

**Office of Public Accountability's
Status of Audit Recommendations**

**Analysis as of
December 2016**

**OPA Report No. 16-10
December 2016**



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EXECUTIVE SUMMARY
Office of Public Accountability's Status of Audit Recommendations
OPA Report No. 16-10, December 2016

This is the fourth report on the implementation status of audit recommendations issued by the Office of Public Accountability (OPA). Title 1 Guam Code Annotated (GCA) § 1912 requires the affected Government of Guam (GovGuam) agencies to prepare corrective action plans and endeavor to implement OPA audit recommendations by the beginning of the following fiscal year.

Between calendar years (CY) 2012 and 2015, OPA issued 30 audit reports with 64 recommendations that focused on fund accountability, program efficiency and effectiveness, procurement, personnel, and non-appropriated funds. Of the 64 recommendations, 20 are still open. Overall, OPA has issued 151 reports since 2001 with 646 recommendations of which 619, or 96%, have been closed while 27, or 4%, remain open.

The 30 reports were initiated as a result of OPA risk-based assessments, Legislative mandates, requests from government officials, follow-ups on previously issued audits, and OPA Hotline tips. These reports collectively identified financial impacts of \$78.8 million (M), of which \$20.7M were unrealized revenues and \$6.0M were questioned costs. The remaining \$52.1M were other financial impacts that resulted from significant costs from special lifetime annuities, unverifiable Hotel Occupancy Tax receivables, lost savings if inactive tax credit programs were implemented, lost savings due to purchase of fuel at a higher cost, among others. The following table summarizes the status of OPA recommendations between CY 2012 and 2015.

OPA Audit Recommendations between CY 2012 and 2015

Initiated By	Reports Issued		Audit Recommendations				Total Financial Impact
	Count	% to Total	Closed	Open	Total	% to Total	
OPA	17	57%	35	9	44	69%	\$26,114,328
Mandate	5	17%	2	-	2	3%	5,295,526
Request	4	13%	5	4	9	14%	224,212
Follow-Up	3	10%	2	6	8	12%	47,162,751
Hotline	1	3%	-	1	1	2%	680
Total	30	100%	44	20	64	100%	\$78,797,497

One way we measure the effectiveness of our reports towards improving GovGuam's accountability, operations, services, and governance is by tracking the implementation status of our recommendations. OPA audits are tools that help management achieve their objectives by providing oversight over operations, such as reporting how government money was spent or whether agencies complied with laws, rules, and regulations. Our audits also provide GovGuam managers with insight of potential operational risks and foresight into possible opportunities. Over time, these audits should improve governance of GovGuam programs.

Ultimately, management is responsible for implementing recommendations and should ensure their agencies are committed to sustaining an effective internal control environment. Elected officials and governing bodies should encourage implementation through effective oversight.

Status of Audit Recommendations Issued Between CY 2001 to 2011

- **OPA Report No. 07-18, Status of Audit Recommendations** *issued in December 2007*
The first status report on recommendations for audits issued between CY 2001 and 2006 covered 65 audit reports. These reports made 420 recommendations with \$74.1M in total financial impact. All recommendations have been closed.
- **OPA Report No. 10-02, Status of Audit Recommendations** *issued in May 2010*
The second status report on recommendations for audits issued between CY 2007 and 2009 covered 35 audit reports. There were 85 recommendations with \$35.4M in total financial impact. As December 2016, six recommendations remain open.
- **OPA Report No. 12-09, Status of Audit Recommendations** *issued in December 2012*
The third status report on recommendations for audits issued between CY 2010 and 2011 covered 21 reports. There were 77 recommendations with \$33.9M in total financial impact. As December 2016, one recommendation remains open.

OPA continues to send periodic reminders and follow-up letters to GovGuam entities to implement these open recommendations.

Conclusion

We have continued to observe internal control deficiencies stemming from government managers not recognizing the importance and benefits of effective internal controls. OPA's recommendations are intended to improve controls in the affected entities and management must accept the responsibility for implementing the recommendations. It is to each entity's benefit to embrace the internal control framework and its components as described by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and adopted by the U.S. Comptroller General, Government Accountability Office in the Standards for Internal Control in the Federal Government.

Until a general understanding is embraced, audit findings such as insufficient monitoring and noncompliance with laws and regulations, will continue along with the financial impact. A key factor in improving accountability in achieving an entity's mission is to implement an effective internal control system.

While 1 GCA § 1913 allows OPA to file actions in the Superior Court of Guam to force the implementation of the recommendations, the OPA has yet to exercise this arduous and costly remedy.

Doris Flores Brooks, CPA, CGFM
Public Auditor



Introduction

This report presents the status of recommendations issued by the Office of Public Accountability (OPA) in calendar years (CY) 2012 to 2015 as of December 2016. This report also provides an update on open recommendations issued in prior audits between CY 2001 and CY 2011. This is the fourth report on the implementation status of OPA recommendations with the first report issued in December 2007¹, the second in May 2010², and the third in December 2012³.

The scope and methodology are detailed in Appendix 1.

Background

Audit recommendations address the causes of unfavorable conditions. They are intended to increase efficiency and effectiveness of government programs and operations, to enhance revenues, and to protect against the loss or misuse of government assets and resources. Accordingly, OPA's recommendations to audited government agencies address a broad range of issues. According to Section 7.28 of the Government Auditing Standards:

“Auditors should recommend actions to correct deficiencies and other findings identified during the audit and to improve programs and operations when the potential for improvement in programs, operations and performance is substantiated by the reported findings and conclusions. Auditors should make recommendations that flow logically from the findings and conclusions, are directed at resolving the cause of identified deficiencies and findings, and clearly state the actions recommended.”

According to Title 1 of the Guam Code Annotated (GCA) § 1912, the Executive, Legislative, and Judicial branches of GovGuam are to prepare corrective action plans for audit recommendations, document the progress of implementation, endeavor to complete implementation no later than the beginning of the next fiscal year (FY), and to transmit this information to the Public Auditor.

Pursuant to 1 GCA § 1913, the Public Auditor may elect to take action if recommendations are not implemented, specifically:

“In the event the Governor, the Committee on Rules of the Legislature, or the Presiding Judge of the Superior Court of Guam:

¹ OPA Report No. 07-18.

² OPA Report No. 10-02.

³ OPA Report No. 12-09.

- a. Fails to implement the required corrective action plan; or
- b. Fails to provide a satisfactory explanation as to why such recommendations have not been implemented to the Public Auditor; or
- c. The Public Auditor has not concurred with the non-implementation on account of the provided explanation; the Public Auditor may file in the Superior Court of Guam an action for a Writ of Mandate to force the implementation of the recommendations and the attendant corrective action plan.”

Although allowed, the OPA has yet to file such actions in the Superior Court of Guam because of the burden and costs involved.

Prior Audit Recommendations Reports

- **OPA Report No. 07-18, Status of Audit Recommendations** *issued in December 2007*
OPA issued its first status report on audit recommendations for audit reports issued between CY 2001 and 2006. During this six-year period, OPA issued 65 reports with 420 recommendations that identified \$74.1 million (M) in financial impact. All recommendations have been closed.
- **OPA Report No. 10-02, Status of Audit Recommendations** *issued in May 2010*
The second status report covered audits issued between CY 2007 and 2009. During this three-year period, OPA issued 35 reports with 85 recommendations that identified \$35.4M in financial impact. As of December 2016, six recommendations remain open.
- **OPA Report No. 12-09, Status of Audit Recommendations** *issued in December 2012*
The third status report covered audits issued between CY 2010 and 2011. During this two-year period OPA issued 21 reports with 77 recommendations that identified \$33.9M in financial impact. As of December 2016, one recommendation remains open.

OPA maintains an internal tracking system to monitor the implementation and resolution of audit recommendations and periodically sends reminders and follow-up letters to agencies’ management to encourage implementation of these recommendations.

Classification of Audit Recommendations

In this fourth OPA Status of Audit Recommendations report, we expanded the classification of the status of our audit recommendation as follows:

Closed Recommendations

- ***Implemented*** - Action needed has been completed and addressed all aspects of the action needed, including enactment of relevant legislation.

- ***Not Implemented*** – Action needed has been considered but has not been implemented due to certain limitations in the current structure, environment, or policies and the likelihood of implementation is remote.
- ***Consolidated or Other*** – Action needed was not assessed and recommendation was reevaluated due to subsequent events or new information that we considered.

Open Recommendations

- ***Partially Implemented*** – Action needed is in development, or started but not yet completed and only addressed part of the action needed.
- ***Open*** – Action or plan of action has yet to be made by the department or agency, or response from the department or agency has not been submitted to OPA as of December 2016.

Prior to this report, audit recommendations were defined as follows:

- ***Open recommendations*** – No action, incomplete action or plan of action has yet to be made by the department or agency.
- ***Closed recommendations*** – The department or agency has taken sufficient action to implement or have been determined as no longer applicable or relevant due to changes in the system or processes.

One way we measure the effectiveness of our reports towards improving GovGuam’s accountability, operations, services, and governance is by tracking the implementation status of our recommendations. OPA audits are tools that help management achieve their objectives by providing oversight over operations, such as reporting how government money was spent or whether agencies complied with laws, rules, and regulations. Our audits also provide GovGuam managers with insight of potential operational risks and foresight into possible opportunities. Over time, these audits should improve governance of GovGuam programs.

Results of Review

Between January 2001 and December 2015, OPA issued 151 reports with 646 audit recommendations to help improve GovGuam's overall operations and accountability. As of December 2016, 619 recommendations or 96% have been closed while 27 or 4% remain open. Refer to Appendix 4 for the details of the 27 open recommendations.

Table 1: CY 2011 to 2015 Audit Reports and Recommendations Issued

Year Issued	No. of Reports	Number and Status of Recommendations			% Closed to Total
		Closed	Open	Total	
2001	3	31	-	31	100%
2002	9	96	-	96	100%
2003	11	77	-	77	100%
2004	14	91	-	91	100%
2005	9	49	-	49	100%
2006	19	76	-	76	100%
2007	18	46	5	51	90%
2008	10	27	1	28	96%
2009	7	6	-	6	100%
2010	9	37	1	38	97%
2011	12	39	-	39	100%
2012	9	20	4	24	83%
2013	6	10	7	17	59%
2014	7	8	2	10	80%
2015	8	6	7	13	46%
Total	151	619	27	646	96%

The 151 reports collectively identified financial impacts worth \$222.2M, of which \$87.9M were questioned costs, \$37.3M were unrealized revenue, and \$97.0M were other financial impacts. Appendix 2 shows the breakdown of the total financial impact per year.

OPA categorizes financial impact as questioned costs, unrealized revenues, and other financial impact as follows:

- Questioned costs are expenditures of funds that are unsupported, unallowable, or otherwise improper.
- Unrealized revenues are funds that could have been collected but were not.
- Other financial impacts are amounts identified, but do not fit the first two categories. Examples are potential or actual savings that an auditee could realize; tax credits that do not require appropriations or compete with the annual budget's spending priorities; unreconciled differences; and unreported amounts that are required to be reported by law.

Audit Recommendations CY 2012 ~ CY 2015

Between CY 2012 and CY 2015, OPA issued 30 reports encompassing performance audits, analyses, and legislative mandates, which identified total financial impacts of \$78.8M. These reports made 64 recommendations to improve accountability and operational effectiveness and efficiency. Table 2 summarizes the status of these audit recommendations, while Chart 1 shows that status in percentages. Table 3 shows the total financial impact per calendar year.

Table 2: Recommendation Status by Count

Recommendation Status	Year Issued				Total
	2012	2013	2014	2015	
Closed:					
Implemented	12	6	8	3	29
Not Implemented	6	3	-	1	10
Consolidated or Other	2	1	-	2	5
Open:					
Partially Implemented	2	5	1	5	13
Open	2	2	1	2	7
Total Recommendations	24	17	10	13	64
No. of Reports Issued	9	6	7	8	30

Chart 1: Recommendation Status by Percentage

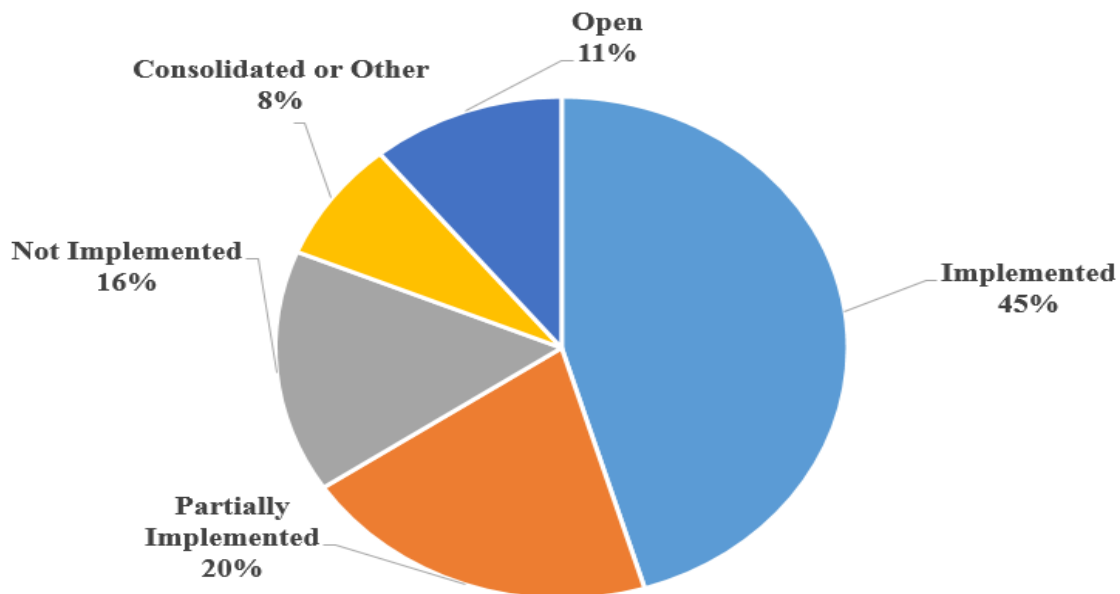


Table 3: Total Financial Impact

Calendar Year	2012	2013	2014	2015	Total
Financial Impact	\$4,323,725	\$16,594,133	\$10,579,120	\$47,300,519	\$78,797,497

The \$78.8M in total financial impacts identified in the 30 reports included the following:

- 1) GovGuam's other financial impact of \$42.9M and lost savings of \$960 thousand (K) pertaining to special lifetime annuities for Governors, Lieutenant Governors, Judges/Justices, and Senators;
- 2) Department of Revenue and Taxation's (DRT) unrealized revenue of \$15.7M pertaining to current market values of properties not being used, and questioned costs of \$858K mainly on anomalies found in tax roll database;
- 3) DRT's other financial impact of \$5.3M consisting of \$3.1M in unverifiable Hotel Occupancy Tax (HOT) receivables, and \$2.2M unverifiable HOT exemptions claimed by eight tax payers;
- 4) Guam Customs and Quarantine Agency (CQA), Department of Administration (DOA) and DRT's unrealized revenue of \$4.9M due to lack of follow-up on outstanding use tax receivables;
- 5) General Services Agency's (GSA) questioned costs of \$3.7M from not awarding to the lowest construction bidder, escalating contract costs for food, missing procurement documentation, and the use of sole source procurement for transportation services;
- 6) DRT and DOA's potential savings of \$2.8M if six inactive tax credit programs are not implemented and questioned costs of \$476K in unreconciled amounts;
- 7) DOA, GSA and University of Guam's (UOG) questioned costs of \$184K related to undocumented fuel procurement and \$167K lost savings due to purchasing higher priced premium fuel;
- 8) Department of Corrections' (DOC) questioned costs of \$299K arising from federal reimbursement rates that were not being updated and reconciled;
- 9) Guam Memorial Hospital Authority's (GMHA) questioned costs of \$206K arising from inadequate timekeeping and payroll controls, and complex pay structure;
- 10) Guam Environmental Protection Agency's (GEPA) questioned costs of \$158K due to Recycling Revolving Fund expenditures made without promulgated rules and regulations;
- 11) Guam Veterans Affairs Office's (VAO) questioned costs of \$66K from not following procurement regulations and lack of strict policy on disbursements from its non-appropriated funds, and \$952 of unrealized revenue due to incomplete deposits;
- 12) GMHA's questioned costs of \$40K pertaining to overtime and straight-time pay afforded to exempt employees;
- 13) DOA's questioned costs of \$39K related to incomplete documentation for performance ratings and evaluations, and merit bonuses awarded to ineligible employees;

- 14) Guam Department of Education's (DOE) unrealized revenue of \$25K pertaining to lack of assurance for cash collections for the school meals program;
- 15) GMHA's other financial impact of \$15K related to non-systematic filing for controlled substance dispensation;
- 16) DOA's questioned cost of \$4K due to payment authorization and calculation exceptions for certain payroll transactions;
- 17) CQA's unrealized revenue of \$4K related to oversight and guidance needed to ensure Use Tax Exemptions were made in accordance with the law; and
- 18) Department of Labor's (DOL) questioned costs of \$680 related to overpayments to an employer's employees for back wages.

Refer to Appendix 3 for details and status of the audit recommendations issued between January 2012 and December 2015.

Audit Recommendations by Addressee

Overall, the 30 OPA reports encompassed a variety of audits, analyses, and reviews. An agency affected by a recommendation is referred to as "addressee" and may be affected by more than one OPA report and multiple recommendations. From CY 2012 to CY 2015, DOA and DRT were each affected by seven OPA reports, the most of all GovGuam agencies, followed by the Guam Legislature with six reports. As of December 2016, the addressees below received one or more recommendations covered in the 24 out of 30 reports. Six out of 30 reports did not have audit recommendations.

Department of Administration

1. GovGuam Payroll-related Demand Runs and Special Payments (No. 12-05)
2. GovGuam Gas Fleet Card Program (No. 12-07)
3. DRT Gross Receipts Tax (GRT) Exemptions (No. 13-01)
4. GovGuam Use Tax (No. 14-02)
5. GovGuam Merit Bonus Program (No. 14-05)
6. GovGuam Layon Landfill Tax Credits Program (No. 15-02)
7. GovGuam Tax Credit Programs (No. 15-06)

Department of Revenue and Taxation

1. DRT GRT Tax Exemptions (No. 13-01)
2. GEDA Qualifying Certificate (QC) Program (No. 13-02)
3. DRT Real Property Taxes (No. 13-03)
4. GovGuam Use Tax (No. 14-02)
5. GovGuam Use Tax Exemptions and Collections (No. 15-01)
6. GovGuam Layon Landfill Tax Credits Program (No. 15-02)
7. GovGuam Tax Credit Programs (No. 15-06)

Legislature

1. Supplemental Appropriations Revenue (SAR) Fund (No. 12-02)
2. DRT GRT Exemptions (No. 13-01)
3. Guam Economic Development Authority (GEDA) QC Program (No. 13-02)
4. DRT Real Property Taxes (No. 13-03)
5. DRT HOT (No. 14-04)
6. GovGuam Special Lifetime Annuities (No. 15-03)

Governor of Guam

1. DRT GRT Exemptions (No. 13-01)
2. GEDA QC Program (No. 13-02)
3. DRT Real Property Taxes (No. 13-03)

Guam Memorial Hospital Authority

1. GMHA Compensation Controls (No. 12-04)
2. GMHA Compensation Controls for Employees' Salaries Below \$100,000 (No. 13-04)
3. GMHA Inventory Control Over Controlled Substances (No. 15-07)

Guam Economic Development Authority

1. GEDA QC Program (No. 13-02)
2. GovGuam Public Debt (No. 14-01)
3. GovGuam Tax Credit Programs (No. 15-06)

General Services Agency

1. GovGuam Analysis of Top Ten Vendors (No. 12-06)
2. GovGuam Gas Fleet Card Program (No. 12-07)

Department of Corrections

1. DOC Cost Per Prisoner Calculations (No. 14-03)
2. DOC Prison Capacity Planning (No. 14-06)

Guam Customs and Quarantine Agency

1. GovGuam Use Tax (No. 14-02)
2. GovGuam Use Tax Exemptions and Collections (No. 15-01)

Guam Waterworks Authority

1. GovGuam Gas Fleet Card Program (No. 12-07)

University of Guam

1. GovGuam Gas Fleet Card Program (No. 12-07)

Guam Department of Education

1. DOE Cash Collections Over School Meals Program (No. 12-08)

Guam Veterans Affairs Office

1. VAO Non-Appropriated Funds (No. 12-01)

Department of Labor

1. Department of Labor (DOL) Unpaid Back Wages (No. 15-04)

Guam Environmental Protection Agency

1. Recycling Revolving Fund (No. 15-05)

See Appendix 5 for audit recommendations addressed to the Guam Legislature and the Governor that recommended changes in or pertaining to the law. Most of these recommendations have been closed as “not implemented” as there was no progress or expected progress on these items moving forward.

Reports by Audit Initiation

Of the 30 reports issued between CY 2012 and CY 2015, 17 or 57% were initiated by OPA after risk assessments, 5 or 17% were mandated by law, 4 or 13% were at legislative requests, 3 or 10% were follow-ups to previous audits, and 1 or 3% was a hotline tip. Table 4 shows reports by audit initiation, as well as the corresponding recommendation status.

Table 4: Reports by Audit Initiation between CY 2012 and CY 2015

Initiated By	No. of Reports	% to Total	No. and Status of Recommendations					Total
			Closed			Open		
			Implemented	Not Implemented	Consolidated or Other	Partially Implemented	Open	
OPA	17	57%	27	3	5	6	3	44
Mandate	5	17%	1	1	-	-	-	2
Request	4	13%	-	5	-	2	2	9
Follow-up	3	10%	1	1	-	4	2	8
Hotline	1	3%	-	-	-	1	-	1
Total	30	100%	29	10	5	13	7	64
% to Total			45%	16%	8%	20%	11%	100%

OPA Initiated Audits:

1. GMHA Compensation Controls (No. 12-04)
2. GovGuam Payroll-Related Demand Runs and Special Payments (No. 12-05)
3. GovGuam Analysis of Top Ten Vendors (No. 12-06)
4. GovGuam Gas Fleet Card Program (No. 12-07)
5. DOE Cash Collections Over School Meals Program (No. 12-08)
6. OPA’s Status of Audit Recommendations (No. 12-09)
7. DRT GRT Exemptions (No. 13-01)
8. DRT Real Property Taxes (No. 13-03)
9. GovGuam Wide Personnel Costs Analysis (No. 13-05)
10. GovGuam Public Debt (No. 14-01)
11. GovGuam Use Tax (No. 14-02)
12. DOC Cost Per Prisoner Calculations (No. 14-03)
13. GovGuam Merit Bonus Program (No. 14-05)
14. DOC Prison Capacity Planning (No. 14-06)

15. GovGuam Tiyan Campus Tax Credits Program (No. 14-07)
16. GovGuam Use Tax Exemptions and Collections (No. 15-01)
17. GMHA Inventory Control Over Controlled Substances (No. 15-07)

Mandated Audits:

1. SAR Fund (No. 12-02)
2. Submission of FY 2011 Citizen-Centric Reports (CCR) (No. 12-03)
3. Submission of FY 2012 CCR (No. 13-06)
4. DRT HOT (No. 14-04)
5. GovGuam Submission of CCR for FY 2014 and FY 2013 (No. 15-08)

Audit Requests:

1. VAO Non-Appropriated Funds (No. 12-01)
2. GEDA QC Program (No. 13-02)
3. GovGuam Layon Landfill Tax Credits Program (No. 15-02)
4. Recycling Revolving Fund (No. 15-05)

Follow-Up Audit:

1. GMHA Compensation Controls for Employees' Salaries Below \$100,000 (No. 13-04)
2. GovGuam Special Lifetime Annuities (No. 15-03)
3. GovGuam Tax Credit Programs (No. 15-06)

Hotline:

1. DOL Unpaid Back Wages (No. 15-04)

Reports by Audit Focus

Table 5 below summarizes the 30 audit reports with 64 recommendations between CY 2012 and CY 2015 by audit focus.

Table 5: Reports by Audit Focus CY 2012 ~ CY 2015

Audit Focus	No. of Reports	% to Total	No. and Status of Recommendations					Total
			Closed			Open		
			Implemented	Not Implemented	Consolidated or Other	Partially Implemented	Open	
Program efficiency and effectiveness	20	67%	22	4	3	5	6	40
Personnel	7	23%	7	1	2	7	1	18
Non-appropriated funds	1	3%	-	4	-	-	-	4
Fund accountability	2	7%	-	1	-	1	-	2
Total	30	100%	29	10	5	13	7	64
% to Total			45%	16%	8%	20%	11%	100%

See Appendix 6 for the details of recommendations by audit focus.

Open Audit Recommendations CY 2001 ~ CY 2011

Between CY 2001 and CY 2011, OPA issued 121 reports with 582 audit recommendations to improve government operations. These reports identified total financial impacts of \$143.4M. As of December 2016, of the 582 audit recommendations, 575 have been closed. OPA is working with the auditees to close the remaining seven open recommendations as shown in Table 6 below. Refer to Appendix 4 for the details of the open and partially implemented recommendations.

Table 6: Open Recommendations between CY 2001 and CY 2011

Year Issued	Report No.	Report Title	No. of Open Recommendations		
			Open	Partially Implemented	Total
2007	07-12	GovGuam Vehicle Fleet Inventory	2	-	2
	07-15	GovGuam's Tax Credit Programs	3	-	3
2008	08-05	Submission of FY 2008 2nd Quarter Financial Reports Pursuant to Public Law (P.L.) 29-19	1	-	1
2010	10-06	Guam Fire Department (GFD) Enhanced 911 Emergency Reporting System Fund	-	1	1
Total			6	1	7

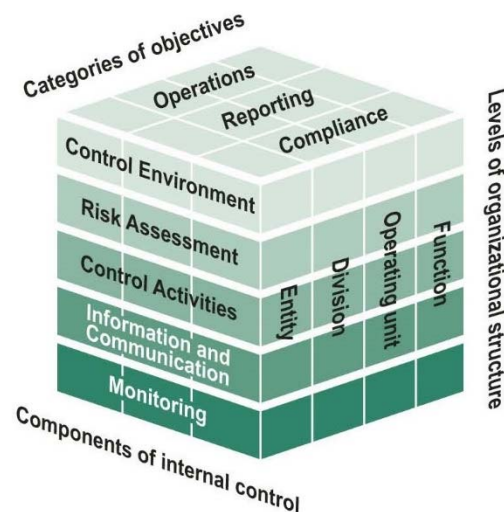
Management's Lack of Understanding of Internal Controls

As this is our fourth report on the status of OPA recommendations, we have continually observed that government managers have not recognized the importance and benefits of implementing effective internal controls (checks and balances). In our reports from CY 2012 to CY 2015, we found ineffective billing and collection systems, loss of government revenues, deficient control procedures over non-appropriated funds, and lack of monitoring and oversight over government programs, i.e., non-productive and special payroll payments, and procurement procedures.

Until a general understanding is embraced, audit findings such as insufficient monitoring and noncompliance with laws and regulations, will continue along with the financial impacts. A key factor in improving accountability in achieving an entity's mission is to implement an effective internal control system.

The Standards for Internal Control in the Federal Government³ issued by the U.S. Comptroller General, Government Accountability Office, is a valuable and straightforward guide for government managers. It

Image 1: The Components, Objectives, and Organizational Structure of Internal Control



Source: COSO and GAO GAO-14-704G

³ GAO-14-704G, www.gao.gov

provides the framework for an internal control system and describes the five components of internal control and the related principles. These standards and principles were adopted from revised Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)⁴.

COSO first released the framework in 1992 and it has been broadly accepted as the leading framework for designing and implementing internal controls as well as assessing its effectiveness. It was updated in 2013 to include 17 principles representing the fundamental concepts associated with each of the five components of internal control.

Effective internal controls provide reasonable, not absolute, assurance that errors or fraud will be prevented or detected in a timely manner. Government managers, not auditors, have a fundamental responsibility to develop and maintain effective internal control within their agencies so that goals and objectives are met, and resources are safeguarded and used economically and efficiently. Management is also responsible for ensuring the organization is committed to sustaining an effective internal control environment. However, everyone within an organization, including the governing body, internal auditors, and other personnel, are responsible for good internal control.

⁴ To learn more about COSO and the internal control framework, go to www.coso.org.

Conclusion

Between January 2001 and December 2015, OPA issued 151 reports with 646 audit recommendations to help improve the overall operations of GovGuam. To date, 96% or 619 recommendations have been closed through the agency's actions, the agency's submission of corrective action plans, the passage of legislation, or were determined by OPA to be no longer applicable under certain circumstances. As of December 2016, 4% or 27 recommendations are still open. Among the 27 open recommendations, 14 are partially implemented.

OPA will continue to provide periodic reminders and follow-up letters to agencies' management to encourage implementation of the 27 open recommendations.

We have continued to observe internal control deficiencies stemming from government managers not understanding the importance of effective internal controls. OPA's recommendations are intended to improve controls in the affected entities and management must accept the responsibility for implementing the recommendations. It is each entities' benefit to embrace the internal control framework and its components.

Until a general understanding is embraced, audit findings such as insufficient monitoring and noncompliance with laws and regulations, will continue along with the financial impact. A key factor in improving accountability in achieving an entity's mission is to implement an effective internal control system.

Although cost may cause managers to avoid implementing effective controls, ultimately, management is responsible for meeting objectives. In considering costs versus benefits, managers should allocate resources in areas of greatest risk, complexity, or other factors relative to achieving the entity's objectives.

Elected officials and governing bodies can also encourage implementation through effective oversight.

While 1 GCA §1913 allows OPA to file actions in the Superior Court of Guam to enforce the implementation of the recommendations, the OPA has yet to exercise this arduous and costly remedy. We look forward to working with the agencies in resolving the remaining outstanding audit recommendations.

OFFICE OF PUBLIC ACCOUNTABILITY



Doris Flores Brooks, CPA, CGFM
Public Auditor

Appendix 1: Scope and Methodology

We reviewed the documentation submitted to OPA pertaining to recommendations issued from January 1, 2001 through December 31, 2015. We also reviewed the recommendations follow-up database maintained and updated periodically by OPA staff. The internal database was used to summarize the status of audit recommendations as of December 2016.

The following factors are considered prior to initiating audits: (1) enhancement of accountability systems and transparency of government operations; (2) inherent risks and results of risk assessments; (3) increasing efficiency, effectiveness, and performance of public services; (4) improvement of public policies and operational practices; (5) financial impact; and (6) social impact.

OPA audits are initiated through several methods:

- *Request*: Audits can be initiated at the written request of government officials.
- *Legislative Mandate*: Audits mandated by laws and require OPA to conduct specific audits, reviews, or analyses.
- *OPA-Initiated*: Audits internally initiated resulting from consideration of risk factors prior to initiating audits.
- *Hotline*: Audits initiated from hotline tips, which are integral to OPA's ability to further its mission of "*Auditing for good governance.*"
- *Spin-Off*: Audits derived from existing engagements, but were separated because the findings were not aligned with the nature or objective of the original engagement.
- *Follow-Up*: Audits based on whether an entity implemented the recommendations made in a previously issued audit report.

We conducted this performance audit in accordance with generally accepted government auditing standards contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix 2:
CY 2001 ~ CY 2015 Financial Impact Summary

Year Issued	No. of Reports	No. of Recommendations	Financial Impact			
			Questioned Costs	Unrealized Revenue	Others	Total
2001	3	31	\$354,490	\$-	\$-	\$354,490
2002	9	96	3,326,827	145,496	5,973	3,478,296
2003	11	77	20,262,045	2,495,850	4,070,292	26,828,187
2004	14	91	13,102,656	2,602,595	655,802	16,361,053
2005	9	49	2,434,330	1,045,536	2,706,022	6,185,888
2006	19	76	6,751,426	3,237,794	10,938,428	20,927,648
2007	18	51	1,308,995	6,484,259	16,489,457	24,282,711
2008	10	28	9,687,839	-	-	9,687,839
2009	7	6	1,081,539	305,472	-	1,387,011
2010	9	38	19,539,597	-	3,060,375	22,599,972
2011	12	39	4,021,767	271,098	6,994,675	11,287,540
2012	9	24	4,130,871	26,175	166,679	4,323,725
2013	6	17	897,888	15,696,245	-	16,594,133
2014	7	10	337,683	4,945,911	5,295,526	10,579,120
2015	8	13	633,991	3,658	46,662,870	47,300,519
Total	151	646	\$87,871,944	\$37,260,089	\$97,046,099	\$222,178,132

Notes:

1. Savings identified were included as part of "Others" column of the financial impact.
2. Refer to Appendix 3 for the financial impact of individual reports between CY 2012 and CY 2015.

Appendix 3:

Audit Recommendations Status by Report Number CY 2012 ~ CY 2015

Report No., Title Issue Date / Initiated By /Auditee Agency Deficiency Noted	NO. OF RECOMMENDATIONS						FINANCIAL IMPACT			
	CLOSED			OPEN			Questioned Costs	Unrealized Revenue	Others	Total
	Implemented	Not Implemented	Consolidated or Other	Partially Implemented	Open	Total				
No. 12-01, VAO Non-Appropriated Funds March 2012 / Initiated by Request / Auditee: VAO VAO's non-appropriated funds were not properly managed and accounted for in accordance with applicable laws and regulations. The Commission did not perform its fiduciary responsibility to provide oversight or adequately monitor VAO's finances and operations.	-	4	-	-	-	4	\$65,500	\$952	-	\$66,452
No. 12-02, SAR Fund May 2012 / Initiated by Mandate / Auditee: DOA With the exception of the over-expenditure, SAR revenues and expenditures were recognized in accordance with law. However, procedurally, DOA pre-paid SAR Fund expenditures from the General Fund.	-	1	-	-	-	1	-	-	-	-
No. 12-03, Submission of FY 2011 CCR November 2012 / Initiated by Mandate / Auditee: GovGuam Six entites have not submitted their CCR for FY 2011.	-	-	-	-	-	-	-	-	-	-
No. 12-04, GMHA Compensation Controls November 2012 / Initiated by OPA / Auditee: GMHA There were weak basic controls to ensure authorized and accurate compensation to personnel who were paid more than \$100K annually.	3	-	1	2	-	6	205,831	-	-	205,831

Appendix 3:

OPA Audit Recommendations Status by Report Number CY 2012 ~ 2015

Report No., Title Issue Date / Initiated By /Auditee Agency Deficiency Noted	NO. OF RECOMMENDATIONS						FINANCIAL IMPACT			
	CLOSED			OPEN			Questioned Costs	Unrealized Revenue	Others	Total
	Implemented	Not Implemented	Consolidated or Other	Partially Implemented	Open	Total				
No. 12-05, GovGuam Payroll-Related Demand Runs and Special Payments December 2012 / Initiated by OPA / Auditee: DOA While demand runs and special payments were generally authorized and correctly calculated, they were inefficiently processed and created an unnecessary burden on DOA Payroll personnel.	3	-	1	-	1	5	\$3,882	\$-	\$-	\$3,882
No. 12-06, GovGuam Analysis of Top Ten Vendors December 2012 / Initiated by OPA / Auditee: GSA Procurement of goods and services with escalating contract costs; award not given to the lowest bidder; utilization of sole source procurement without justification; and missing documentation.	-	-	-	-	1	1	3,671,346	-	-	3,671,346
No. 12-07, GovGuam Gas Fleet Card Program December 2012 / Initiated by OPA / Auditee: GovGuam No agency was responsible for fully monitoring and analyzing fuel prices.	3	1	-	-	-	4	184,312	-	166,679	350,991
No. 12-08, DOE Cash Collections Over School Meals Program December 2012 / Initiated by OPA / Auditee: DOE No assurance that meals served were accurately reported and all cash were collected; no one was in charge of the overall program; and fluctuations in cash collections and a decline in number of meals served.	3	-	-	-	-	3	-	25,223	-	25,223
No. 12-09, OPA's Status of Recommendations December 2012 / Initiated by OPA / Auditee: GovGuam As of September 2012, 75 or 13% of the recommendations remained open.	-	-	-	-	-	-	-	-	-	-

Appendix 3:

OPA Audit Recommendations Status by Report Number CY 2012 ~ 2015

Report No., Title Issue Date / Initiated By /Auditee Agency Deficiency Noted	NO. OF RECOMMENDATIONS						FINANCIAL IMPACT			
	CLOSED			OPEN			Questioned Costs	Unrealized Revenue	Others	Total
	Implemented	Not Implemented	Consolidated or Other	Partially Implemented	Open	Total				
No. 13-01, DRT GRT Exemptions May 2013 / Initiated by OPA / Auditee: DRT DRT has not processed GRT forms and assessed tax and exemptions since 2011.	-	-	1	2	-	3	\$-	\$-	\$-	\$-
No. 13-02, GEDA QC Program August 2013 / Initiated by Request / Auditee: GEDA Foregone tax revenues versus economic benefit of the QC Program was unknown; QCs awarded to the insurance industry were more generous and awarded regardless of the economic impact; a tax benefit may have been granted to an ineligible QC beneficiary; and tax benefits were not processed in accordance with the law.	-	1	-	-	2	3	-	-	-	-
No. 13-03, DRT Real Property Taxes August 2013 / Initiated by OPA / Auditee: DRT Real property tax assessments were based on outdated market valuations; there were escaped assessments; and lack of interface between Department of Public Works (DPW) and Department of Land Management (DLM).	5	2	-	-	-	7	858,240	15,696,245	-	16,554,485
No. 13-04, GMHA Compensation Controls for Employees' Salaries Below \$100,000 December 2013 / Initiated by Follow-Up / Auditee: GMHA Certain exempt employees were allowed overtime and additional straight-time compensation; GMHA did not have any built-in mechanisms within its payroll system to indicate when an employee is exceeding their scheduled hours within a pay period; and the lack of system automation contributed to multiple pay type errors.	1	-	-	3	-	4	39,648	-	-	39,648

Appendix 3:

OPA Audit Recommendations Status by Report Number CY 2012 ~ CY 2015

Report No., Title Issue Date / Initiated By /Auditee Agency Deficiency Noted	NO. OF RECOMMENDATIONS						FINANCIAL IMPACT			
	CLOSED			OPEN			Questioned Costs	Unrealized Revenue	Others	Total
	Implemented	Not Implemented	Consolidated or Other	Partially Implemented	Open	Total				
No. 13-05, GovGuam Wide Personnel Costs Analysis December 2013 / Initiated by OPA / Auditee: GovGuam While personnel costs and employee counts generally increased, there were certain agencies (e.g., DOE, GMHA, and UOG) that experienced significant increases in personnel costs, while others (e.g., DPW and Department of Integrated Services for Individuals with Disabilities) remained stagnant or even decreased in costs.	-	-	-	-	-	-	\$-	\$-	\$-	\$-
No. 13-06, Submission of FY 2012 CCR December 2013 / Initiated by Mandate / Auditee: GovGuam 24 entites did not submit their CCR for FY 2012.	-	-	-	-	-	-	-	-	-	-
No. 14-01, GovGuam Public Debt April 2014 / Initiated by OPA / Auditee: GovGuam GovGuam did not have a formal debt management strategy and its public debt increased by 54%.	-	-	-	-	1	1	-	-	-	-
No. 14-02, GovGuam Use Tax April 2014 / Initiated by OPA / Auditee: GovGuam Total amount of Use Tax assessments and collections was unknown; no agency collected outstanding receivables; and no documentation to support that Use Tax exemptions were granted in accordance with law.	4	-	-	-	-	4	-	4,945,911	-	4,945,911
No. 14-03, DOC Cost Per Prisoner Calculations July 2014 / Initiated by OPA / Auditee: DOC DOC had an inadequate cost reporting system and weak accounting infrastructure that hindered them in calculating accurate cost per prisoner.	2	-	-	-	-	2	298,945	-	-	298,945

Appendix 3:

OPA Audit Recommendations Status by Report Number CY 2012 ~ CY 2015

Report No., Title Issue Date / Initiated By / Auditee Agency Deficiency Noted	NO. OF RECOMMENDATIONS						FINANCIAL IMPACT			
	CLOSED			OPEN			Questioned Costs	Unrealized Revenue	Others	Total
	Implemented	Not Implemented	Consolidated or Other	Partially Implemented	Open	Total				
No. 14-04, DRT HOT December 2014 / Initiated by Mandate / Auditee: DRT Completeness, reliability, and accuracy of HOT data cannot be verified. Therefore, there was no assurance whether HOT filings, payments, and collections were in compliance with P.L. 32-068.	1	-	-	-	-	1	\$-	\$-	\$5,295,526	\$5,295,526
No. 14-05, GovGuam Merit Bonus Program December 2014 / Initiated by OPA / Auditee: GovGuam There were wide variations in the interpretation and administration of providing merit bonus payments to government employees.	-	-	-	1	-	1	38,738	-	-	38,738
No. 14-06, DOC Prison Capacity Planning December 2014 / Initiated by OPA / Auditee: DOC Lacked prison capacity plan to effectively manage growing prisoner population.	1	-	-	-	-	1	-	-	-	-
No. 14-07, GovGuam Tiyan Campus Tax Credits Program December 2014 / Initiated by OPA / Auditee: DOE Tax credits and capital lease obligations became alternative forms of long-term financing that do not affect the debt ceiling imposed by the Organic Act.	-	-	-	-	-	-	-	-	-	-

Appendix 3:

OPA Audit Recommendations Status by Report Number CY 2012 ~ CY 2015

Report No., Title Issue Date / Initiated By /Auditee Agency Deficiency Noted	NO. OF RECOMMENDATIONS						FINANCIAL IMPACT			
	CLOSED			OPEN		Total	Questioned Costs	Unrealized Revenue	Others	Total
	Implemented	Not Implemented	Consolidated or Other	Partially Implemented	Open					
No. 15-01, GovGuam Use Tax Exemptions and Collections March 2015 / Initiated by OPA / Auditee: GovGuam Valuable sources of economic data needed to be assessed and better maintained, better record keeping was needed to ensure completeness of incoming cargo documentation; oversight and guidance were needed to ensure Use Tax exemptions were made in accordance with the law; and controls needed to be established to ensure Use Tax collections and deposits were properly accounted for, recorded, and deposited in a timely manner.	2	-	-	1		3	\$-	\$3,658	\$-	\$3,658
No. 15-02, GovGuam Layon Landfill Tax Credit Program May 2015 / Initiated by Request / Auditee: GovGuam Tax credit data's completeness, reliability, and accuracy could not be verified.	-	-	-	1		1	-	-	-	-
No. 15-03, GovGuam Special Lifetime Annuities May 2015 / Initiated by Follow-Up / Auditee: GovGuam Lifetime annuities have cost GovGuam an estimated \$24.1M as of CY 2014 and are projected to reach \$42.9M in the next 20 years.	-	1	-	-		1	-	-	43,835,182	43,835,182
No. 15-04, DOL Unpaid Back Wages June 2015 / Initiated by Hotline / Auditee: DOL OPA's analysis of DOL's receipts and disbursements for the unpaid back wages owed to certain employees of a Private Company in CY 2013 and CY 2014. The Private Company Owner and General Manager alleged that: (1) DOL Labor Law Enforcement Specialist III misrepresented DOL and abused her position as a Labor Law Enforcement Agent; (2) Private Company's Contracts Document Specialist was improperly compensated back wages and conducted fraudulent activities against the Private Company; and (3) DOL did not provide details of the calculations of the unpaid back wages claimed against the company.	-	-	-	1	-	1	680	-	-	680

Appendix 3:

OPA Audit Recommendations Status by Report Number CY 2012 ~ CY 2015

Report No., Title Issue Date / Initiated By /Auditee Agency Deficiency Noted	NO. OF RECOMMENDATIONS						FINANCIAL IMPACT			
	CLOSED			OPEN			Questioned Costs	Unrealized Revenue	Others	Total
	Implemented	Not Implemented	Consolidated or Other	Partially Implemented	Open	Total				
No. 15-05, Recycling Revolving Fund July 2015 / Initiated by Request / Auditee: GEPA GEPA had not promulgated the required rules and regulations to properly implement the Recycling Revolving Fund law.	-	-	-	1	-	1	\$157,760	\$-	\$-	\$157,760
No. 15-06, GovGuam Tax Credit Programs October 2015 / Initiated by Follow-Up / Auditee: GovGuam Completeness, reliability, and accuracy of GovGuam's tax credits could not be verified because DOA did not provide the evidence to support that the tax credits were recorded.	-	-	-	1	2	3	475,551	-	2,812,370	3,287,921
No. 15-07, GMHA Inventory Over Controlled Substances December 2015 / Initiated by OPA / Auditee: GMHA GMHA did not establish adequate controls to account for and safeguard controlled substance inventory; certain requirements on federal and local requirements were not adhered to; and did not accurately and properly bill for controlled substances in accordance with GMHA's prescribed fee schedule.	1	-	2	-	-	3	-	-	15,318	15,318
No. 15-08, GovGuam CCR for FY 2014 and FY 2013 December 2015 / Initiated by Mandate / Auditee: GovGuam Of the 57 entities required to submit CCRs, 8 and 12 entities did not submit their CCR for FY 2014 and FY 2013, respectively.	-	-	-	-	-	-	-	-	-	-
TOTAL	29	10	5	13	7	64	\$6,000,433	\$20,671,989	\$52,125,075	\$78,797,497

Appendix 4:

Open and Partially Implemented Audit Recommendations by Calendar Year

Year Issued	Report No.	Report Title	Primary Addressee	RECOMMENDATION		STATUS
				No.	Description	
2007	07-12	GovGuam Vehicle Fleet Inventory	DRT	5	Isolate the vehicle data from public tax records to permit a cost-effective and efficient review and reconciliation process.	Open
				6	Enhance vehicle records database to include an appropriate archive system.	Open
	07-15	GovGuam's Tax Credit Programs	DRT	5	Determine whether companies that participated in the tax credit programs availed of both tax credits and deductions.	Open
				6	Determine the appropriate tax filings for Guam Racing Federation and determine its tax liability, if applicable.	Open
		BBMR	8	Incorporate the estimated tax credit reductions provided by DRT in the annual budget process.	Open	
2008	08-05	Submission of FY 2008 2 nd Quarter Financial Reports Pursuant to P.L. 29-19	Guam Election Commission (GEC)	1	GEC's non-appropriated funds be immediately transferred to the Treasurer of Guam.	Open
2010	10-06	GFD Enhanced 911 Emergency Reporting System Fund	GFD	5	Comply with P.L. 25-55 by submitting to the Governor and the Speaker a yearly assessment report on the E911 system. The annual assessment report should provide information on the state of the E911 system, changes in technology, and risks or potential concerns that the program has experienced or foresees, such as the need to upgrade the current E911 system.	Partially Implemented
2012	12-04	GMHA Compensation Controls	GMHA	3	Implement built-in mechanisms, with appropriate controls, within its payroll system to: <ul style="list-style-type: none"> a. Automatically calculate the different pay types, such as certification pay, weekend pay, on-call pay, etc; b. Delay processing of Physicians' payroll payments until all timekeeping entries have been reviewed and approved by the Medical Director or a designee; and c. Indicate when an employee is close to violating the Safe Hours of Work criteria, so that proper measures can be taken to ensure the safety and health of the employee and the patients. 	Partially Implemented
				4	Enforce the hospital's policy to require all employees, particularly Physicians, to electronically clock-in and out to allow the system to automatically capture their hours worked and subsequently calculate the correct compensation.	Partially Implemented

Appendix 4:

Open and Partially Implemented Audit Recommendations by Calendar Year

Year Issued	Report No.	Report Title	Primary Addressee	RECOMMENDATION		STATUS
				No.	Description	
2012	12-05	GovGuam Payroll-Related Demand Runs and Special Payments	DOA	2	Establish audit thresholds to review all transactions that exceed \$5K. Any payments less than \$5K should be subjected to a random check.	Open
	12-06	GovGuam Analysis of Top Ten Vendors	GSA	1	Follow the Attorney General checklist for all procurement and utilize a standard template for the various methods of source selection to ensure compliance with established regulations.	Open
2013	13-01	DRT GRT Exemptions	DOA	2	Establish a financial management task force to develop an action plan for the acquisition of updated financial management systems at both DRT and DOA.	Partially Implemented
				3	Establish and meet a target date to fully transition to e-filing of GRT forms and other related taxes.	Partially Implemented
	13-02	GEDA QC Program	GEDA	1	Collaborate to compile, analyze, and post data on the QC program.	Open
				3	Perform its own due diligence in determining the appropriate tax benefits of eligible QC beneficiaries.	Open
	13-04	GMHA Compensation Controls for Employees' Salaries Below \$100,000	GMHA	1	Amend classifications of exempt positions to reflect the Code of Federal Regulations requirements of said duties.	Partially Implemented
				2	Restrict positions considered "exempt" from overtime compensation.	Partially Implemented
4				Automation of certification and weekend pay within its payroll system to automatically calculate certification pay for certified individuals and weekend pay for employees working between the hours of 12:00 midnight on any Friday and 12:00 midnight of the following Sunday night.	Partially Implemented	
2014	14-01	GovGuam Public Debt	GEDA	1	Develop and adopt a formal debt management strategy that is to be updated at least on an annual basis.	Open
	14-05	GovGuam Merit Bonus Program	DOA	1	Follow through and submit assessment and policy no later than September 30, 2015, but not without first seeking clarification on the Merit Bonus law from the Attorney General.	Partially Implemented

Open and Partially Implemented Audit Recommendations by Calendar Year

Year Issued	Report No.	Report Title	Primary Addressee	RECOMMENDATION		STATUS
				No.	Description	
2015	15-01	GovGuam Use Tax Exemptions and Collections	CQA	1	Coordinate with the Governor's Office to form a task force to address issues, such as the viability of the current Use Tax assessment and exemption process, significance and economic value of the data contained in the documents filed and stored in the CQA warehouse, and whether an electronic system should be adopted to capture pertinent important data.	Partially Implemented
	15-02	GovGuam Layon Landfill Tax Credits Program	DOA	1	DOA and DRT coordinate to determine the appropriate agency to be vested with the responsibility to issue the 1099's, or other appropriate tax form.	Partially Implemented
	15-04	DOL Unpaid Back Wages	DOL	1	Update standard operating procedure to include provisions that DOL Wage and Hour Division ensure the employer's filing of payroll taxes to the appropriate taxing authorities to include the back wages paid to employees.	Partially Implemented
	15-05	Recycling Revolving Fund	GEPA	1	Place a moratorium on all Recycling Revolving Fund spending until they develop and promulgate rules and regulations in accordance with the law.	Partially Implemented
	15-06	GovGuam Tax Credit Programs	DRT	1	DRT, DOA, GEDA, DPHSS and DOL to establish and implement agreed upon procedures to reconcile all tax credits program data at least annually.	Open
			DOA	2	DOA and DRT to coordinate and determine the appropriate agency to be vested with the responsibility to issue Tax Form 1099, or other appropriate tax form.	Partially Implemented
DRT			3	DOA, DRT, and GEDA to develop the proper protocols to ensure that the required admission assessments for the Guam Raceway Park and Soccer Stadium are collected and recorded.	Open	

Open Recommendations	13
Partially Implemented Recommendations	14
Total	27

Appendix 5:

Audit Recommendations Addressed to the Guam Legislature and the Governor

Year Issued	Report No.	Report Title	Addressee	RECOMMENDATION		STATUS
				No.	Description	
2006	06-16	Guam Ancestral Lands Commission (GALC) Non-Appropriated Funds	Governor	6	Transfer through Executive Order the accounting of GALC's non-appropriated funds to DOA.	Consolidated or Other
			Legislature	7	Enact through public law the permanent transfer of non-appropriated funds to DOA and consolidate the administrative functions of GALC into DLM.	Implemented
2010	10-04	DPW Solid Waste Management Division	Governor	2	Appoint a liaison to coordinate with the Federal Receiver on Consent Decree projects and act as the single point of contact for GovGuam on solid waste management.	Implemented
	10-05	GovGuam Leave Sharing Program	Legislature	1	Amend the legislation regarding GFD compensation for all leave (leave sharing, sick, annual, etc.) to an hour-for-hour basis to ensure equality among all government employees.	Not Implemented
				2	Take action to eliminate the potential for double compensation for military deployment.	Not Implemented
				3	Amend the leave sharing legislation to clarify the legislative intent on the application of established thresholds.	Not Implemented
2011	11-03	GovGuam Liabilities Assessment	Governor	2	Enact legislation to apply the unintended windfall of \$14.8M to \$18.1M received by GGRF, to the remaining retirement liability balances of DOE and GMHA.	Not Implemented
				3	Amend the Merit Bonus law to remove the word "automatic".	Not Implemented
				4	Enact Bill 03-31 or similar legislation.	Not Implemented
	11-06	GFD Non-Productive Pay on Leave and Other Compensation	Legislature	1	Repeal 4 GCA §6219(a) that establishes the 106-hour work schedule for firefighters, and to eliminate the 61-hour bonus paid for non-productive hours on leave and instead require any leave be assessed hour for hour basis at a maximum of 80 hours per pay period.	Not Implemented
	11-11	GovGuam Wide Health Benefit Costs Account	Legislature	1	The elimination of the mandate to conduct quarterly audits of GovGuam's health insurance payments.	Not Implemented
2012	12-02	SAR Fund	Legislature	1	Amend the law to include review of the SAR Fund as part of the annual GovGuam financial audit.	Not Implemented

Year Issued	Report No.	Report Title	Addressee	RECOMMENDATION		STATUS
				No.	Description	
2013	13-02	GEDA QC Program	Legislature	2	Revisit the QC law for elimination of the application of QCs to domestic insurance industry.	Not Implemented
	13-03	DRT Real Property Taxes	Legislature	1	Amend 11 GCA §24306 to authorize DRT to utilize current values for real property tax assessment for new construction, renovations, and current sales rather than adjusting to 1993 values.	Not Implemented
				2	Place a moratorium on senior citizen and home exemptions until the 1993 valuation is updated.	Implemented
				3	Amend 11 GCA §24110 to raising eligibility for senior citizens from age 55 to 65 to receive a reduction in real property taxes.	Not Implemented
2014	14-04	DRT HOT	Legislature	1	Clarify the law to allow OPA full access to taxpayer returns and other information in the conduct of audits and reviews of local Guam taxes, consistent with the duties outlined by 1 GCA §1909.	Implemented
2015	15-03	GovGuam Special Lifetime Annuities	Legislature	1	Legislation be introduced to eliminate the lifetime annuity for the Governor and Lt. Governor, similar to the limitations set forth for the Judges/Justices and Senators, effective the next gubernatorial election.	Not Implemented

Implemented	4
Not Implemented	13
Consolidated or Other	1
Total	18

AUDIT FOCUS <i>(See tables below for details)</i>	NO. OF RECOMMENDATIONS						TOTAL FINANCIAL IMPACT
	CLOSED			OPEN		TOTAL	
	Implemented	Not Implemented	Consolidated or Other	Partially Implemented	Open		
Program Efficiency and Effectiveness	22	4	3	5	6	40	\$34,449,324
Personnel	7	1	2	7	1	18	44,123,961
Non-Appropriated Funds	-	4	-	-	-	4	66,452
Fund Accountability	-	1	-	1	-	2	157,760
Total	29	10	5	13	7	64	\$78,797,497

PROGRAM EFFICIENCY AND EFFECTIVENESS

Report No. and Title	NO. OF RECOMMENDATIONS						TOTAL FINANCIAL IMPACT
	CLOSED			OPEN		TOTAL	
	Implemented	Not Implemented	Consolidated or Other	Partially Implemented	Open		
No. 12-06, GovGuam Analysis of Top Ten Vendors	-	-	-	-	1	1	\$3,671,346
No. 12-07, GovGuam Gas Fleet Card Program	3	1	-	-	-	4	350,991
No. 12-08, DOE's Cash Collections Over School Meals Program	3	-	-	-	-	3	25,223
No. 13-01, DRT GRT Exemptions	-	-	1	2	-	3	-
No. 13-02, GEDA QC Program	-	1	-	-	2	3	-
No. 13-03, DRT Real Property Taxes	5	2	-	-	-	7	16,554,485
No. 14-01, GovGuam Public Debt	-	-	-	-	1	1	-
No. 14-02, GovGuam Use Tax	4	-	-	-	-	4	4,945,911
No. 14-03, DOC Cost per Prisoner Calculations	2	-	-	-	-	2	298,945
No. 14-04, DRT HOT	1	-	-	-	-	1	5,295,526
No. 14-06, DOC Prison Capacity Planning	1	-	-	-	-	1	-
No. 15-01, GovGuam Use Tax Exemptions and Collections	2	-	-	1	-	3	3,658
No. 15-02, GovGuam Layon Landfill Tax Credit Programs	-	-	-	1	-	1	-
No. 15-06, GovGuam Tax Credit Programs	-	-	-	1	2	3	3,287,921
No. 15-07, GMHA Inventory Control Over Controlled Substances	1	-	2	-	-	3	15,318
Total	22	4	3	5	6	40	\$34,449,324

PERSONNEL

Report No. and Title	NO. OF RECOMMENDATIONS						TOTAL FINANCIAL IMPACT
	CLOSED			OPEN		TOTAL	
	Implemented	Not Implemented	Consolidated or Other	Partially Implemented	Open		
No. 12-04, GMHA Compensation Controls	3	-	1	2	-	6	\$205,831
No. 12-05, GovGuam Payroll-Related Demand Runs and Special Payments	3	-	1	-	1	5	3,882
No. 13-04, GMHA Compensation Controls for Employees' Salaries Below \$100,000	1	-	-	3	-	4	39,648
No. 14-05, GovGuam Merit Bonus Program	-	-	-	1	-	1	38,738
No. 15-03, GovGuam Special Lifetime Annuities	-	1	-	-	-	1	43,835,182
No. 15-04, DOL Unpaid Back Wages	-	-	-	1	-	1	680
Total	7	1	2	7	1	18	\$44,123,961

NON-APPROPRIATED FUNDS

Report No. and Title	NO. OF RECOMMENDATIONS						TOTAL FINANCIAL IMPACT
	CLOSED			OPEN		TOTAL	
	Implemented	Not Implemented	Consolidated or Other	Partially Implemented	Open		
No. 12-01, VAO Non-Appropriated Funds	-	4	-	-	-	4	\$66,452
Total	-	4	-	-	-	4	\$66,452

FUND ACCOUNTABILITY

Report No. and Title	NO. OF RECOMMENDATIONS						TOTAL FINANCIAL IMPACT
	CLOSED			OPEN		TOTAL	
	Implemented	Not Implemented	Consolidated or Other	Partially Implemented	Open		
No. 12-02, SAR Fund	-	1	-	-	-	1	\$-
No. 15-05, Recycling Revolving Fund	-	-	-	1	-	1	157,760
Total	-	1	-	1	-	2	\$157,760



**Office of Public Accountability's
Status of Audit Recommendations
Report No. 16-10, December 2016**

ACKNOWLEDGEMENTS

Key contributions to this report were made by:

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MISSION STATEMENT

**To ensure public trust and assure good governance,
we conduct audits and administer procurement appeals,
independently, impartially, and with integrity.**

VISION

**The Government of Guam is the model for good governance in the Pacific.
OPA is a model robust audit office.**

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.

REPORTING FRAUD, WASTE, AND ABUSE

- **Call our HOTLINE at 47AUDIT (472-8348)**
- **Visit our website at www.opaguam.org**
- **Call our office at 475-0390**
- **Fax our office at 472-7951**
- **Or visit us at Suite 401, DNA Building in Hagåtña**

All information will be held in strict confidence.