



# ANNUAL REPORT 2023

OFFICE OF PUBLIC ACCOUNTABILITY

**DISTRIBUTION:**

Governor of Guam  
Lieutenant Governor of Guam  
Speaker, 37<sup>th</sup> Guam Legislature  
Senators, 37<sup>th</sup> Guam Legislature  
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# GLOSSARY OF GOVERNMENT ENTITY ACRONYMS

CLTC	Chamorro Land Trust Commission
CQA	Customs and Quarantine Agency
DCA	Department of Chamorro Affairs
DRT	Department of Revenue and Taxation
GACS	Guahan Academy Charter School
GALC	Guam Ancestral Lands Commission
GCC	Guam Community College
GDOE	Guam Department of Education
GEDA	Guam Economic Development Authority
GGRF	Government of Guam Retirement Fund
GHC	Guam Housing Corporation
GHURA	Guam Housing and Urban Renewal Authority
GIAA	A.B. Won Pat International Airport Authority, Guam
GMHA	Guam Memorial Hospital Authority
GovGuam	Government of Guam
GPA	Guam Power Authority
GPT	Guam Preservation Trust
GSWA	Guam Solid Waste Authority
GVB	Guam Visitors Bureau
GWA	Guam Waterworks Authority
iLACS	iLearn Academy Charter School
OPA	Office of Public Accountability
PAG	Port Authority of Guam
PBS Guam	Guam Educational Telecommunications Corporation
SiFA	Science is Fun & Awesome Learning Academy Charter School
TAF	Tourist Attraction Fund



## **A MESSAGE**

### ***FROM THE PUBLIC AUDITOR***

Having just completed this sixth annual report as your elected Public Auditor, I am pleased to present the OPA's accomplishments during 2023. In the third year of my four-year term, 2023 saw increased productivity in our office, as well as updates to our staffing complement and compensation. Our office also undertook a major update to our Strategic Plan that covers calendar years 2024 through 2028.

During 2023, we issued 11 performance audits, had oversight over 22 financial audits, and administered six procurement appeals. These 11 audits marked our office's highest number of reports issued in a calendar year since 2016 and identified \$41 million (M) in financial impact. Our office also updated the audit contract for one GovGuam agency, with a specific provision to issue financial audits no later than February 28th, after the fiscal year (FY) ends.

At the beginning of FY 2023, the OPA was able to make headway with compensating its employees when the 2014 Leading Edge compensation study was fully implemented by the 36th Guam Legislature. This measure granted the OPA greater flexibility and independence in hiring and compensating staff and staff salaries were adjusted by an average of 10%. The same Legislature also provided an increase in OPA's budget by granting 0.25% of total appropriated gross revenues of GovGuam for FY 2023, which led to a \$371 thousand (K) increase in appropriations from FY 2022 to FY 2023. In the General Appropriations Act of 2024, OPA's continuous appropriation of one quarter of one percent (0.25%) of the annual budget for FY 2025 was not included, which led us to request the 37th Guam Legislature to codify this measure.

In January 2023, the Department of Administration updated the Competitive Wage Act for the General Pay Plan, which had not been updated since its implementation in 2014. When approved by the Governor, all employees on the General Pay Plan received an adjustment of 22% of their salaries to bring the pay structure closer to alignment with autonomous agencies within GovGuam. OPA employees received the 22% pay adjustment, however, without any additional appropriations from the Guam Legislature.

As of the writing of this report, our staff complement stands at 15, including the Public Auditor. In 2023, we saw the loss of two junior auditors to the federal government. Having seen our weakness in the senior auditor level, we were able to hire two experienced auditors, one a Certified Public Accountant and the other a Certified Government Financial Manager, as well as two junior auditors. These new recruits will help increase our productivity and issue more audits.

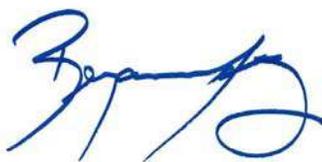
In 2023, our office achieved a significant accomplishment having undergone a Government Auditing Standards-required peer review and received a FULL compliance rating, the highest rating that can be achieved in a quality control review. A team of auditors from the Commonwealth of the Northern Mariana Islands and the Federated States of Micronesia conducted their peer review in June 2023. This was the OPA's 8th full compliance rating. OPA's next peer review is tentatively scheduled for 2026.

When first taking this office in September 2018, one of the first major projects we worked on was to update the OPA's Strategic Plan, a plan that provides a clear direction the office would take for five years. With the plan issued in January 2019 and expiring in 2023, our office was able to work with the Pacific Association of Supreme Audit Institutions to update our plan. At the end of 2023, we were able to issue our updated Strategic Plan, with some revisions to our overall mission.

Since taking the helm at the OPA, we have made it a point to be proactive and engage with our stakeholders on the work that we do. Through the years, our office has evolved and found our niche as a reliable and trusted office that delivers dependable audits and information to our various stakeholders. Earlier this year, we released our 2024 Annual Audit Plan that outlines the activities our office will engage in. Our goal is to continue to be proactive and help GovGuam become more effective and efficient.

In closing, I believe in my heart that the work we do is significant and have seen first-hand the impact our audits have made in our government and our island. I wish to acknowledge my staff as the driving force behind all that we have accomplished. I continue to appreciate their continued dedication and loyalty to the people of Guam. As we close out 2023 and look forward to 2024, I renew my commitment to the people of Guam in being their watchdog over government spending and promoting accountability and transparency. Un dāngkolo na si Yu'os ma'āse'!

Senseramente,



Benjamin J.F. Cruz  
Public Auditor



## WHO WE ARE

**Public Law 21-122** established the OPA in July 1992 as an instrumentality of GovGuam, independent of the executive, legislative, and judicial branches.

**We seek to** achieve independent and nonpartisan assessments that promote accountability and efficient, effective management throughout GovGuam.

**We seek to** serve the public interest by providing the Governor of Guam, the Guam Legislature, and the people of Guam with dependable and reliable information, unbiased analyses, and objective recommendations on how best to use government resources to support the well-being of our island and its constituents.

## MISSION

We independently conduct audits and administer procurement appeals to safeguard public trust and promote good governance for the people of Guam.

## VISION

GovGuam is the standard of public trust and good governance.

## CORE VALUES

Objective  
Professional  
Accountable





# 2023 SUMMARY ■

# FOR OUR STAKEHOLDERS

Where we spent your tax dollars.

	FY 2023	FY 2022	
Appropriations (in millions)	\$ 2.02M	\$ 1.65M	↑
Expenditures (in thousands)			
Personnel	1,314	992	↑
Rent	128	128	-
Contractual Services	86	80	↑
Supplies	5	2	↑
Utilities	3	4	↓
Equipment <sup>2</sup>	5	40	↓
Training	10	7	↑
Other <sup>2</sup>	7	7	-
<b>Change in Net Position<sup>1</sup></b>	<b>\$476K</b>	<b>\$ 400K</b>	<b>↑</b>

<sup>1</sup>Change in Net Position includes Transfers In from the Department of Administration for OPA's appropriations, and federal grant expenses of \$28K in FY 2023 and \$19K in FY 2022.

<sup>2</sup>FY 2022 figures were restated from OPA's CY 2022 Annual Report.

We received an increase in GovGuam appropriations with \$2.02M compared to the FY 2022 appropriation of \$1.65M. GovGuam appropriations are the OPA's primary source of revenue to fund operations.

FY 2023 expenditures increased by \$296K from \$1.26M in FY 2022 to \$1.56M. We earned an interest income of \$6K, and received federal grants of \$28K.

As of 2023, we have spent \$74K of \$76K in Technical Assistance Program (TAP) grant funds awarded to the OPA in 2019 for training and an internship program. The OPA was awarded an additional \$76K TAP grant by the United States Department of Interior Office of Insular Affairs in 2023. This federal grant provides funding capability to allow OPA employees to continue training with the best in the industry.

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# PERFORMANCE AUDITS

*We issued 11 performance audits in calendar year (CY) 2023.*

# \$41M

TOTAL FINANCIAL  
IMPACT

A **performance audit** is an independent assessment of government-specific programs to determine if goals and objectives are being achieved effectively, economically, and efficiently.

*This is akin to a doctor looking into a particular area, such as your heart, liver, kidney, etc.*

## Why Conduct Performance Audits?

Title 1 of the Guam Code Annotated (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 of the branches of GovGuam.

The Public Auditor may also conduct or cause to be conducted such other audits or reviews as necessary. We conduct audits to improve public transparency and accountability and the effective and efficient management of public funds and programs.

We endeavor to provide independent, nonpartisan, accurate and timely assessments of GovGuam's financial and operating activities in accordance with Generally Accepted Government Auditing Standards (GAGAS).



**We conduct audits to improve public transparency and accountability and the effective and efficient management of public funds and programs.**

# STAGES OF A PERFORMANCE AUDIT

## 1) SURVEY

We perform an initial evaluation of the audit subject to determine the feasibility, financial impact, and cost-benefit. We conduct interviews with agency personnel to gain an understanding of the operation and the program under audit. Throughout the audit, auditors meet with the agency to discuss initial findings, issues identified, and areas needing further audit work.

## 2) FIELDWORK

We gather relevant and appropriate evidence regarding the issues identified in the survey phase. Testing results are consolidated to formulate a finding or conclusion, which are referred to the agency for validation.

## 3) REPORTING

We provide draft and final reports on findings and recommendations. An exit meeting is held to discuss the audit report and need for an auditee written response, which will be included in the final audit report. The report is then distributed to the auditee and stakeholders.

## 4) RECOMMENDATIONS FOLLOW-UP

Agencies are required to submit a corrective action plan, document progress, and endeavor to implement recommendations no later than the beginning of the next fiscal year. OPA conducts follow-up with agency officials for the status of the implementation of recommendations.

## Peer Review 2023

Government Auditing Standards require independent peer reviews every three years to assure audit organizations are complying with professional standards and legal requirements.

In 2023, the OPA underwent a Peer Review and received a rating of "Pass", resulting in an 8<sup>th</sup> Full Compliance rating. This Peer Review covered projects issued from CYs 2020 to 2022, and was independently done by a team selected by the Association of Pacific Islands Public Auditors (APIPA). The OPA's next peer review is tentatively scheduled for 2026.



**OPA received a rating of "Pass" in 2023, resulting in an 8<sup>th</sup> Full Compliance rating.**

# PERFORMANCE AUDIT SUMMARY

Arranged by OPA Report Number.



## OFFICE OF PUBLIC ACCOUNTABILITY STATUS OF AUDIT RECOMMENDATIONS

### Report No. 23-01, January 2023

- Between January 2001 and December 2021, the OPA issued 206 reports with 828 audit recommendations to help improve the overall operations of GovGuam.
- To date, 82% or 678 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 the OPA to be no longer applicable under certain circumstances.
- As of January 2023, 67% or 123 recommendations are still open.

## DEPARTMENT OF REVENUE AND TAXATION ASSESSMENTS AND COLLECTION OF EXCISE TAXES FOR ALCOHOLIC BEVERAGES AND TOBACCO PRODUCTS

### Report No. 23-02, February 2023

- Our audit of the DRT's assessments and collections of excise taxes imposed upon alcoholic beverages and tobacco products found that the DRT Business Privilege Tax (BPT) Branch is not required by law to verify entries of taxes due for alcoholic beverages unless there is cause for an audit of a BPT return. Taxpayers are only required to reconcile their own records to determine how much is due for tobacco products withdrawn from a warehouse under bond.
  - Due to the current staffing shortage at the BPT Branch, the procedures required for assessing tobacco taxes at warehouses under bond have affected the Branch's management of its other mandated procedures for delivering taxpayer services to over 1,200 businesses.
- We also found conflicting presentations and reports of the actual monthly collections of excise taxes for alcoholic beverages and tobacco products. These conflicting reports caused concern among taxpayers and the Lieutenant Governor of Guam, which prompted the initiation of this audit. The conflicting information was due to the timing between when the reports are published and when tax payments are collected.
- Lastly, our audit found the following:
  - One business was listed as an active licensed tobacco bonded warehouse wholesaler, despite having two active tax liens with a total BPT liability of \$15,104,183 (from 2015 to present).
  - Irregularities in licensing regulation. DRT's listed Guam-licensed wholesalers did not match the listed named taxpayers who filed BPT returns for alcoholic beverages and tobacco products.
  - Guam CQA data of imported and exported goods contains inconsistent data entries and does not always clearly segregate alcoholic beverages from tobacco products.



## **DEPARTMENT OF REVENUE AND TAXATION BUSINESS PRIVILEGE TAX ON MILITARY CONSTRUCTION CONTRACTS**

### **Report No. 23-03, March 2023**

- Our performance audit of the BPT on military construction contracts covering FYs 2016-2020 disclosed several deficiencies relative to the registration and licensing requirements, gross receipts reporting and BPT payments, questionable exemptions without sufficient documentation, and lapses in internal controls. DRT management and oversight body/commission need to address and resolve these deficiencies to enhance revenue collections relative to Guam's military construction contracts/projects.
- The lapses in monitoring contractor registrations, limitations in the Gross Receipts (GR) - BPT form, and other factors and variables (of undeterminable values) affect the reportable GRs. Additionally, the lack of information on actual contract payments, insufficient exemption documentation, lack of exemptions post reviews, and periodic audits are some of the vital factors that pose challenges in determining a fair estimate of a contractor's potential unreported/underreported taxable GRs. Cumulatively, we found total financial impact totaling over \$22M.

## **GUAM DEPARTMENT OF EDUCATION OVERTIME PAYMENTS**

### **Report No. 23-04, April 2023**

- We uncovered significant internal control deficiencies in overtime payments primarily awarded to employees from the Federal Programs Division (FPD) of the GDOE from March 2020 to September 2022. These deficiencies led to overtime (OT) payments to ineligible employees and raised serious concerns about the approval processes and payments for overtime at the GDOE.
  - As a result, we questioned \$640,055 in OT payments to ineligible employees and improper certification of funds, all of which were supposed to be reimbursed by federal funding for the COVID-19 response. However, because of the nature of the improprieties, reimbursement from the U.S. Department of Education was not requested.
- The internal control deficiencies identified in our audit include:
  - FPD employees incurred OT hours almost a year prior to submitting plans and receiving approval for overtime worked;
  - Payments of OT from local funds shorted local appropriations;
  - Exempt employees received OT;
  - The disparity in OT payments between essential workers and administrative support; and
  - Improper payments occurred due to an unauthorized certifier of funds.



## **GOVERNMENT OF GUAM COVID-19 QUARANTINE AND ISOLATION FACILITIES UTILIZATION ANALYSIS**

**Report No. 23-05, April 2023**

- Our audit of the GovGuam utilization of the COVID-19 quarantine and isolation facilities from March 2020 to April 2022 found that 206,405 occupied rooms for \$49M were utilized at 74% while 122,424 unoccupied rooms for \$12M were utilized at 44%.
  - Utilization was higher within the initial response and pandemic surge months between March 2020 and April 2021, and decreased significantly during recovery response months in June 2021 through October 2021.
  - This is due to the changes in COVID-19 restrictions imposed by the Governor's Executive Orders, the Pandemic Condition of Readiness level, the COVID-19 Area Risk Score, and other guidelines, and the vaccination rollout.

## **GUAM ECONOMIC DEVELOPMENT AUTHORITY PROCUREMENT OF CONSULTANT SERVICES FOR NEW HOSPITAL DEVELOPMENT**

**Report No. 23-06, August 2023**

- Our compliance audit of the GEDA procurement of expert consultant services (Consultant) related to the new hospital development found the following noncompliance with Guam Procurement Law and Regulations:
  - GEDA did not make a written determination for the need of services prior to the issuance of the Request for Proposal (RFP) number RFP 14-008 (Solicitation for Multi-disciplinary professional services to assist with the research, development, planning, and implementation of economic initiatives and opportunities) as required by Title 2 of the Guam Administrative Rules and Regulations (GAR), Div. 4, §3114 (c). The RFP was issued in March 2014, but a written determination was not done until October 2014. This was also after all bids were received and evaluated in April 2014 and the memorandum of ranking and request for fee proposal was sent to the Consultant in May 2014.
  - GEDA contends it executed an "Indefinite Delivery Indefinite Quantity" (IDIQ) type contract, which is not provided for in Guam Procurement Law and Regulations and contrary to the multi-term contract referenced in the RFP and the October 2014 written determination memorandum. GEDA also failed to fully comply with all requirements in 2 GAR 4-§3121, Multi-Term Contracts.
  - GEDA utilized the Consultant services beyond the term of the contract indicated in the RFP, which was three years with two two-year options to extend. This would mean the contract should have been completed and a new RFP and contract issued by September 30, 2021. However, Task Order 8: Medical and Public Health Services Action Plan was issued on June 2, 2021, and is estimated to end on August 31, 2023, and Task Order 9 was issued on January 6, 2023, and is estimated to end on August 31, 2023. We determined expenses for Task Orders 8 and 9 totaling \$2M to be questioned costs.
  - GEDA did not have a specific "Notice of Intent to Award" in the procurement record, which was determined to be a minor informality.

## **GUAM DEPARTMENT OF EDUCATION EDUCATION STABILIZATION FUND EXPENDITURES**

**Report No. 23-07, August 2023**

- The OPA's flash report noted that, from 2020 to 2023, GDOE was granted a total of \$152,085,284 through two rounds of Education Stabilization Fund (ESF) funding. The first round of ESF funding, known as ESF I, amounted to \$41,521,998 and was allocated for use from May 28, 2020 to September 30, 2021. All funds allocated to ESF I have been fully expended as of June 30, 2023. The second round of ESF funding, ESF II, totaled \$110,563,287, with an award period from January 13, 2021 to September 30, 2022. As of June 30, 2023, GDOE has utilized \$51,774,739, leaving a balance of \$58,788,548.
- Seventy-eight percent of the overall spending was allocated to Supplies & Equipment, covering Personal Protective Equipment such as latex exam gloves, face masks, and alcohol sanitizer. The second-largest expenditure, totaling \$15.6M, was dedicated to Capital & Contractual spending, encompassing air conditioning maintenance, custodial services, and various software solutions.
- As the primary recipient of ESF funding, GDOE disbursed the funds to various local educational institutions, including public, private, and charter schools. The top three organizations with the highest expenditures were the Public Schools District, the Office of Catholic Education, and the State Administration. Among them, the Public Schools District had the highest expenditure totaling \$81.9M; followed by the Office of Catholic Education with the second-largest total expenditure of \$4.5M, overseeing 12 schools from Pre-Kindergarten to 12th-grade education; and the State Administration with third-highest total expenditure of \$1.9M.

## **CHAMORRO LAND TRUST COMMISSION OVERSIGHT OF THE REMOVAL OF CORAL MATERIAL FROM THE GUAM INTERNATIONAL RACEWAY PARK**

**Report No. 23-08, September 2023**

- Our analysis of coral/top soil extraction from the Guam International Raceway Park (Raceway) found that there was a lack of consistent oversight and monitoring of the Guam Racing Federation (GRF)'s management and operations of the raceway between June 1, 1998 and January 31, 2023, by the GEDA and the CLTC.
  - As a result, the total volume of materials extracted and how much total revenue was due to CLTC cannot be determined. In addition, GRF continued to allow mineral extraction activity beyond the Cease and Desist Order.
  - Records of royalties paid to CLTC and GRF show inconsistent amounts; whereas, GRF financial statements show reported revenues of \$2.2M, and CLTC has recorded \$1.98M in royalties. Due to the fluctuating prices charged to each company (sometimes concurrently) and gaps in reporting periods, we could not validate the information we reviewed.
  - We further found that GEDA was the entity required by law to inspect and monitor pre-construction or construction activities and collect billing reports from contactors related to the Raceway; however, there was no evidence such inspections or monitoring were conducted or that billing reports were collected. After the agreement between CLTC and GRF expired in 2018, GRF continued to occupy the property without an approved license or lease as required by law.



## **GUAM CONTRACTORS LICENSE BOARD LICENSING AND INVESTIGATION PROCEDURES**

**Report No. 23-09, November 2023**

- Our audit of the CLB revealed several significant findings related to its standard operating procedures in the areas of licensing and investigation.
- CLB's licensing procedures revealed weaknesses resulting in the noncompliance of new and renewal applications records, the stoppage of the further issuance of the C-68 classification specialty, dated licensing examinations, and concerns with the sole authority of the CLB Executive Director to issue licenses.
- CLB's investigation procedures revealed weaknesses resulting from the inconsistent recordkeeping of consumer complaint and CLB complaint documents.

## **GOVERNMENT-WIDE CREDIT/DEBIT CARD USE SERIES, PART 1 GUAM POWER AUTHORITY AND GUAM WATERWORKS AUTHORITY**

**Report No. 23-10, December 2023**

- From FY 2020 to FY 2022, GPA and GWA officials used their corporate credit cards contrary to or not in compliance with certain provisions of the Guam Procurement Law and Regulations, the Government Travel Law, and their own credit card policies.
- Questioned costs were \$71K (or 16%) of the \$431K total purchases for GPA and \$27K (or 21%) of the \$131K total purchases for GWA. During our review, we did not identify any instances of fraud or abuse within the context of our audit objectives.

## **GOVERNMENT-WIDE CREDIT/DEBIT CARD USE SERIES, PART 2 GUAM VISITORS BUREAU**

**Report No. 23-11, December 2023**

- GVB's Corporate Credit Card Policy and Procedures contained conditions for credit cards and should not contradict governing laws. We found that the GVB was non-compliant with certain provisions of their policy and procedures and law requirements for small purchases.
- GVB was non-compliant with its Corporate Credit Card Policy and Procedures for board approval, personal expenses, and prior approvals. Most of the findings for this section were due to the lack of enforcement of policy and procedures.
- GVB was non-compliant with the Guam Procurement Law and Regulations for small purchases and was inefficient with their credit card process for purchase orders.

# FINANCIAL AUDITS

*We provided oversight on 22 financial audits in CY 2023.*



Independent financial audits are essential in assessing the overall financial performance and health of government entities. Financial audits provide reasonable assurance that audited financial statements are presented fairly in compliance with applicable professional standards.

*This is akin to having an annual general health check-up.*

## OUR OVERSIGHT

Title 1 GCA §1909(a) requires all financial audits to be issued by June 30th (nine months after fiscal year-end). Our goal is to issue financial audits no later than six months after fiscal year-end. We also strive for all agencies to not have any material weaknesses or significant deficiencies and/or become low-risk auditees.

After the selection of an audit firm, we remain involved in a monitoring and oversight role over the audit process. We hold an entrance conference, status conferences, and an exit conference as part of this process. These meetings provide the opportunity to ask questions, receive updates on the progress of the audit, and to be informed of any areas of concern.

We also issue financial highlights to provide our stakeholders an overview of the agency's financial performance. Audited financial reports are released

upon the Public Auditor's approval. We commend iLACS for issuing their FY 2022 financial audit before March 31, 2023.



**Twenty-one GovGuam entities/funds received unmodified (or "clean") opinions on internal control over financial reporting.**

All government financial audits must include a report on internal control over financial reporting and on compliance, whether or not findings are identified.

Twenty-one (21) GovGuam entities/funds received unmodified opinions on their FY 2022 financial statements. PBS Guam received a qualified opinion on its governmental activities and an unmodified opinion on the General Fund for its FY 2022 financial audit.



### **MANAGEMENT LETTER COMMENTS**

The independent auditors issued separate letters to management to report deficiencies related to internal control over financial reporting, non-compliance, information technology, and other matters.

For FY 2022 financial audits, 16 GovGuam entities collectively received management letter comments.

### **PROCUREMENT OF FINANCIAL AUDIT SERVICES**

Title 1 GCA §1908 authorizes the Public Auditor to acquire independent financial audit services from firms or organizations. GovGuam entities work with our office to issue RFPs to procure financial audit services.

We issued seven RFPs for five GovGuam agencies for audit contracts covering FY 2021 through FY 2025.

# GOVGUAM ENTITIES FINANCIAL AUDITS ISSUANCE

*Arranged by date issued.*

## MARCH

*iLACS*

## APRIL

*SiFA GSWA*

## MAY

*GACS DCA*

## JUNE

*TAF PBS Guam*

## AUGUST

*GPA GWA GCC UOG  
GIAA GHC PAG GGRF*

## SEPTEMBER

*GEDA GHURA GVB*

## OCTOBER

*GMHA GGRF 457*

## NOVEMBER

*GDOE GOVGUAM*



## SINGLE AUDIT COMPLIANCE

Government entities that spend more than \$750K in federal grants require an additional report on compliance for each major federal program (“Single Audit”).

The following 11 GovGuam entities were subjected to Single Audits for FY 2022:

- GPA
- GWA\*
- GCC
- UOG\*
- GIAA
- PAG\*
- GHURA
- GVB
- GMHA\*
- GDOE
- GovGuam

*\*GovGuam entities that had no findings on their compliance over major federal programs.*



**The following GovGuam entities had findings in their FY 2022 Single Audit:**

- GPA received an unmodified opinion on its internal control over financial reporting, and a qualified opinion on the compliance for major federal programs. The independent auditors identified one material weakness relative to compliance for major federal programs.
- GCC received unmodified opinions on its internal control over financial reporting and compliance over major federal programs; however, the independent auditors identified one material weakness and one significant deficiency relative to compliance for major federal programs.
- GIAA received unmodified opinions on its internal control over financial reporting and compliance over major federal programs; however, the independent auditors identified two significant deficiencies relative to compliance for major federal programs.
- GHURA received an unmodified opinion on its internal control over financial reporting, qualified opinions on the compliance for two major federal programs, and an unmodified opinion on all other major federal programs. The independent auditors identified three material weaknesses and two significant deficiencies relative to compliance for major federal programs.
- GVB received unmodified opinions on its internal control over financial reporting and compliance over major federal programs; however, the independent auditors identified one significant deficiency relative to compliance for major federal programs.
- GDOE received an unmodified opinion on its internal control over financial reporting and compliance over major federal programs; however, there was one material weakness and six significant deficiencies in their internal control over compliance for major federal programs.
- GovGuam received an unmodified opinion on internal control over financial reporting. For GovGuam’s compliance for major federal programs, the independent auditors rendered qualified opinions on 10 major federal programs and unmodified opinions on all other major federal programs. The independent auditors identified 14 material weaknesses and 12 significant deficiencies relative to compliance over major federal programs.



## QUESTIONED COSTS

A **questioned cost** arises from:

1. Alleged violation of a law, regulation, or the terms and conditions of a federal award;
2. Inadequate documentation of costs at the time of the audit; or
3. Unreasonable and wasteful expenditure of funds.

For the FY 2022 Single Audit of GovGuam, the questioned costs of \$11.2M for federal awards was a decrease of \$30.5M from FY 2021's questioned costs of \$41.7M.

**\$11.2M**  
**QUESTIONED COSTS**

# LOW-RISK AUDITEES RECEIVING FEDERAL FUNDING

**One of our goals** is for all GovGuam entities subject to a Single Audit Act to qualify as a low-risk auditee. To qualify as a low-risk auditee, an agency must meet the following conditions for each of the preceding two audit periods:

- Single audits performed annually.
- An unmodified opinion on financial statements.
- No material weaknesses under GAGAS.
- No substantial doubt to continue as a going concern.
- None of the major federal programs received modified opinions, has material weaknesses, and questioned costs exceeding 5% of total federal awards spent.

Five GovGuam entities received a low-risk status in FY 2022:

- GCC – maintained a low-risk status for 22 years
- UOG – maintained a low-risk status for 8 years
- GWA – maintained a low-risk status for 7 years
- PAG – maintained a low-risk status for 4 years
- GIAA – maintained a low-risk status for 2 years

The following six entities did not qualify as low-risk auditees in FY 2022:

- GPA
- GHURA
- GVB
- GMHA
- GDOE
- GovGuam

# PROCUREMENT APPEALS

*We oversaw six procurement appeals in CY 2023.*

Procurement appeals are complaints by aggrieved persons against the purchasing agency's decision on (a) protest of method, solicitation or award; (b) debarment or suspension; (c) contractor breach of contract controversy; (d) award determination during a pending protest or appeal; or (e) other matters.

Our office received six procurement appeals in CY 2023. As of January 2024, three of the six appeals were dismissed and one decision was issued. Two appeals that are ongoing, but these appeals have been consolidated as they involve the same parties and the same procurement.

The agencies involved in the six appeals filed were GPA (2), GGRF (2), GIAA, and GDOE.

**We strive** to resolve appeals within 90 to 120 days from the time of filing and decide within 30 to 60 days after the hearing.



**Our office received six procurement appeals in CY 2023.**

## PROCUREMENT APPEALS IMPROVE THE PROCUREMENT PROCESS

Aggrieved vendors have been deliberative and reflective and invest time, money, and effort to file an appeal. The Public Auditor concluded that vendors continue to scrutinize the GovGuam procurement process. Vendors are analyzing bids and specifications and challenging premature disqualifications. These efforts help strengthen and improve the procurement process.

A common misconception is that appeals prolong the overall

procurement process; however, appeals have been resolved generally within 90 to 120 days. We also encourage parties to agree to resolve their procurement issues.

Procurement appeals revealed the need for further government procurement training. GCC has courses on the procurement process as required by Public Law (P.L.) 32-131 (codified in the Guam Procurement Law). All GovGuam procurement personnel must take these training courses.

# FILED PROCUREMENT APPEALS & CASES

In CY 2023, OPA received six procurement appeals that were addressed as follows:

- Dismissed three appeals.

The subjects and dollar values of these appeals were as follows:

Purchase Order No. PO 28553, Access Control System for Lobby Elevator and Stairway No. 3, Fadian*	\$-
Purchase of Administrative and Instructional Supplies*	\$-
Performance Management Contract for GPA's Yigo Diesel Contractors*	\$-

\*Monetary value could not be identified

- Issued a decision on one appeal.

The subject and dollar value of this appeal is as follows:

Management & Infrastructure Support Services to GIAA's Baggage Conveyance Systems	\$1,317,327
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- Two appeals are ongoing; however, both appeals deal with the same subject.

The subject and dollar value of this appeal is as follows:

Plan Administration Services Related to the Defined Contribution Retirement System (401(a) Plan) Deferred Compensation Plan and Welfare Benefit Plan*	\$-
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\*Monetary value could not be identified



## OPA HEARING OFFICERS

The Public Auditor assigns certain time-sensitive procurement appeals to contracted OPA Hearing Officers who are licensed attorneys from Thompson, Thompson, & Alcantara, P.C., and McDonald Law Office, LLC. OPA established this pool to handle the workload and prevent potential conflicts. There are cost savings from hiring contractual attorneys on an as-needed basis versus a full-time staff attorney. OPA Hearing Officers may also provide other legal advice and services as requested by the Public Auditor.

For FY 2023, legal costs for procurement appeals and other legal services amounted to \$31.2K, which is \$13.5K less than the previous year of \$44.7K.

# LEGISLATIVE MANDATES

Besides performance audit activities and financial audit oversights, we also perform legislative mandates that have expanded our duties and responsibilities. The OPA has 39 open mandates as of December 31, 2023.

- 14 required various GovGuam agencies to submit reports and other information to OPA.
- 12 required OPA to conduct audits.
- 8 required OPA to provide oversight, approval, or conduct a specific activity; and
- 5 required OPA to submit various reports to the Guam Legislature, Office of the Attorney General of Guam, etc.

As of 2023, PLs 37-6 and 37-51 mandated the OPA to create and adopt rules and regulations relative to expediting procurement protest procedures for (1) GDOE procurements funded, in whole or in part, by American Rescue Plan Act (ARP) Act, ESF, or Head Start Grant monies, and (2) Critical Procurement Contracts reasonably expected to cost \$5M or more using funds from the ARP or the Infrastructure Investment and Jobs Act. Furthermore, the OPA will be mandated to adjudicate such protests until December 31, 2024 and 2026, respectively, or unless the federal grantor agency authorizes an extension of time for the expenditure of these funds.

Lastly, P.L. 37-46 requires for GovGuam agencies to send reports mandated to be submitted by law to I Maga'hågan Guåhan, I Liheslaturan Guåhan, the Public Auditor, and the Attorney General of Guam via email, which shall include a notification of the posting on the corresponding agency's website as well as the report to be attached in the email transmittal.

## **LEGISLATIVE MANDATES REPORTING**

In order to increase internal and external stakeholders' awareness of the OPA's mandates and roles – an objective of Strategic Priority 4 as outlined in the OPA's Strategic Plan for 2024-2028 – a report of the OPA's mandates database will be updated and posted on the OPA's website on a biennial basis. The OPA previously reported on the status on all of its legislative mandates in December 2022 as part of OPA Report No. 22-07, OPA's Status of Legislative Mandates, which covered the period from October 2016 to September 2022.



# **OTHER ANNOUNCEMENTS**



## NEW STAFF

In CY 2023, the OPA added two new Accountability Auditor IIIs – Joy Esperanza and Maryann Manglona – and two Accountability Auditor Is – Melissa Ngiralmou and Donald San Agustin, Jr.



**Joy Esperanza**  
*Accountability Auditor III*

Joy graduated from UOG in 2009 with a Bachelor of Business Administration in Accounting. She is also a Certified Government Financial Manager (CGFM) since 2014.



**Maryann Manglona**  
*Accountability Auditor III*

Maryann graduated from Marquette University in 2007 with a Bachelor of Science in Business Administration with a major in Accounting. She is also a Guam-licensed Certified Public Accountant since 2018.



**Melissa Ngiralmou**  
*Accountability Auditor I*

Melissa graduated from UOG in May 2020 with a Bachelor of Business Administration with a concentration in Finance & Economics, and in December 2022 with a Master of Public Administration.



**Donald San Agustin, Jr.**  
*Accountability Auditor I*

Donald graduated from UOG in May 2006 with a Bachelor of Science in Criminal Justice.



# 10 YEARS OF DEDICATED SERVICE

Accountability Auditor Maria Thyrza Bagana was recognized in July 2023 for 10 years of outstanding and dedicated service to the OPA.

Thyrza began her audit career with the OPA in 2013 as an Auditor I and worked her way up to her current position as an Accountability Auditor III, briefly transferred to the Guam Department of Administration in 2020, then returned to the OPA in 2021. Thyrza holds a Bachelor's degree in Accounting from the University of San Recoletos – Philippines. Prior to joining the OPA, she was in the banking industry as an Auditor I to Audit Senior Manager for 20 years and as Operations Head/Accountant for eight years. She earned her CGFM designation in 2018 and her Certified Fraud Examiner (CFE) designation in 2020.



# 5 YEARS OF DEDICATED SERVICE

Accountability Auditor Joy Esperanza was recognized in September 2023 for five years of outstanding and dedicated service to the OPA. Joy has been with the OPA since 2010, transferred to the GDOE Internal Audit Section in 2014, then returned to the OPA in 2023.

# CERTIFIED FRAUD EXAMINER DESIGNATIONS

We are pleased to announce that Accountability Auditors Ren Erbil Jalandoni and Frederick Jones attained their CFE designations in 2023.

They completed the fraud prevention and deterrence, financial transactions and fraud schemes, investigation, and law examinations administered by the Association of Certified Fraud Examiners. Ren received his CFE designation in September 2023 and Fred received his CFE designation in November 2023.



The CFE professional designation is accepted worldwide and requires each member to adhere to the ACFE Code of Ethics and obtain a minimum of 20 Continuing Professional Education credits each year.

# CERTIFIED GOVERNMENT FINANCIAL MANAGER DESIGNATIONS



We are pleased to announce that Accountability Auditors Jerrick Hernandez and Selina Onedera-Salas attained their CGFM designations in 2023.

They completed the ethics, education, examinations and experience requirements administered by the AGA. Jerrick received his CGFM designation in August 2023, and Selina received her CGFM designation in December 2023.

CGFM is a professional certification awarded by the AGA, demonstrating competency in governmental accounting, auditing, financial reporting, internal controls and budgeting at the federal, state and local levels.



**PASAI**  
**COMMUNICATIONS &**  
**MEDIA TRAINING**  
*February 7-10, 2023*  
*Nadi, Fiji*

Supervising Accountability Auditor Vincent Duenas attended the Pacific Association of Supreme Audit Institutions (PASAI) Communications and Media Training workshop alongside 15 Pacific island audit offices in Nadi, Fiji, from February 7-10, 2023. The workshop focused on strengthening each Supreme Audit Institution’s (SAI) capability to communicate and engage effectively with the media and other stakeholders.



**AGA GUAM CHAPTER**  
**PROFESSIONAL**  
**DEVELOPMENT**  
**CONFERENCE**  
*February 8-10, 2023*  
*Tamuning, Guam*

Accountability Auditors Thomas Eladio Battung, Kayleen Concepcion, Mariella Cruz, Ren Erbil Jalandoni, and Selina Onedera-Salas attended the 12<sup>th</sup> Biennial Guam Professional Development Conference (GPDC) sponsored by the AGA Guam Chapter. The conference theme was “Finance 3.0 Beyond Financial Management,” a wordplay on Web 3.0 as the GPDC aimed to provide forward-looking sessions in financial management and other topics of interest. This was the first in-person GPDC since the global pandemic began in 2020.



## 24<sup>th</sup> PASAI CONGRESS

*February 28 – March 3, 2023  
Koror, Palau*

Public Auditor Benjamin J.F. Cruz and Accountability Auditor Jerrick Hernandez – alongside representatives from 21 other PASAI member national, state and territory government audit offices – attended the 24<sup>th</sup> PASAI Congress in Koror, Palau from February 28 to March 3, 2023. This was the first PASAI Congress to be held in-person since the COVID-19 pandemic, allowing participants to reflect on PASAI’s progress nearly nine years into its 10-year Strategic Plan and start work on developing its next strategy. In addition, heads of SAIs were able to reflect on issues related to institutional independence, securing quality in a SAI’s core mandate and enabling audit impact.



Accountability Auditor Jerrick Hernandez attended the Strategy, Performance Measurement and Reporting (SPMR) Program Approach Adaptation and Validation Meeting held by the International Organization of Supreme Audit Institutions (INTOSAI) Development Initiative (IDI) in Oslo, Norway. The main objective of the meeting was to reflect on the SPMR program, identifying what worked and did not work well and why, share experiences from the resource persons and IDI manager’s perspectives, and agree on the way forward for the SPMR initiative.

**INTOSAI IDI SPMR  
PROGRAM APPROACH  
ADAPTATION &  
VALIDATION MEETING**  
*March 7-9, 2023  
Oslo, Norway*



**PASAI STRATEGIC  
MANAGEMENT  
CAPABILITIES  
PROGRAMME**  
*March 6-10, 2023  
Tamuning, Guam*

Accountability Auditors Thyrza Bagana, Frederick Jones, and Johanna Pangelinan attended the PASAI Strategic Management Capabilities Programme workshop from March 6-10, 2023. The workshop aimed to build on one of PASAI's strategic priorities for all PASAI member audit offices to develop process facilitation skills required to effectively develop and manage organizational strategy and to foster strategic thinking at the individual and organizational levels.



The OPA and the Republic of the Marshall Islands (RMI) Office of the Auditor General conducted a peer review of the Federated States of Micronesia (FSM) Office of the National Public Auditor (ONPA) from March 13-17, 2023 for FSM ONPA performance audits issued from October 1, 2017 to September 30, 2020. Accountability Auditor Thyrza Bagana served as a team member on the peer review team, while Frederick Jones and Mariella Cruz served as observers to be trained on the peer review process.

**FSM ONPA  
PEER REVIEW**  
*March 13-17, 2023  
Palikir, Pohnpei*

## **ALGA 2023 ANNUAL CONFERENCE**

*May 7-10, 2023  
Baltimore, Maryland*



Accountability Auditors Kayleen Concepcion, Mariella Cruz, and Maria Thyrza Bagana attended the 35<sup>th</sup> Annual Association of Local Government Auditors (ALGA) Conference held from May 7-10, 2023 in Baltimore, Maryland. The conference offered sessions on a variety of key topics such as governmental auditing; communications; information technology; personnel/human resources; behavioral ethics; and business management and organization.



## **PASAI TIER 1 FUNDAMENTALS OF PUBLIC SECTOR AUDITING**

*August 21-25, 2023  
Tamuning, Guam*

Accountability Auditors Maryann Manglona, Ren Erbil Jalandoni, and Thomas Quichocho; and UOG student interns Justin Quenga and Kristin Fausto attended the PASAI Tier 1 Fundamentals of Public Sector Auditing Workshop from August 21-25, 2023. The five-day workshop – conducted by PASAI program directors Doris Flores Brooks (former Guam Public Auditor) and Susana Lulu (from Samoa); and Supervising Accountability Auditor Vincent Duenas – aimed to assist public sector auditors to increase their awareness of their critical role in auditing public sector entities to improve accountability and transparency of public sector resources.



## **APIPA 2023 CONFERENCE**

*August 28 – September 1, 2023  
Majuro, RMI*

Public Auditor Benjamin J.F. Cruz and Supervising Accountability Auditor Vincent Duenas attended the 34<sup>th</sup> APIPA Conference held in Majuro, RMI, from August 28 to September 1, 2023. This was the first in-person conference since it was held in Guam in 2019. The one-week conference provided a wide range of courses with relevant topics on Audit, Audit Supervisory, Finance, and Advance Finance and Management, and aimed to strengthen and enhance valuable skills each professional needs in today's organization.



## **PASAI HR CHAMPIONS PROGRAM**

*Module 1: May 2-11, 2023  
Suva, Fiji*

*Module 3: December 5-14, 2023  
Tamuning, Guam*

Accountability Auditor Jerrick Hernandez attended the PASAI Human Resources (HR) Champions Programs. Module 1 was held in Suva, Fiji, from May 2-11, 2023, and Module 3 was held in Guam from December 5-14, 2023. The HR Champions Program was launched by PASAI to support SAIs to strengthen its HR processes, which is in line with one of PASAI's strategic priorities to enhance SAI capacity and capability by supporting SAIs to improve their approaches to managing human resources and related matters. This is an important stepping stone to achieving greater autonomy, despite limited HR resources.



## AGA GUAM CHAPTER EXCELLENCE IN CITIZEN- CENTRIC REPORTING AWARD

*September 27, 2023*

The AGA Guam Chapter presented the OPA with the “Excellence in Citizen-Centric Reporting” award for the OPA’s FY 2021 Citizen-Centric Report (CCR) (published in September 2022) at the AGA General Membership Meeting on September 27, 2023.

The CCR initiative, adopted through P.L. 30-127, assists in advancing accountability and transparency in our government. This report provides information about the entity’s goals, performance measures, audited financial statements, challenges and outlook of our operations, and most importantly, how taxpayer dollars are spent in a manner that is easily understandable and accessible to our citizens. The OPA continues to stay committed to good governance and responsible fiscal action, and will continue to promote transparency and accessibility to the public.



## UOG INTERNSHIP PROGRAM *Fanuchãnan 2023*

The OPA continued its partnership with the UOG for the Accounting Internship course with the selection of Kristin Fausto and Justin Quenga during the Fanuchãnan (Fall) 2023 semester.



## FULL COMPLIANCE RATING FOR PEER REVIEW

Public Auditor Benjamin J.F. Cruz proudly announces that the OPA received a peer review rating of full compliance for its 2023 peer review – the highest level of compliance given to audit organizations. This is Public Auditor Cruz’s second peer review since his election as Public Auditor in 2018.

The APIPA peer review team was led by FSM National Government Audit Supervisor Brandon Rodriguez, with team members and observers—Commonwealth of the Northern Mariana Islands Public Auditor Dora De Leon Guerrero and Audit Supervisor Wilma Atalig-Fejeran, and FSM Senior Auditor Joey Iwo. The review took place on June 26<sup>th</sup> to 30<sup>th</sup>, 2023 at the Guam OPA office in Hagåtña, and covered OPA audits issued from January 1, 2020 to December 31, 2022.

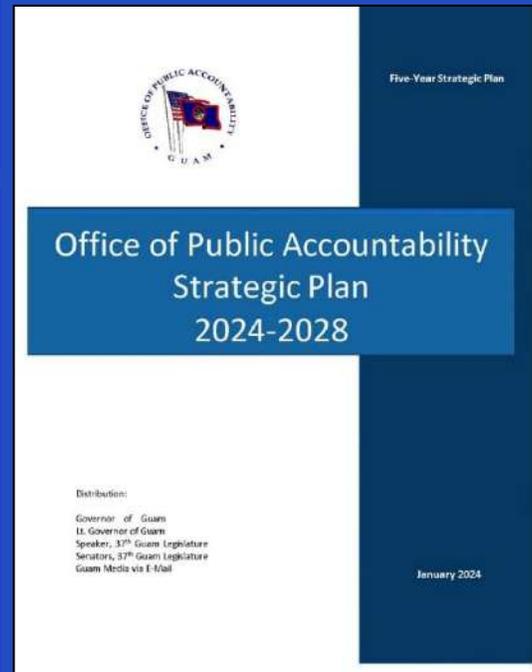
You may view the peer review reports on the OPA website at <https://www.opaguam.org/>.

# OPA STRATEGIC PLAN FOR 2024-2028

The OPA completed its Strategic Plan for the next five years.

The OPA's strategic plan envisions the following outcomes:

- Public trust in the SAI;
- Audit recommendations implemented;
- Effectiveness and efficiency in government processes and government programs;
- Compliance with laws and regulations; and
- Advocacy and engagement of stakeholders.



To safeguard the public trust and promote good governance in GovGuam, the OPA will endeavor to reach these outcomes through accomplishing the following strategic priorities:

- Strategic Priority 1: Protect and enhance the independence of OPA.
- Strategic Priority 2: Timely delivery of impactful and quality audit reports.
- Strategic Priority 3: Continue to deliver timely decisions on procurement appeals.
- Strategic Priority 4: Foster and enhance public perception and OPA awareness to stakeholders; and
- Strategic Priority 5: Recruit and retain competent, high-performing staff to provide impactful and quality service.

The OPA also updated its Vision and Mission. The OPA's Vision is

“The Government of Guam is the standard of public trust and good governance.”

The OPA's Mission is

“We independently conduct audits and administer procurement appeals to safeguard public trust and promote good governance for the people of Guam.”

# REPORT FRAUD, WASTE, AND ABUSE 47-AUDIT (671.472.8348)

The OPA has a hotline where citizens can report government fraud, waste, and abuse by calling the OPA hotline number or completing the Hotline/Citizen Concern Report Form on the OPA's website.

Fraud involves obtaining something of value through willful misrepresentation.

Waste is the act of using or expending resources carelessly, extravagantly, or to no purpose. Importantly, waste can include activities that do not include abuse and does not necessarily involve a violation of law. Rather, waste relates primarily to mismanagement, inappropriate actions, and inadequate oversight.

Abuse is behavior that is deficient or improper when compared with behavior that a prudent person would consider reasonable and necessary business practice given the facts and circumstances, but excludes fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements. Abuse also includes misuse of authority or position for personal financial interests or those of an immediate or close family member or business associate.

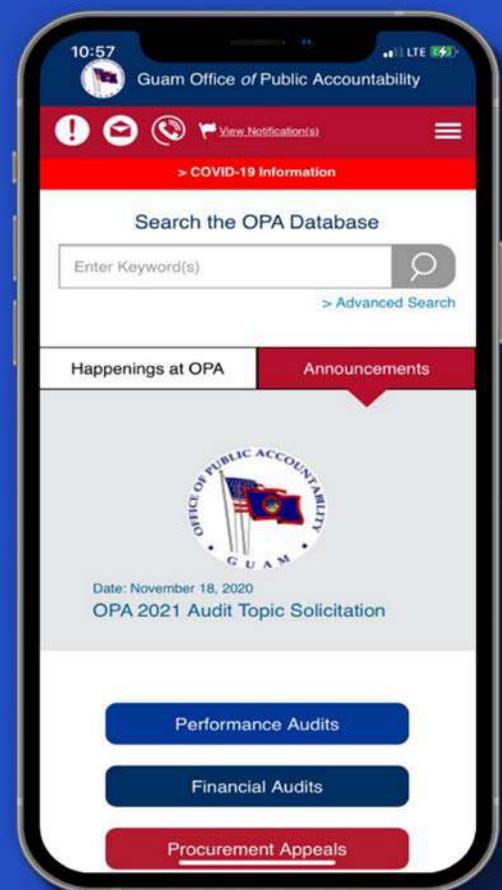
## OPA'S MOBILE APP

Accountability at your fingertips...

The OPA's mobile app was designed to be synced up with its national award-winning website, [www.opaguam.org](http://www.opaguam.org), but still provide a user-friendly and professional experience.

When the OPA's website is updated, the app is automatically updated in real-time.

Visit our website to download the app or search Guam OPA in your app store.



# OPA TEAM

**AS OF DECEMBER 2023**



**Benjamin J.F. Cruz**  
Public Auditor

**Vincent Duenas**  
Supervising Accountability Auditor



**Jerrick Hernandez, MA, CGFM, CFE, CICA, CGAP**  
Accountability Auditor III

**Joy Esperanza, CGFM**  
Accountability Auditor III



**Maria Thyrza Bagana, CGFM, CFE**  
Accountability Auditor III

**Maryann Manglona, CPA**  
Accountability Auditor III

**Frederick Jones, MBA, CFE**  
Accountability Auditor II



**Thomas Eladio Battung, CFE**  
Accountability Auditor I

**Mariella Cruz**  
Accountability Auditor I



**Ren Erbil Jalandoni, CFE**  
Accountability Auditor I

**Selina Onedera-Salas, CGFM**  
Accountability Auditor I

**Kayleen Concepcion**  
Accountability Auditor I

**Thomas Quichocho**  
Accountability Auditor I

**Melissa Ngiralmou, MPA**  
Accountability Auditor I



**Donald San Agustin, Jr.**  
Accountability Auditor I

**Marisol Andrade, CGFM**  
Administrative Services Officer

**“Auditing for Good Governance”**

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**Key contributions to this report were made by:**

Mariella Cruz  
Audit Staff

Maryann Manglona, CPA  
Auditor-in-Charge

Vincent Duenas  
Audit Supervisor

Benjamin J.F. Cruz  
Public Auditor

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