only non-audit personnel, who primarily administers personnel, budget preparation, funds management, and procurement at OPA.



**Chart 1. OPA Organizational Chart as of CY 2018**

## Performance Audits

Title 1 GCA §1908 requires the Public Auditor to conduct post-audits of all the transactions and accounts of all departments, offices, corporations, authorities, and agencies in all the branches of GovGuam. The Public Auditor may also conduct such other audits or reviews, as he deems necessary. OPA follows Generally Accepted Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States. Where applicable, OPA also follows the International Standards of Supreme Audit Institutions issued by the International Organization of Supreme Audit Institutions (INTOSAI).

OPA commits to completing the performance audits that have started before CY 2019 and starting new performance audits as resources permit.

## Ongoing Performance Audits

As of CY 2018, OPA has nine ongoing performance audits. We estimate completing these audits mostly within the first quarter of CY 2019. See Table 1 for the list of ongoing performance audits.

|   | <b>AGENCY</b>   | <b>TITLE</b>   | <b>Estimated Release</b> |
|---|-----------------|--|--------------------------|
| 1 | GMHA            | Billings and Collections - Self-Pay Accounts         | Feb 2019                 |
| 2 | DOA             | Special Revenue Funds                                | Feb 2019                 |
| 3 | DRT             | Non-profit Organization Gaming Tax                   | Feb 2019                 |
| 4 | Government-Wide | Procurement Training Compliance                      | Feb 2019                 |
| 5 | DOC, GFD, GPD   | Public Safety Overtime                               | Mar 2019                 |
| 6 | DOC             | Overtime   | Mar 2019                 |
| 7 | DPW             | Fuel Usage   | Mar 2019                 |
| 8 | Government-Wide | Standard Operating Procedures                        | Mar 2019                 |
| 9 | DOA             | GovGuam Health Insurance Contracts Analysis - Part B | Apr 2019                 |

Refer to Appendix 1 for the glossary of GovGuam agencies and departments acronyms.

## New Performance Audits

Through extensive deliberations with staff, audit requests from stakeholders, and risk assessments, OPA establishes a performance audit annual plan to determine which government entities and programs to review.

OPA employees met on December 27, 2018, and January 3, 2019, to identify new performance audits in CY 2019. All employees provided audit topics based on their individual assessment of important issues to the government, OPA's mandates, and hotline tips or citizen concerns received. In addition, OPA solicited audit topics from GovGuam agencies and departments and posted an online survey on its website to solicit audit topics from the public. OPA encourages the people of Guam to provide input on a government agency or program requiring audit inquiry.

OPA compiled the suggested audit topics received, from which the employees voted for their top ten audits. Afterward, OPA determined the order of priority of the new audits by applying a risk-

based approach. This approach required employees to rate pre-determined factors from one to ten, ten being the highest, and collectively discuss and agree on the ranking. These factors and their corresponding weight are:

- a) Financial Impact – 30%
  - *Is there a high financial impact? Any guesstimate of potential lost revenue or cost savings?*
- b) Public Concern/Social Impact – 25%
  - *Is this something of high interest to the community, whether social, political, environmental, etc.?*
- c) Program Risk – 25%
  - *What is the likelihood that the program will fail, or the likelihood of poor control, or the likelihood that the program will not meet its goals?*
- d) Leadership Interest – 20%
  - *Any interest in the program by public officials and/or top management?*

This process aids OPA in deciding where to invest its limited resources. The final list composed of 11 new performance audits as the 10<sup>th</sup> place was a tie. Table 2 shows the top 11 new performance audits in CY 2019 based on OPA’s risk assessment.

| <b>Table 2. New Performance Audits for CY 2019</b> |                     |  |
|--|---------------------|--|
|  | <b>AGENCY</b>       | <b>TITLE</b>                                 |
| 1  | CQA/DRT             | Use Tax Collection                           |
| 2  | DRT                 | Short-Term Vacation Rental (Bed & Breakfast) |
| 3  | DRT                 | Hotel Occupancy Tax Collections              |
| 4  | UOG                 | Cancer Treatment Fund                        |
| 5  | Charter Schools     | Expenditures                                 |
| 6  | GVB                 | Tourist Attraction Fund                      |
| 7  | Autonomous Agencies | Legal Fees                                   |
| 8  | Government-Wide     | Travel per Diem and Expenses                 |
| 9  | GFD                 | Ambulance Service                            |
| 10   | DRT                 | Parent-Teacher Organizations                 |
| 11   | MCOG                | Receipts and Disbursements                   |

OPA expects the release of six new audits in CY 2019, in addition to the nine ongoing audits. The annual work plan is a guide and not limited to the aforementioned audits. OPA allows flexibility and may start other audits based on the requests received from stakeholders, staff availability, or other circumstances the Public Auditor deem important. OPA will document any significant changes.

## **Financial Audits and Financial Audit Request for Proposals**

Financial audits are essential in assessing the overall financial condition and performance of GovGuam as a whole, its component units, and agencies. It determines the reasonableness and fair representation of the entity's annual financial statements. Title 1 GCA §1908 allows the Public Auditor to acquire services from independent auditing firms to conduct financial audits of GovGuam, its component units, and agencies.

OPA takes part in the external audit firm selection process in the agencies' Request for Proposals (RFP). After the agency awards the contract to the selected audit firm, OPA remains involved in monitoring the financial audit progress until the audit report issuance by the external auditors. OPA issues a highlight to summarize the audited financial statements.

For CY 2019, OPA will oversee at least 25 financial audits of GovGuam agencies and departments, including the consolidated government-wide audit. These agencies have a fiscal year ending September 30. The financial audits include the review of the Single Audit Reports of certain agencies and departments who disbursed federal grants.

The following are the 25 financial audits OPA will oversee in CY 2019:

- |                   |                     |              |
|-------------------|---------------------|--------------|
| 1. GHC            | 10. GWA             | 19. DCA      |
| 2. GEDA           | 11. GPA             | 20. GPT      |
| 3. IACS           | 12. PAG             | 21. GMHA     |
| 4. GACS - FY 2017 | 13. Government-Wide | 22. PBS Guam |
| 5. GACS - FY 2018 | 14. CLTC            | 23. GHURA    |
| 6. TAF            | 15. GALC            | 24. GIAA     |
| 7. THF            | 16. GCC             | 25. DOE      |
| 8. GVB            | 17. UOG             |              |
| 9. GSWF           | 18. GGRF            |              |

Although Title 1 GCA §1909 (a) requires all financial audits to be issued by June 30<sup>th</sup> (9 months after year-end), it is OPA's goal to push agencies and department to issue the financial audits no later than March 31<sup>st</sup> (six months after year-end).

OPA is overseeing the financial audit RFPs for IACS, GACS, and PAG as of December 31, 2018. For CY 2019, we expect additional financial audit RFPs of agencies and departments whose audit contracts covered up to the fiscal year 2018.

## **Procurement Appeals**

Under 1 GCA §1909 (k), the Public Auditor shall hear and decide an appeal by a protestant about a decision issued by the head of a purchasing agency. Procurement appeals to OPA are complaints by aggrieved persons against the purchasing agency's decision on:

- a) Protest of method, solicitation or award;
- b) Debarment or suspension;
- c) Contract or breach of contract controversy; or
- d) Award determination during a pending protest or appeal.

OPA’s goals are to resolve procurement appeals within 90 to 120 days from filing and decide within 30 to 60 days upon conclusion of the appeal hearing. The Public Auditor may assign a procurement appeal to one of the contracted Hearing Officers as provided under Title 2 Division 4 Chapter 12 §12109 of the Guam Administrative Rules and Regulations. Like the newly elected Public Auditor, Hearing Officers are Guam-licensed attorneys. OPA engages the Hearing Officers to prevent potential conflicts and get expert advice.

Table 3 shows the four ongoing procurement appeals filed as of CY 2018.

| <b>Table 3. Ongoing Procurement Appeals as of CY 2018</b> |                   |   |               |
|---|-------------------|---|---------------|
|   | <b>Appeal No.</b> | <b>TITLE</b>                              | <b>Status</b> |
| 1   | 16-003/16-005     | TLK Marketing vs. GVB                     | New           |
| 2   | 18-002            | Korando Corporation vs. DPW               | New           |
| 3   | 18-004            | Teleguam Holdings, LLC vs. GSA            | New           |
| 4   | 18-007            | Micronesia Renewable Energy, Inc. vs. DPW | New           |

OPA handles procurement appeals when filed for the Public Auditor to hear and decide. We cannot determine how many appeals individuals or entities will file at OPA in any period. As of the writing of this annual work plan, OPA already received one new procurement appeal for CY 2019 (OPA-PA-19-001, JJ Global Services vs. GVB).

### **Other OPA Responsibilities**

Besides conducting performance audits, oversight over financial audits and financial audit RFPs, and adjudicating procurement appeals, OPA also handles legislative mandates and investigative hotline tips/citizen concerns, and other various administrative responsibilities.

### **Legislative Mandates**

Several enacted mandates require OPA to audit specific government-related activities, become a member of certain oversight commissions and committees, prepare and submit certain reports periodically (e.g., budget, annual report, etc.), and receive various reports and other information from GovGuam agencies and departments.

### **Investigative Hotline Tips/Citizen Concerns**

The OPA has a hotline that provides a confidential way for citizens and government employees to share their concerns and report improper government activities, such as illegal acts (e.g., corruption, bribery, theft, or fraud), misuse or abuse of government property or time, and gross misconduct, incompetence, or inefficiency.

### **Administrative Responsibilities**

Although OPA has an Administrative Services Officer, all other employees take part in the office administrative tasks. These tasks include:

- Strategic planning,
- Policy/procedure development and modifications,
- Office procurement,

- Data and Information Technology activities,
- Timekeeping, and
- Other administrative duties.

## **Monitoring and Evaluation of Annual Work Plan**

OPA may adjust this annual work plan based on input from the Public Auditor because of emerging issues, availability of resources, or other circumstances. Adjustments to the annual work plan may occur based on the audit requests received from stakeholders. The plan is amenable to change due to the investigation of potential fraud, conflicts of interest, or other irregularities that come to OPA's attention.

The OPA has a monthly dashboard for the monitoring and evaluation of its annual work plan. The dashboard includes a summary of the status of all ongoing performance audits and forecast for the next three months. It also summarizes the progress of financial audit releases and procurement appeals, and the status of the agencies' implementation of performance audit recommendations. An assigned staff collects updates from all audit employees as to the status of their respective projects and updates the dashboard at the end of every month.

As for the legislative mandates, OPA has a Legislative Mandates Committee comprising two audit staff responsible for monitoring legislative mandates involving OPA. The Legislative Mandates Committee shall update the Public Auditor quarterly, or as frequent as determined necessary, to seek approval of the Committee's recommendations and disposition of legislative mandates.

Further, OPA has an Investigative Committee comprising three audit staff responsible for receiving hotline tips or citizen concerns and monitoring the hotline database. The Investigative Committee provides quarterly updates to the Public Auditor on hotline tips or citizen concerns. However, for more credible and urgent hotline tips or citizen concerns, the Investigative Committee immediately brings it to the Public Auditor's attention. Ultimately, the Public Auditor decides on the course of action (if any) to address or close the hotline tip or citizen concern.

## **Training and Professional Development**

OPA commits to providing a supportive environment for its employees and recognizes quality, responsiveness, and professionalism of its workforce directly influence the achievement of its mission and strategic goals. At the minimum, GAGAS requires auditors to maintain professional competence through 80 hours of continuing professional education every two years. OPA ensures that all auditors comply with this minimum requirement.

OPA training and professional development are funded largely by technical assistance grants from the U.S. Department of Interior (DOI) Office of Insular Affairs. With these grants, OPA sends two auditors at a time every June since 2016 to intern at DOI Office of Inspector General regional offices.

OPA affiliates include several professional organizations in the auditing and accounting profession, such as the Pacific Association of Supreme Audit Institutions (PASAI), Association of



Pacific Island Public Auditors (APIPA), and Association of Government Accountants (AGA). The employees attend various training offered by our affiliates, including the Graduate School USA. The Public Auditor and management team determine participation on these training based on an employee's development need, qualification, and timing in relation to the ongoing projects.

In September 2019, Guam OPA will host the 30<sup>th</sup> Annual APIPA Conference where members from American Samoa, Commonwealth of the Northern Mariana Islands, the Federated State of Micronesia, Chuuk, Kosrae, Palau, and others participate. OPA expects the 30<sup>th</sup> Annual APIPA Conference to bring in at least 300 people from the Pacific Islands members.

On top of these training and conferences, OPA encourages professional development through pursuing job-related professional certification or higher education. OPA is developing an Individual Development Plan (IDP) for its employees to encourage growth in the current job and/or prepare the employee for future job responsibility. The IDP will include the planned dates when the employee hopes to achieve the desired professional goal.

### **Approval**

The people of Guam and GovGuam rely on OPA to serve as their guardian to ensure the effective and efficient administration and management of public funds and programs. Even with its limited resources, OPA strives to conduct as many audits and mandates, to decide as fast as possible on procurement appeals, and to address as many hotline tips and citizen concerns.

Similar with our five-year Strategic Plan, we hope that we will receive support from all our stakeholders to implement successfully this CY 2019 annual work plan.

OFFICE OF PUBLIC ACCOUNTABILITY

Benjamin J.F. Cruz  
Public Auditor



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## Appendix 1 - Glossary of GovGuam Agencies' and Departments' Acronyms

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|          |  |
|----------|--|
| CLTC     | Chamorro Land Trust Commission                 |
| CQA      | Customs and Quarantine Agency                  |
| DOA      | Department of Administration                   |
| DCA      | Department of Chamorro Affairs                 |
| DOC      | Department of Corrections                      |
| DOE      | Department of Education                        |
| DPW      | Department of Public Works                     |
| DRT      | Department of Revenue and Taxation             |
| GSA      | General Services Agency                        |
| GGRF     | Government of Guam Retirement Fund             |
| GACS     | Guahan Academy Charter School                  |
| GALC     | Guam Ancestral Lands Commission                |
| GCC      | Guam Community College                         |
| GEDA     | Guam Economic Development Authority            |
| GFD      | Guam Fire Department                           |
| GHURA    | Guam Housing and Urban Renewal Authority       |
| GHC      | Guam Housing Corporation                       |
| GIAA     | Guam International Airport Authority           |
| GMHA     | Guam Memorial Hospital Authority               |
| GPD      | Guam Police Department                         |
| GPA      | Guam Power Authority                           |
| GPT      | Guam Preservation Trust                        |
| GSWF     | Guam Solid Waste Fund                          |
| GVB      | Guam Visitors Bureau                           |
| GWA      | Guam Waterworks Authority                      |
| IACS     | iLearn Academy Charter School                  |
| MCOG     | Mayors' Council of Guam                        |
| PAG      | Port Authority of Guam                         |
| PBS Guam | Guam Educational Telecommunication Corporation |
| THF      | Territorial Highway Fund                       |
| TAF      | Tourist Attraction Fund                        |
| UOG      | University of Guam                             |



## Office of Public Accountability CY 2019 Annual Work Plan

### MOTTO

*“Auditing for Good Governance”*

### VISION

The Government of Guam is the model for good governance with OPA leading by example as a model robust audit office.

### MISSION STATEMENT

To ensure public trust and good governance in the Government of Guam, we conduct audits and administer procurement appeals with objectivity, professionalism, and accountability.

### GOALS & OBJECTIVES

To ensure public trust and assure good governance, we will:

- Protect the independence of the OPA;
- Deliver quality audit reports that are timely and impactful;
- Deliver timely decisions on procurement appeals; and
- Effectively engage with stakeholders to communicate and promote OPA’s values and benefits.

### CORE VALUES

Objectivity: To have an independent and impartial mind.

Professionalism: To adhere to ethical and professional standards.

Accountability: To be responsible and transparent in our actions.