

**Government of Guam
Use Tax Exemptions and Collections**

**Performance Audit
October 1, 2010 through September 30, 2013**

**OPA Report No. 15-01
March 2015**



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EXECUTIVE SUMMARY

Government of Guam Use Tax Exemptions and Collections

Report No. 15-01, March 15, 2015

Based on our assessment of the magnitude of incoming cargo documentation and internal controls over the exemption and collection of the Government of Guam's (GovGuam) Use Tax from Fiscal Year (FY) 2011 through FY 2013, we found the following:

- (1) Valuable sources of economic data needs to be assessed and better maintained;
- (2) Better record keeping is needed to ensure completeness of incoming cargo documentation;
- (3) Oversight and guidance are needed to ensure Use Tax exemptions are made in accordance with the law; and
- (4) Controls need to be established to ensure Use Tax collections and deposits are properly accounted for, recorded, and deposited in a timely manner.

For the two days tested, we found that \$3,700 in Use Tax revenues was not collected due to improper exemptions. There is also no assurance that Use Tax exemptions and collections were safeguarded against unauthorized use, loss, or abuse due to inadequate documentation and the lack of review and reconciliation.

Assessment of Valuable Sources of Economic Data Needed

The Customs and Quarantine Agency (CQA) does not have a complete record of cargoes coming in from Guam ports of entries as these are not logged. On average, CQA accumulates 28 boxes of stored documents per month, or over 300 boxes per year of manifests, airway bills, bills of lading, and other documentation accompanying incoming cargoes. GovGuam has not considered the significance and economic value of the data contained in the documents filed and stored in the CQA warehouse. If captured, the government can determine undocumented exemptions, the true value of Guam's imported goods, and goods for sale not reported under Gross Receipts Tax to name a few. Such data can also be used for economic, financial, and trade policy analysis. However, to capture all necessary data efficiently, the government would need to make a significant investment in electronic systems and manpower.

Better Record Keeping Needed to Ensure Completeness of Incoming Cargo Documentation

Due to voluminous and problematic Use Tax data, we chose two sampled testing dates in FY 2013, October 2, 2012 and December 4, 2012, which covered 448 invoices/bills of lading with a total value of \$20.1 million (M). However, there is no certainty as to the completeness of documents provided by CQA for the two tested dates. According to the Records Management Officer, documents provided were those they were able to retrieve from the boxes at the CQA warehouse.

Oversight & Guidance Needed to Ensure Use Tax Exemptions are made in Accordance with Law

CQA has been collecting Use Tax for taxable goods and exempting Use Tax for exemptible goods for over 18 years based on their professional judgment, interpretation of the Use Tax law, and other relevant information available. However, the Department of Revenue and Taxation (DRT) did not provide oversight for this function delegated to CQA. We also found that CQA did not have written procedures on the exemption process and guidelines as to how certain goods should be treated. As a result, of the 448 samples tested for October 2, 2012 and December 4, 2012, we found 10 bills of lading/invoices with a value of \$78,500 that should not have been exempted from Use Tax. Additionally, two businesses did not have valid business licenses at the time of the importation while one non-profit organization had no registration or certificate of tax exemption. Therefore, we question the exemptions granted to these businesses and the non-profit organization for the goods valued at \$13,900. Total uncollected Use Tax amounted to \$3,700. See below for details.

Classification of Goods	Total Landed Cost	Uncollected Use Tax
Non-resale Business Use	\$63,212	\$2,530
Construction Equipment	\$13,938	\$558
Personal Non-Business Exceeding \$1,000	\$1,350	\$14
Without Business License	\$7,937	\$318
Without Non-profit Registration/Exemption Certificate	\$5,940	\$238
Total	\$92,377	\$3,658

Controls Needed to Ensure Proper Accounting, Recording and Timely Deposits of Collections

We found the following deficiencies evident of CQA's weak internal control system:

- **Use Tax payments and collections were not properly accounted for**
 1. (a) Invoices utilized by CQA were not sequentially issued; and (b) No one person is designated to account for all invoices issued daily. Consequently, CQA could not account for 12 missing invoices issued in October 2012.
 2. Instead of issuing receipts to document subsequent Use Tax payments, CQA reused copies of the invoice or the Form UST that were originally issued to the consignee. These payments could not be properly accounted for due to the lack of reconciliation of payments against the outstanding receivables. Per OPA Report 14-02, accounts receivable for Use Tax as of FY 2013 grew to \$4.9M. This amount was provided with 100% allowance and will be written-off.

- **Collections were not properly recorded, reviewed and reconciled**

From FY 2011 to FY 2013, CQA's record of transmittals indicated 418 days where no Use Tax was collected or had questionable data. This translates to 38% of the 1,095 days in three years, which appears quite high considering that CQA is assessing and clearing incoming cargoes daily. The unreliable recorded data could have been avoided had CQA management monitored and reconciled its recorded Use Tax transactions. Additionally, of the 418 days, 297 days or 27% had no evidence of any Use Tax assessments made by CQA giving the appearance that all incoming goods for those days were exempted. CQA should conduct regular supervisory reviews of exemptions granted by clearing officers, especially on days when there are no Use Tax assessments as it is unlikely that all incoming goods for a day or consecutive days are not taxable.

- **Use Tax collections were not deposited in a timely manner**

Of the two days tested, Use Tax collections for \$5,509 in December 4, 2012 were deposited after eight days from date of receipt by CQA.

Recommendations

Based on our audit findings, we recommend that:

- CQA 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 files stored at CQA's warehouse, and whether an electronic system should be adopted to capture pertinent import data.
- CQA and DRT work together to establish written exemption procedures, including the conduct of independent reviews by DRT, to be incorporated in the Inter-Agency Cooperative Agreement.
- CQA conduct periodic supervisory reviews of exemptions granted by clearing officers.
- CQA implement the basic principles and procedures of internal control over Use Tax collections to provide reasonable assurance that collections are safeguarded from loss or misuse.

Doris Flores Brooks, CPA, CGFM
Public Auditor



Introduction

This is the second part of our audit of Government of Guam (GovGuam) Use Tax. In Part I, OPA Report No. 14-02, *Government of Guam Use Tax*, the audit identified that the amount of exemptions could not be quantified due to the magnitude of documents and that the amount of Use Tax assessments and collections is unknown. This report (Part II) presents the results of tests of transactions and internal control assessments regarding the unknown amount of Use Tax exemptions, assessments, and collections reported in OPA Report No. 14-02. Our objectives for Part II were to:

- (1) Assess the magnitude of documents and effectiveness of the Guam Customs and Quarantine Agency's (CQA) record keeping management;
- (2) Quantify the amount of incoming cargoes that may be subject to Use Tax;
- (3) Determine whether Use Tax exemptions were granted in compliance with applicable laws and regulations; and
- (4) Determine whether Use Tax collections and deposits were properly accounted for, recorded, and deposited in a timely manner.

The audit objectives, scope, methodology, and prior audit coverage are detailed in Appendix 2 and 3.

Background

The assessment, collection, data processing, and record keeping of Use Tax are handled by three government agencies: (1) CQA; (2) Department of Revenue and Taxation (DRT); and (3) Department of Administration (DOA). While DRT is responsible for enforcing tax laws of Guam and collecting tax revenues, it relies on CQA for the enforcement and collection of Use Tax. DRT cites the Use Tax law, Title 11 of the Guam Code Annotated (GCA) §28105, which states that CQA is tasked to collect on behalf of DRT. At the forefront of Guam's ports of entry, CQA assesses Use Tax on cargo coming in at the commercial port and the international airport and collects upfront and subsequent Use Tax payments. Because CQA is a line agency of GovGuam, it relies on DOA for its accounting, financial reporting, records management, and cash management. CQA deposits all Use Tax collections to the Treasurer of Guam (TOG), a division under DOA, and forwards all documents (including assessments) to DOA and not to DRT.

Use Tax Assessments

The Use Tax Law is outlined in Chapter 28 of Title 11 GCA and states that every person who imports into Guam, or acquires in Guam from any other person, any property for his use or consumption shall be subject to 4% Use Tax based on the landed value of such property. This is not applicable to items imported for resale. Landed cost is defined under Use Tax Law as "the greater amount between the insured value or fair market value the item has at the time it arrives on Guam, based on industry standards used to assess items." The Law Dictionary defines "landed cost" as the total purchase price, freight, insurance, and miscellaneous costs up to the port of destination. It is the total cost of a landed shipment.

Use Tax Exemptions

Pursuant to 11 GCA Chapter 28, Use Tax exemptions are allowed on selected properties. Please refer to Appendix 4 for provisions of the Use Tax law including exemptions.

Results of Audit

Our audit revealed that CQA’s record management process, Use Tax exemption processes, and its system of internal controls (checks and balances) for managing and recording Use Tax collections need improvement. Specifically, we found the following:

- (1) Valuable sources of economic data needs to be assessed and better maintained;
- (2) Better record keeping is needed to ensure completeness of incoming cargo documentation;
- (3) Oversight and guidance are needed to ensure Use Tax exemptions are made in accordance with the law; and
- (4) Controls need to be established to ensure Use Tax collections and deposits are properly accounted for, recorded, and deposited in a timely manner.

For the two days tested, we found that \$3,700 in Use Tax revenues were not collected on 13 bills of lading due to exemptions not made in accordance with the law. Additionally, because of weak and ineffective checks and balances, there is no assurance that Use Tax exemptions and collections were safeguarded against unauthorized use, loss, abuse, or misappropriation.

Assessment of Valuable Sources of Economic Data Needed

CQA receives from the consignees or freight forwarders, shipping documents such as Airway Bills of Lading (AWBL), Bills of Lading (BL), Cargo manifests, supplier or commercial invoices, and other import documents for cargoes coming in through the airport and seaports. These documents and cargoes are examined by the CQA officer for clearance and release. After cargoes are cleared, the documents are filed in boxes labelled “High Risk” or “Low Risk” depending upon the country of origin and type of documents. The High Risk and Low Risk classification of countries changes constantly, but this information is not readily available for reference at the warehouse, which complicates knowing what is filed in the boxes.



Image: Filed import documents at CQA’s Warehouse.



CQA accumulated an estimated average of 12 boxes per month from the airport’s air cargo section and 16 boxes from the commercial sea ports. This equates to a total of 28 boxes per month, or over 300 boxes per year of incoming cargo documentation that are stored at the CQA warehouse until they are destroyed after their retention period of three or five years.

CQA, DRT, and other government agencies, such as the Bureau of Statistics and Plans (BSP) have not discussed the significance and economic value of the vast data stored in these documents. Aside from determining undocumented exemptions and the value of Guam's imported goods, the data can be used as a tool in determining goods for sale that were not reported in the Gross Receipts Tax (GRT) Form. Such data can also be used by government agencies for economic, financial, and trade policy analysis.

According to CQA, all incoming cargo data can be captured if the government installed an electronic system similar to that of the U.S. or other countries. However, the cost of a new system would be significant. DRT Deputy Director and the CQA Assistant Chief agreed that the government would derive numerous benefits from analyzing this data.

As such, we recommend that CQA 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 the feasibility of an electronic system to capture pertinent import data. Suggested members of this task force would include CQA, DRT, BSP, Chief Economist of GovGuam, economist from the University of Guam, and members of the private sector, among others.

Better Record Keeping Needed to Ensure Completeness of Incoming Cargo Documentation

From FY 2011 to FY 2013 there were inconsistencies in the Use Tax data provided by CQA. Therefore, with FY 2013 being the most current data provided by CQA and the magnitude of shipping documents per day, we judgmentally chose October 2, 2012 and December 4, 2012 to test our objectives. (See Appendix 2 for details).

For these two tested dates, CQA furnished the auditors with 448 invoices/bills of lading for incoming cargoes (or an average of 224 per day) with a total value of \$20.1 million (M). Refer to Appendix 5 for a summary of the 448 invoices/bills of lading by category. However, there is no certainty as to the completeness of documents provided by CQA for the two tested dates. According to the Records Management Officer (RMO), documents provided were those they were able to retrieve from the boxes at the CQA warehouse.

During our visit to the CQA warehouse, we learned that there is no way to know if import documents are complete because there is no detailed list of documents when it is turned over to the warehouse for storage. The documents are only received by the Records Management personnel in closed boxes. Additionally, these boxes are at times taken out of the warehouse when certain government agencies conduct research or need import or export data. The RMO is unable to ascertain whether all documents provided to external government agencies were returned intact and were complete.

We also noted that the stored boxes at CQA's warehouse were in disarray. For example, boxes were not properly sorted as to the type of record and were not arranged and shelved chronologically with labels, thus making retrieval difficult. The RMO suggested that the documents be scanned to eliminate the maintenance of record boxes, save the cost of shredding documents, and safeguard

documents from loss or destruction. According to the RMO, last year CQA spent \$13,000 for shredding 1,665 boxes of documents. Additionally, CQA has no approved standard operating procedures for record keeping management.

Oversight & Guidance Needed to Ensure Use Tax Exemptions are Made in Accordance with Law

While 11 GCA § 28106 allowed exemptions from Use Tax on selected properties, CQA has been collecting Use Tax for taxable goods and exempting Use Tax for exemptible goods for over 18 years based on their professional judgment, interpretation of the Use Tax law, and other relevant information available. However, we did not find evidence of supervisory review over exemptions that were allowed. Additionally, DRT had not made an independent review of Use Tax exemptions and had not performed its oversight functions over CQA. CQA does not have written procedures on its exemption process and guidelines on how certain goods should be treated to allow for an independent review and to ensure uniform treatment by CQA clearing officers. Furthermore, the rationale of Use Tax exemptions were not documented. Due to the absence of written procedures, proper documentation, and oversight, there is no assurance that Use Tax exemptions were safeguarded against the granting of exemptions not in accordance with law.

Of the 448 samples tested for October 2, 2012 and December 4, 2012, we found 10 bills of lading/invoices with a value of \$78,500 that should not have been exempted from Use Tax. This resulted in uncollected Use Tax revenues amounting to \$3,102. See Table 1 below and Appendix 6 for details.

Table 1: Use Tax Exemptions

Classification of Goods	No. of BLs or Invoices	Total Landed Cost	Uncollected Use Tax
Exemptions not in Accordance with Law			
Non Resale Business Use	7	\$ 63,212	\$ 2,530
Construction Equipment	2	\$ 13,938	\$ 558
Personal Non-Business Use Exceeding \$1,000	1	\$ 1,350	\$ 14
Total	10	\$ 78,500	\$ 3,102

Uncollected Use Tax Revenues Due to Improper Exemptions

- We found that CQA did not tax goods on seven invoices with a value of \$63,212. These items were not for resale (business use), which resulted in uncollected Use Tax revenues of \$2,530. These items, including paper and plastic bags given to customers after a product is purchased, have long been exempted by CQA. CQA treated these item as part of the saleable product based on their professional judgment.

Based on 11 GCA §28102(b), the definition of “Use” does not include, “the use or keeping for use of property as material which is or is to be incorporated by the taxpayer into a finished or saleable product, including the container or package in which the product is contained during the course of its preservation, manufacture or processing, including preparation for market, and which remains or will remain in such finished or saleable product in such form as to be perceptible to the senses, and which finished or saleable

product is or is to be sold and not otherwise used by the taxpayer.” However, paper bags and plastic bags are provided after the sale of a product and are not sold individually; therefore, we included the value of Use Tax for these exempted goods as part of our calculation of uncollected Use Tax revenues. As of the date of this report, OPA is still waiting for DRT’s opinion about whether these goods are in fact taxable or exemptible. Per the Acting Taxpayer Service Administrator, this matter will be referred to Technical Research and Appeals Bureau and will take time to research.

- According to 11 GCA §28105(g), CQA shall collect the Use Tax on construction equipment for the performance of a construction contract and will maintain a database of the inventory of taxed equipment to reconcile with tax collected. We found that CQA does not maintain a log of the equipment. Based on shipping documents provided for our review, two invoices with construction equipment valued at \$13,938 were not taxed on October 2, 2012 and December 4, 2012. This resulted in uncollected Use Tax revenues of \$558.
- According to 11 GCA §28106(e), an exemption of up to \$1,000 per month (\$5,000 per year) is allowed for property imported for personal non-business use. One invoice amounting to \$1,350 from October 2, 2012 exceeded the \$1,000 threshold resulting in \$14 in lost Use Tax revenues.

We also found that CQA officers clearing incoming cargoes did not review the importer’s business license, contractor's license, or certificate of registration for non-profit organizations. CQA officers typically rely upon the representation of the freight forwarders or the person claiming the cargoes. CQA acknowledged that it does not refer to its “List of Businesses with Licenses,” as it is not updated. According to CQA, DRT has not provided updated data on business licenses for CQA’s reference. CQA was not also given access to DRT's business license file due to confidentiality. Consequently, upon release of the cargo, CQA officers have no documented knowledge that a business importer or a non-profit organization has a valid business license or registration. Due to this existing procedure, it is probable that non-licensed businesses or non-profit organizations may have brought taxable goods into Guam without being subjected to Guam taxes.

For the two days tested, we sent DRT a sample of 125 business consignees to confirm whether they had valid business licenses. From the 125 consignees, 2 businesses did not have valid business licenses at the time of the importations on December 4, 2012 while one non-profit organization had no registration or certificate of tax exemption. As a result, we question the exemption granted to these businesses and non-profit organization for the goods valued at \$13,877. This amounted to \$556 in uncollected Use Tax revenues. See Table 2 below and Appendix 6 for details.

Table 2: Importers Without Business Licenses/Non-Profit Certificate

Lacking Documentation	No. of BLs or Invoices	Total Landed Cost	Uncollected use Tax
Business License	2	\$ 7,937	\$ 318
Non-Profit Registration/Certificate of Exemptions	1	\$ 5,940	\$ 238
Total	3	\$ 13,877	\$ 556

Lack of Oversight and Written Use Tax Exemption Procedures

The improper exemption of Use Tax for the above goods stems from the absence of oversight and written exemption procedures. In OPA Report No. 14-02, we found that while DRT is responsible for enforcing Guam's tax laws and collecting tax revenues, they have relied on CQA for the enforcement and collection of Use Tax. As a result, a recommendation was made for DRT, CQA, and DOA to clearly define their roles regarding Use Tax, which would be solidified in finalizing and implementing the Inter-Agency Cooperative Agreement between the three agencies.

In 2014, we coordinated a series of meetings CQA, DOA, and DRT to revise the Inter-Agency Cooperative Agreement and clearly define the roles of each agency regarding the Use Tax assessment, collection, recording, and record custody. The new Inter-Agency Cooperative Agreement was agreed upon in principle by the three agencies and was planned to be implemented by October 1, 2014. See Appendix 7 for the details of the revised agreement. The primary processes outlined in the revised agreement are as follows:

1. For Use Tax assessments paid up front, CQA will continue to accept the payment and forward all the cash collections to TOG and assessment forms to DOA. DOA accepts and records the payment in its system and forwards documents to DRT.
2. For Use Tax assessments charged, CQA will forward the assessment form directly to DRT as DOA will no longer maintain accounts receivable sub-ledgers.
3. DRT will collect unpaid Use Tax from importers, maintain accounts receivable sub-ledgers, issue billings for delinquent Use Taxes, record payments in the system, and act as custodian of all Use Tax assessment documents.

As of the date of this report, the revised Inter-Agency Cooperative Agreement was signed only by CQA, but not by DOA and DRT. DRT is currently working on the changes in their system and funding to be able to process the Use Tax assessments. Effective October 1, 2014, Use Tax assessments have been stockpiled and have not been recorded by DRT. Despite the delayed approval and implementation, Use Tax exemption procedures should be defined and incorporated into the revised Inter-Agency Cooperative Agreement. These procedures should include that DRT conduct periodic independent reviews of CQA.

Controls Needed to Ensure Proper Accounting, Recording, and Timely Deposits of Collections

Internal controls (checks and balances) are an integral part of managing an organization. Checks and balances serve as the first line of defense in safeguarding assets and preventing and detecting errors and fraud. Internal control activities include the policies, procedures, techniques, and processes used to ensure that actions are taken to address inherent risk, and that independent monitoring and review occur. However, even the best designed checks and balances cannot be effective without the active involvement of management. The objectives of checks and balances are to provide reasonable assurance, but not absolute assurance, that assets are safeguarded against waste, loss, unauthorized use, or misappropriations. Implementing internal controls is important especially in the area of cash management, because of the diverse nature of the process involved, i.e., billings, collections, deposits, and disbursement processes.

Based on our review of documents and applying best practices in regards to internal control, we found the following deficiencies of CQA's internal control system:

- Use Tax payment and collections were not properly accounted for;
- Collections were not properly recorded, reviewed, and reconciled; and
- Use Tax collections were not deposited in a timely manner.

Use Tax Payments and Collections Were Not Properly Accounted For

During our review of Use Tax collections on October 2, 2012 and December 4, 2012, we found the following practices, which poses a high risk of concealment or non-recording of cash receipts transactions:

1. Invoices utilized by CQA were not sequentially issued and were not accounted for on a daily basis. No one person is designated to gather all invoices issued for the day and account for the last series issued from the previous day to the current day. As a result, CQA could not account for 12 missing invoices issued in October 2012. This number could possibly be higher as it cannot be determined whether a skipped series was voided or issued for other CQA fees. CQA management could not be certain that the invoices were reused or intentionally discarded.
2. Instead of issuing receipts to document subsequent payments received by CQA for Use Tax charges, CQA reused copies of the invoice or the Form UST that were originally issued to the consignee. However, these payments could not be properly accounted for because payments were not reconciled against outstanding receivables. In OPA Report No. 14-02, we also found that no one agency was fully responsible for reviewing, monitoring, reconciling, and collecting Use Tax receivables. As a result, the accounts receivable for Use Tax as of FY 2013 grew to \$4.9M, which is a cumulative amount that goes back to 1998. This amount was provided with 100% allowance and will be written-off.

Collections Were Not Properly Recorded, Reviewed and Reconciled

Checks and balances for cash receipts requires an independent verification of cash collected. Reconciliation should be performed by someone not involved in the cash collection, recording, or depositing function to attest to the accuracy and completeness of the cash collected. The independent person should regularly (e.g., weekly basis) review cash recorded for completeness and accuracy.

During our audit, we found that CQA's only record of its Use Tax collections is the transmittal sent to DOA via TOG which contains the Invoice No., consignee's name, amount, type of payment made (i.e., cash or check), and the check number. However, the transmittals prepared and recorded by CQA staff were not reviewed for completeness to monitor Use Tax daily collections.

From FY 2011 to FY 2013, CQA's record of transmittals indicated 418 days where no Use Tax was collected or had questionable data. This translates to 38% of the 1,095 days in three years. The 418 days included the seven months without Use Tax collection data in the Port, which was reported in OPA Report No. 14-02, and the five instances in FY 2013 when there was no Use Tax collection data ranging from three to five successive days. This percentage of no Use Tax collection data is quite high considering that CQA assesses and clears incoming cargoes daily. The unreliability of the recorded data could have been avoided, had CQA management conducted review and monitored its Use Tax recorded collections and assessments.

Additionally, the transmittals were not reconciled by an independent person at CQA against the deposits made to TOG and recorded by DOA in the AS400. This resulted in the following for the two dates tested:

1. DOA recorded the collected revenues from 7 to 40 days after the date deposited to TOG, but there was no evidence that CQA reviewed and reconciled Use Tax revenues recorded into the system.
2. A total of \$24,068 from 44 invoices was received by TOG and posted to the AS400; however, these items could not be found in CQA's Excel File of transmittals. In OPA Report No. 14-02, we also found that CQA does not maintain an accurate and reliable database as evidenced by several months of missing transmittal logs and discrepancies in the current year data, which included prior year assessment amounts. As a result, the total amount of Use Tax assessment and collections from FY 2011 to FY 2013 is unknown.

We also found that of the 418 days mentioned, 297 days or 27% had no evidence of any Use Tax assessments made by CQA giving the appearance that all incoming goods for those days were exempted. CQA should conduct regular supervisory reviews of exemptions granted by clearing officers, especially on days when there are no Use Tax assessments as it is unlikely that all incoming goods for a day or consecutive days are not taxable. See Table 3 below for details of the number of days with no Use Tax collection data and days where there was no evidence of Use Tax assessments.

Table 3: CQA Data of Days Without Use Tax Collection and Use Tax Assessment

CQA Section	FY 2013	FY 2012	FY 2011	Total	Percentage of Days
A. Without Use Tax Collection/With Questionable Use Tax Data					
Air Cargo	83	53	12	148	14%
Port	43	85	142	270	25%
Total	126	138	154	418	38%
B. Without Use Tax Assessment					
Air Cargo	7	8	12	27	2%
Port	43	85	142	270	25%
Total	50	93	154	297	27%

Use Tax Collections Were Not Deposited in a Timely Manner

Basic internal control principles call for deposits of cash collections to be made daily. Collections should be deposited as soon as possible to decrease the chance of loss by pilferage or robbery. Due to the absence of proper review, monitoring and reconciliation, we noted the following for the two days tested:

1. Use Tax collections amounting to \$7,398 were deposited after two days; and
2. Collections totaling \$5,509 were deposited after eight days from date of receipt by CQA.

Conclusion

CQA, DRT, and other government agencies such as BSP have not discussed the significance and the economic value of the vast data stored in incoming cargo documents. Due to absence of exemption data, we reviewed these documents to ascertain goods that were exemptible or taxable under the Use Tax law. However, aside from determining undocumented exemptions and the value of Guam's imported goods, data contained in the cargo documents can be used as a tool in determining goods for sale that were not reported for Gross Receipts Tax purposes. Such data can also be used by government agencies for economic, financial, and trade policy analysis.

Based on the magnitude of cargo documentation and problematic Use Tax data, we chose two sample testing dates, October 2, 2012 and December 4, 2012, which covered 448 invoices/bills of lading with a total value of \$20.1M. However, there is no certainty as to the completeness of documents provided by CQA for the two tested dates. According to the RMO, documents provided were those they were able to retrieve from the boxes at the CQA warehouse.

For the two days tested, the audit revealed that \$3,700 in Use Tax revenues were not collected due to improper exemptions. By law, CQA is tasked to assess and collect Use Tax on behalf of DRT. DRT has relied on CQA for the enforcement and collection of Use Tax; however, lack of oversight means that DRT cannot be sure that collections as well as exemptions were made by CQA in accordance with the law. CQA also does not have written exemption procedures which poses a risk that exemptions are not uniformly treated and may be susceptible to unauthorized use, loss, or abuse.

It is management's responsibility to establish policies and procedures to safeguard government funds. The best internal controls are of limited value unless management understands their roles in making them work effectively and consistently. We found that CQA's internal control (checks and balances) in regards to Use Tax assessments and collections needs immediate review and re-design to ensure government funds are safeguarded. Based on our audit, CQA's internal control is weak as Use Tax collections were not properly accounted for, recorded, and deposited in a timely manner. These conditions occurred due to lack of documentation, lack of monitoring, review, and reconciliation. Without these control measures, CQA management would not be aware of the dates when no Use Tax collections were recorded and CQA's Use Tax database would continue to be inaccurate and unreliable. For example, From FY 2011 to FY 2013, CQA's record of transmittals indicated 418 days where no Use Tax was collected or had questionable data. This translates to 38% of the 1,095 days in three years, which is unlikely considering that CQA is assessing and clearing incoming cargoes daily.

Recommendations

As a result of the issues identified during our audit, we recommend the following:

- CQA 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 import data.
- CQA and DRT work together to establish written exemption procedures, which should be incorporated in the Inter-Agency Cooperative Agreement. These procedures should include that:
 - DRT provide CQA a list of business license numbers, expiry, and other relevant information that can be shared without violating taxpayer's confidentiality;
 - DRT conduct independent reviews of exemptions granted by CQA;
 - DRT provide an opinion to CQA of the treatment of certain goods in determining whether certain goods are taxed or exempted for Use Tax; and
 - CQA conduct periodic supervisory reviews of exemptions granted by clearing officers.
- CQA implement the basic principles and procedures of internal control over Use Tax collections to provide reasonable assurance that collections are safeguarded from loss or misuse, to include:
 - Daily accounting of DOA Invoices issued for Use Tax collections and other CQA fees;
 - Periodic review and reconciliation of Use Tax amounts collected, recorded, and transmitted to DOA.

In January 2015, we met with officials from CQA, DRT, and DOA to discuss the audit findings and recommendations in the January 2015 draft report. In our meeting, the three agencies generally concurred with OPA's findings and recommendations.

A second draft report was transmitted in February 2015 based on subsequent information provided by CQA. As of the release of this report, DRT and DOA provided a management response noting that they generally concurred with OPA's findings and recommendations. DRT stated that they will be taking a more active role in the processing, assessment, and collection of Use Tax. DOA stated that as a result of the audit, several internal controls have been implemented including unscheduled spot audit checks of all line agencies including CQA. See Appendices 8 and 9 for DRT, and DOA's management response, respectively.

In CQA's management response (see Appendix 10), CQA identified the following concerns:

- **Whether Use Tax applies to paper/plastic shopping bags, etc.**

CQA believes that these items are not subject to Use Tax based on:

- a. Use Tax Law;
- b. Guidance provided by DRT on the subject; and
- c. The totality of facts gathered and determined through CQA's examination, experience, and professional judgment.

Auditor's comment: The audit report merely states the fact that the mentioned "non-resale" items were exempted by CQA from Use Tax, which is taxable based on the Use Tax law. As of report date, OPA is still waiting for DRT's opinion if these items are in fact taxable or exemptible.

- **Whether a business license is required in order for a resale item to be excluded from Use Tax**

CQA stated that with respect to business license being a condition for resale items to be excluded from Use Tax, there is no language within the Use Tax Law that makes this a requirement.

Auditor's comment: If an item is imported by a business consignee without a business license, there is more reason for this item to be taxed for Use Tax as the importer is not licensed to do business. Without a business license, there is the probability that the imported item may not be reported for Gross Receipt Tax or other applicable taxes.

With respect to the non-profit having no registration or certificate of tax exemption, DRT replied that they did not find a certificate for the entity in question.

- **Whether a "professional judgment" is the sole basis through which CQA makes its determinations**

CQA stated that in actuality, CQA makes informed determinations based on several relevant factors which include:

- a. Use Tax law;
- b. Instructions and guidance from DRT (the competent authority on the subject);
- c. The importer's/agent declaration, documents and statements;
- d. Other relevant information that may be available; and
- e. The totality of facts gathered and determined through CQA's examination, experience, and professional judgment.

Auditor's comment: The statement is merely recognizing that CQA has used whatever means they felt were necessary in carrying out their duties and given their experience in handling imported goods. The finding is that we did not find evidence of oversight provided by DRT and no written procedures or guidelines to ensure uniform treatment of how certain goods should be handled.

- **Whether CQA is required by law to "assess" the Use Tax upon importers**

CQA states that nowhere within the Use Tax Law does it stipulate that CQA is required to assess the Use Tax upon the importers. Rather it is the importer's responsibility to complete, file and make payment on the Use Tax no later than the 20th of the month. In this view, CQA is not responsible by law for the assessment and/or filing of the Use Tax report.

Auditor's comment: 11 GCA Chapter 28, § 28105(e) of the Use Tax law states that CQA shall collect Use Tax on behalf of DRT on taxable property that comes in at the Guam Commercial Port and any seaport in Guam to be collected prior to release. CQA cannot collect Use Tax without undergoing the process of initial assessment (or evaluation), which is what we refer to throughout the report. We also noted that in CQA's Maritime and Air Cargo Standard Operating Procedures, CQA utilized the same terminology. Specifically, Section 1(e) states that officers must be cognizant of special notes and exemptions when "assessing" Use Tax.

The legislation creating OPA requires agencies to prepare a corrective action plan to implement audit recommendations, to document the progress of the implementation of the recommendations, and to endeavor to have implementation completed no later than the beginning of the next fiscal year. Accordingly, our office will be contacting CQA, DRT, and DOA to establish target dates and titles of officials responsible for implementing the recommendations. We appreciate the cooperation and assistance shown by DRT, CQA, and DOA.

OFFICE OF PUBLIC ACCOUNTABILITY



Doris Flores Brooks, CPA, CGFM
Public Auditor

Appendix 1:
Classification of Monetary Amounts

Finding Description	Lost Revenues
Assessment of Valuable Sources of Economic Data Needed	-
Better Record Keeping Needed to Ensure Completeness of Incoming Cargo Documentation	-
Oversight and Guidance Needed to Ensure Use Tax Exemptions are Made in Accordance with the Law	-
Lost Revenues Due to Improper Exemptions	\$ 3,102
Importers Without Business License or Non-Profit Registration	\$ 556
Sub-total	\$ 3,658
Internal Controls Needed over Use Tax Collections and Deposits	
Use Tax payments and collections were not properly accounted for	-
Collections were not properly recorded, reviewed, and reconciled	-
Use Tax collections were not deposited in a timely manner	-
Total	\$ 3,658

Our audit objectives were to:

- (1) Assess the magnitude of documents and effectiveness of CQA's record keeping management;
- (2) Quantify the amount of incoming cargoes that may be subject to Use Tax;
- (3) Determine whether Use Tax exemptions were granted in compliance with applicable laws and regulations; and
- (4) Determine whether Use Tax collections and deposits were properly accounted for, recorded, and deposited in a timely manner.

The period of review was from October 1, 2010 through September 30, 2013. The audit scope encompassed a review of Use Tax data provided by CQA. In addition, we reviewed laws, rules and regulations, policies, prior audit findings, and other information pertinent to Use Tax. The audit was conducted mainly at the CQA Office in Tiyan and the DOA Office in Tamuning.

Methodology

To accomplish our objectives, we performed the following:

1. Interviewed key CQA officials and staff as to the process of Use Tax assessments, exemptions, collections, recordkeeping, deposits and record storage.
2. Selected our sample for testing based on the following procedures:
 - a. To test our objective of whether Use tax exemptions complied with applicable laws and regulations, we selected the date of December 4, 2012 as this is the third consecutive day when no Use Tax collection reported by CQA-Port. Thus, it appeared that all incoming goods were exempted. We also included October 2, 2012 as part of our sample, which was selected as described below.
 - b. To test our objective to determine whether Use Tax collections were properly accounted for, recorded, and deposited in a timely manner, we found that for the month of October, there were several non-sequential issuances of invoices. We selected October 2, 2012 as this was a day in October that had the most volume of Use Tax collections recorded. We also included December 4, 2012 as part of our sample for reasons described above.
3. Requested CQA to provide the shipping documents for the two selected dates (October 2, 2012 and December 4, 2012). Based on the shipping documents provided by CQA:
 - a. Classified the incoming cargoes into the following categories to determine whether the items are Exemptible (Non-Taxable) or Non-Exemptible (Taxable) based on the Use Tax law:
 - i. The exemptible or nontaxable cargoes are items considered to be: (1) Documents; (2) For Resale; (3) Incorporated into a finished product; (4) For Government; (5) Automobile & Personal non-business use below the threshold of \$1,000; (6) Used Household Goods; (7) Aircraft parts for repair or replacement; (8) For Transshipment; (9) For Non-Profit/Religious organization; and (10) Return Items.

- ii. The non-exemptible or taxable cargoes are those considered to be: (1) For non-resale business use; (2) Construction equipment and tools; (3) For personal non-business use exceeding the \$1,000 threshold.
 - b. Recorded pertinent data, such as BL reference, cargo description, invoice value, freight, landed cost found in the bills of lading, airway bills, and or commercial invoices.
4. Analyzed the data collected and performed the following testing procedures:
 - a. Identified incoming cargoes without supporting invoices where the consignee and the type of goods can be determined;
 - b. Identified items that were exempted, but should have been taxed in accordance with the Use Tax law.
 - c. Cross-checked that business importers were on CQA's list of businesses with licenses.
 - d. Sent a list of businesses to DRT to confirm business licenses for those not included in CQA's list.
 - e. Sent a list of exempted cargoes to CQA for their justification and supporting documentation.
5. Evaluated CQA's internal control system (checks and balance) and test transactions on Use Tax assessments, exemptions, payments, collection, deposits, and recording.

Scope Limitation

- We were unable to ascertain the completeness of the shipping documents provided to us by CQA on the two sampled dates, thus our calculation of uncollected Use Tax is merely an approximate amount based on files provided for our review.
- Due to insufficient documentation, we cannot determine the completeness of Use Tax collections and deposits during the two sampled dates.
- Use Tax assessed and collected on property accompanied as baggage or collected and assessed on other ports of entry was not included in this audit.

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

Appendix 3:**Prior Audit Coverage**

We reviewed prior Office of Public Accountability audits and the Government of Guam financial audits and identified the following related to GovGuam Use Tax.

Office of Public Accountability Report No. 14-02, Government of Guam Use Tax

In April 2014, the OPA issued an audit report, which identified that GovGuam Use Tax process is problematic and in need of significant improvements. Specifically, the audit found that total amount of Use Tax assessments and collections is unknown and that there is no documentation to support that Use Tax exemptions are granted in accordance with law. As a result, there is a high probability of lost revenues for GovGuam and susceptibility to fraud, waste, and abuse due to non-assessment and improper exemptions of Use Tax. It also states that due to the lack of documentation the impact of these findings cannot be determined and due to the magnitude and time needed for review, the validity of non-assessment of Use Tax will be the subject of a future audit. In addition, the inability for the management of CQA, DRT and DOA to ascertain the accuracy of Use Tax assessments and collections was due to no one agency taking full responsibility for monitoring, reviewing, and reconciling and collecting Use Tax. In the audit report, one recommendation stated that DRT should be responsible for ensuring exemptions are granted in accordance with law.

Government of Guam Single Audit Reports

In the 2011 Internal Control over Financial Reporting (Finding No. 2011-09), the receivable balance due from vendors for import and Use Taxes continued to increase. At September 30, 2011, the recorded receivable balance amounted to \$4.7M. Auditors identified this finding as a material weakness and recommended that the CQA work with the DRT to collect unpaid import and Use Taxes. This was a repeat finding in the 2012 Internal Control over Financial Reporting (Finding No. 2012-6), but was identified as a significant deficiency.

A. 11 GCA §28101 Definitions, Generally

- Cargo means any load of commodities carried by ship or aircraft that has a bill of lading or master airway bill.
- Import includes importation into Guam from any other part of United States or its possessions or from any foreign country whether interstate or foreign commerce, or both.
- Property means tangible personal property.
- Construction Equipment means light and heavy, off-road and on-road, gas, diesel, electric or other powered equipment or tools.
- Landed value means the greater amount between the insured value or fair market value the item has at the time it arrives on Guam, based on industry standards used to assess items.

B. 11 GCA §28102 Use, Consumption Defined

Use or consumption shall not include the following:

- the sale or keeping solely for sale of such property;
- material which is to be incorporated into a finished or saleable product;
- property imported into Guam for temporary use;
- property acquired by way of gift;
- property to be returned after temporary trial;
- goods for repair or replacement of vessel or aircraft;
- materials to be incorporated by contractor into finish work or project;
- household goods, personal effects, and private automobiles imported into Guam for non-business use by a person who:
 - acquired them from another state, territory, district, or country;
 - a bona-fide resident of another state, territory, district, or country;
 - acquired the property for use outside Guam; or
 - made an actual and substantial use outside Guam.
- property used for agricultural purposes.

C. 11 GCA §28105(g)

The Customs and Quarantine shall collect the Use Tax on construction equipment for the performance of a construction contract and will maintain a database of the inventory of taxed equipment to reconcile with tax collected.

D. 11 GCA §28106 Exemptions

Use Tax assessment shall not apply to the following:

- Any property which cannot be legally taxed under the Constitution or laws of the United States;
- Property acquired or imported into Guam prior to July 1, 1967;
- Any personal property taxed or exempted under Title 11 GCA, Chapter 26;
- Any personal property already taxed under Title 11 GCA, Chapter 28;

- Personal non-business use of \$1,000 per month for a maximum of \$5,000 per calendar year;
- Property belonging to and being brought into Guam by residents returning after completion of studies under government scholarships or in-service training;
- All property imported into Guam by a Foreign Sales Corporation (FSC) which is non-Guam property as defined in 12 GCA §2431(d); and
- All passenger luggage.

Appendix 5:
Summary of Incoming Cargoes

Cargo Classification	2-Oct-12		4-Dec-12		Total	
	No. of BLs	Landed Cost	No. of BLs	Landed Cost	No. of BLs	Landed Cost
Resale	155	\$11,499,497	179	\$ 6,588,666	334	\$18,088,163
Incorporated into a finished product	14	\$ 101,606	11	\$ 328,056	25	\$ 429,662
Personal non-business use \$1K & below	9	\$ 3,354	13	\$ 4,538	22	\$ 7,892
Used Goods	11	\$ 2,400	11	\$ 6,551	22	\$ 8,951
Government	11	\$ 1,372,054	4	\$ 18,783	15	\$ 1,390,837
Non-resale business use	0	\$ -	9	\$ 77,426	9	\$ 77,426
Documents	4	\$ -	1	\$ -	5	\$ -
Transshipment	0	\$ -	4	\$ 21,050	4	\$ 21,050
Non-profit	1	\$ 1,849	2	\$ 7,325	3	\$ 9,174
Construction equipment	1	\$ 5,000	1	\$ 8,938	2	\$ 13,938
Private automobile non-business use	0	\$ -	2	\$ 30,502	2	\$ 30,502
U.S. Military	1	\$ 75,000	1	\$ 3,000	2	\$ 78,000
Aircraft replacement parts	0	\$ -	1	\$ 12,022	1	\$ 12,022
Personal non-business use exceeding \$1,000	1	\$ 1,350	0	\$ -	1	\$ 1,350
Return item	0	\$ -	1	\$ -	1	\$ -
Total	208	\$13,062,110	240	\$ 7,106,857	448	\$20,168,967

Appendix 6:
Improper Exemption Details

AWB/BL#	Cargo Description	Commercial Value	Freight	Landed Cost	Uncollected Use Tax	
A. Non-Resale Business Use						
<i>4-Dec-12</i>						
1	HKG759839	Shopping bags & paper box	\$ 29,122	\$ 0	\$ 29,122	\$ 1,165
2	HKG12024939	Paper bags	\$ 14,502	\$ 0	\$ 14,502	\$ 580
3	DFC/GUM-12230	Paper bags and paper boxes	\$ 7,139	\$ 2,400	\$ 9,539	\$ 382
4	S111109	Paper shoppers (for bags)	\$ 5,454	\$ 0	\$ 5,454	\$ 218
5	SHX294773	Party Favors	\$ 1,369	\$ 699	\$ 2,068	\$ 83
6	S00110124	Aerosols	\$ 1,429	\$ 60	\$ 1,489	\$ 60
7	S111107	Packaging materials for bags	\$ 1,038	\$ 0	\$ 1,038	\$ 42
		Sub-total	\$ 60,053	\$ 3,159	\$ 63,212	\$ 2,530
B. Construction Equipment						
<i>4-Dec-12</i>						
8	7267350311	Spare parts for hydraulic crane	\$ 8,938	\$ 0	\$ 8,938	\$ 358
<i>2-Oct-12</i>						
9	9687605	Equipment	\$ 5,000	\$ 0	\$ 5,000	\$ 200
		Sub-total	\$ 13,938	\$ 0	\$ 13,938	\$ 558
C. Personal Non-Business Use Exceeding \$1,000						
<i>2-Oct-12</i>						
10	568379802	Spark plug, engine computer box	\$ 1,350	\$ 0	\$ 1,350	\$ 14
		Sub-total	\$ 1,350	\$ 0	\$ 1,350	\$ 14
		Total (A~C)	\$ 75,341	\$ 3,159	\$ 78,500	\$ 3,102
D. Importers Without Business License/Tax Exemptions						
<i>4-Dec-12</i>						
11	DFC/GUM-12229	Woven Tablecloth and Napkin	\$ 7,421	\$ 0	\$ 7,421	\$ 297
12	S111368	Books (Illustrated Bible Journey 180)	\$ 5,940	\$ 0	\$ 5,940	\$ 238
13	347129693	Glass	\$ 516	\$ 0	\$ 516	\$ 21
		Sub-total	\$ 13,877	\$ 0	\$ 13,877	\$ 556
		Grand Total (A~D)	\$ 89,218	\$ 3,159	\$ 92,377	\$ 3,658

INTER-AGENCY COOPERATIVE AGREEMENT
between the
CUSTOMS AND QUARANTINE AGENCY
and the
DEPARTMENT OF ADMINISTRATION
and the
DEPARTMENT OF REVENUE AND TAXATION

THIS INTERAGENCY COOPERATIVE AGREEMENT (ICA), is made and entered into between the Customs and Quarantine Agency, hereinafter referred to as CQA, the Department of Administration, hereinafter referred to as DOA, and the Department of Revenue and Taxation, hereinafter referred to as DRT.

WHEREAS, pursuant to Title 11, Chapter 28, §28105 of the Guam Code Annotated, it is the responsibility of CQA to collect the use tax on behalf of the DRT on taxable property which comes in at the Guam Commercial Port, or any other seaport in Guam, with any tax for which an exemption is not claimed, to be collected prior to release; taxable property which comes in as freight or unaccompanied baggage at the A.B. Won Pat International Airport, or any other airport in Guam; and taxable property which comes in as accompanied baggage at the A.B. Won Pat International Airport, or any other airport in Guam barring any exemptions that may apply;

WHEREAS, pursuant to Title 5, Chapter 22, Article 2 of the Guam Code Annotated, it is the responsibility of DOA to receive, and account for all monies, from whatever source, giving proper authenticated receipts for the same, and to maintain a daily cash blotter in which shall be entered all cash transactions in detail, showing dates of all receipts and disbursements, names or persons making payments or receiving payments and amounts;

WHEREAS, pursuant to Title 11, Chapter 1, Division 1 of the Guam Code Annotated, it is the responsibility of DRT to enforce the tax laws of Guam, to collect revenue, and to administer and enforce Title 11, Chapter 1, Division 2 and the taxes levied therein;

WHEREAS, pursuant to Title 11, Chapter 1, Division 2 of the Guam Code Annotated, it is the responsibility of DRT to address appeals of any Use Tax assessments, and to collect delinquent and past due taxes,;

WHEREAS, the purpose of this agreement is to improve cooperation and coordination between agencies that have a key role in the processing and/or collection of Use Taxes paid or due;

WHEREAS, it is goal of this coordinated effort to facilitate and heighten the collection of Use Taxes applicable upon goods imported into Guam;

WHEREAS, the specific objectives of this agreement are to:

1. Clearly delineate each agency's role in the Use Tax assessment and collection process;
2. Identify each agency's duties and responsibilities within the collection and adjudication process of the Use Tax Program;

3. Identify and assign the appropriate level of personnel within each agency that are needed to effectively carry out the identified duties and responsibilities;
4. Improve the gathering, compilation, preparation, reporting, updating, and maintenance of Use Tax assessments and the amounts due; for use by the primary agencies;
5. Identify and provide appropriate equipment and program software within each enforcement area as needed to establish an effective record and accounting system;
6. Provide new, refresher and recurring training to participating personnel as needed to ensure and maintain their proficiency in the administration and enforcement of an effective Use Tax collection program;
7. Increase the scope and coverage of enforcement of Use Tax and its assessments and collections upon goods imported into Guam;
8. Obtain funding as may be necessary to effectively administer and collect Use Taxes on Guam; and
9. Cooperatively develop and implement statutory amendments/additions and/or rules and regulations as may be necessary to effectively carry out an efficient Use Tax Program on Guam.

WHEREAS, CQA personnel are needed to inspect goods imported into Guam, to assess the Use Tax upon applicable goods, and to receive Use Tax payments at the ports of entry to the extent possible or as may be required or allowed by law;

WHEREAS, DOA personnel are needed to receive payments and deposits from the general public and participating agencies, and to maintain records of these deposits in the overall Government of Guam General Ledgers;

WHEREAS, DRT personnel are needed to maintain the overall accounting of, and records on, assessments and payments, to reconcile payments, and to maintain the data systems needed to facilitate the accounting and tracking of Use Tax assessments and payments;

WHEREAS, DRT personnel are also needed to receive Use Tax payments, record payments into applicable accounting systems, issue billings on delinquent and/or past due Use Tax payments, and to adjudicate appeals on Use Tax assessments;

WHEREAS, it is the intention of all parties hereto that such coordination and cooperation shall be for their mutual benefit and the benefit of the people of Guam.

NOW THEREFORE, the parties hereto do hereby mutually agree with each other as follows:

A. The Customs and Quarantine Agency Agrees to:

1. Assess the Use Tax on applicable goods imported via the various Guam ports of entry as may be required by law or regulation;
2. At the time of clearance, receive Use Tax payments from importers on Use Tax assessments (attachment 1) and execute required payment invoices (attachment 2) as appropriate;
3. Transmit completed payment invoices, paid Use Tax assessment forms, and all monetary payments received at the time of clearance to DOA for record maintenance and further deposit with the Treasurer of Guam;
4. Forward all unpaid Use Tax assessment forms processed at the various ports of entry to DRT;

5. Provided that the taxpayer presents a completed Use Tax assessment form, receive payment for charged Use Tax payments and execute required payment invoices as appropriate;
6. Advise taxpayers without completed Use Tax assessment forms to proceed to DRT for payment of the outstanding Use Tax owed;
7. Provide the training, invoices, supplies, and equipment as may be needed for CQA personnel to perform their duties and responsibilities as outlined under this agreement;
8. Establish internal duties, responsibilities, and procedures for CQA personnel who will be performing the assessment, payment receipt, record keeping, and transmission of documents and payments of the Use Tax; and
9. Identify and assign that number of personnel necessary for the proper performance of the duties and responsibilities of this agreement, subject to the availability of funding and resources.

B. The Department of Administration Agrees to:

1. Receive Use Tax payments from taxpayers;
2. Execute appropriate payment invoice and deposit payment with the Treasurer of Guam;
3. Receive Use Tax payments, processed invoices, and Use Tax assessment forms deposited by CQA;
4. Record all payments received from taxpayers and CQA in the appropriate DOA accounting systems;
5. Forward copies of the paid Use Tax assessment form and payment invoice to DRT for recording and accountability;
6. Provide the training, forms, supplies, and equipment as may be needed for DOA personnel to perform their duties and responsibilities as outlined under this agreement;
7. Establish internal duties, responsibilities, and procedures for DOA personnel who will be performing the payment receipt, record keeping, and transmission of information/documentation relative to this cooperative;
8. Identify and assign that number of personnel necessary for the proper performance of the duties and responsibilities of this agreement, subject to the availability of funding and resources; and
9. To provide necessary equipment and/or technical support to the cooperating agencies on the proper use and operation of data entry equipment used in recording and receiving payments of the Use Tax.

C. The Department of Revenue and Taxation Agrees to:

1. Collect the Use Tax payments from importers;
2. Record payments into the DRT accounting system;
3. Deposit all payments of the Use Tax with the Treasurer of Guam, and provide DOA with copies of the paid Use Tax assessment Forms and payment invoices for record and accountability purposes;
4. Receive and maintain the physical Use Tax assessment documents and records in accordance with the Government of Guam tax document retention laws for use and reference during the billing, collection, and/or appeal phases;

5. Review and maintain the overall accounting of, and records on, Use Tax assessments and collections;
6. Identify outstanding/delinquent Use Tax debts and past due payments;
7. Issue billings to importers with delinquent Use Taxes past due;
8. Assess and collect applicable tax penalties for failures to pay the Use Tax in accordance with the tax laws;
9. Assess tax liens, garnish wages/returns, and/or deny licenses in accordance with tax laws as may be necessary from those persons/businesses with outstanding taxes due;
10. Adjudicate in accordance with the tax laws any verbal or written appeal of the Use Tax assessment, the amount owed, and/or any penalties levied thereupon;
11. Notify the cooperating agencies as to any repeal, modification, or adjustment of the Use Tax owed by the importer for information purposes;
12. Record any repeal, modification, or adjustment of the Use Tax owed and/or paid by importers into the data accounting system for verification and reconciliation purposes by the cooperating agencies;
13. Provide the training, forms, supplies, and equipment as may be needed for DRT personnel to perform their duties and responsibilities as outlined under this agreement;
14. Provide the training and Use Tax forms in the form and amounts as needed by the cooperating agencies to perform their duties and responsibilities as outlined under this agreement;
15. Establish internal duties, responsibilities, and procedures for DRT personnel who will be performing the collection, adjudication, and/or data entry of the Use Tax;
16. Identify and assign that number of DRT personnel necessary for the proper performance of the duties and responsibilities of this agreement, subject to the availability of funding and resources; and
17. Provide technical and information support to the cooperating agencies in a manner necessary for the proper assessment and/or collection of the Use Tax, to include, but may not be limited to, providing information on current Business Licenses, Business/Taxpayer Identification Numbers, and Use Tax exemptions claimed by taxpayers.

D. It is Mutually Understood and Agreed:

1. That this Agreement shall be governed by the laws of Guam, and will serve to establish the Parties' responsibilities and agreements in carrying out a more effective Use Tax collection program on Guam, and to define certain details on which the Parties concerned will cooperate.
2. That this Agreement is to define in general terms the basis on which the parties concerned will cooperate, and does not constitute a financial obligation to serve as a basis for the expenditures by either party. Each party will handle and expend its own funds;
3. That each party is responsible for securing funding specifically to perform its duties and responsibilities assumed by each party, and are contingent upon funds being available from which expenditures may legally be met. This Agreement does not constitute a financial obligation to serve as a basis for expenditures. Each signatory Party is to use and manage its own funds in carrying out the purpose of this Agreement. No transfer of funds will be required under this Agreement; and

4. That the parties shall indemnify and hold harmless from and against any and all manner of actions, liabilities, and claims of any persons arising out of or in connection with the services to be performed under this Agreement.

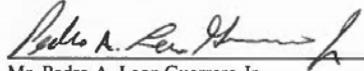
E. Effective Date and Duration of Understanding

This Inter-Agency Cooperative Agreement shall become effective October 1, 2014 upon final signature of the cooperating parties. This Agreement shall continue indefinitely unless otherwise amended by mutual agreement of all parties, or terminated by any one party with ninety (90) days advanced written notice of the termination date desired.

APPROVED:

Customs and Quarantine Agency
770 East Sunset Blvd.
Suite 240 Tiyan, Guam 96913

Department of Administration
Guam International Trade Center Bldg.
Suite 224, 590 S. Marine Corp Dr.
Tamuning, Guam 96913



Mr. Pedro A. Leon Guerrero Jr.
Director of Customs

Ms. Benita Manglona
Director of Administration

Department of Revenue & Taxation
1240 Army Drive
Barrigada, Guam 96913

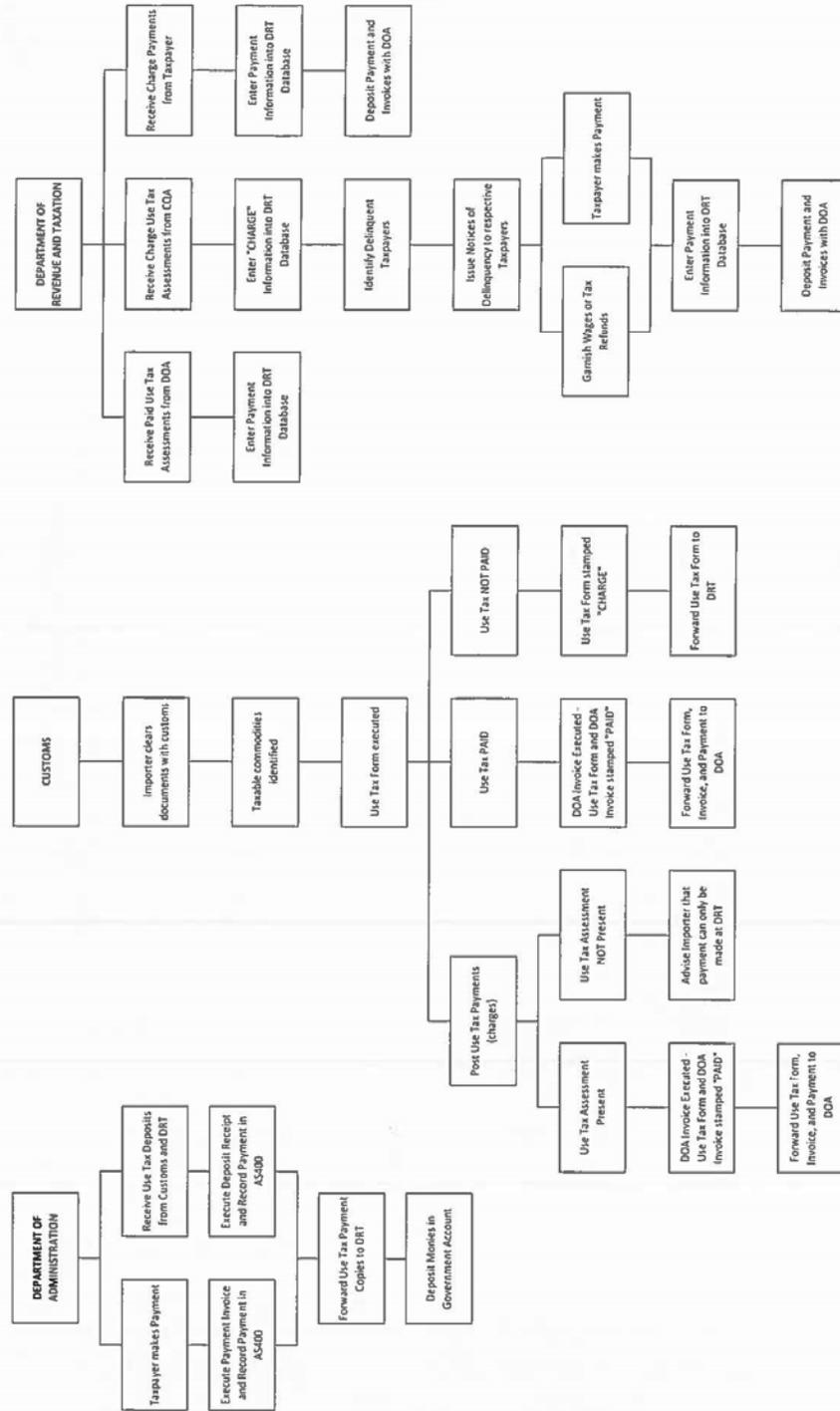
Mr. John P. Camacho
Director of Revenue & Taxation

Attachment 1 – DRT Use Tax Assessment Form – Revised effective 10/1/14
Attachment 2 – CQA/DOA Use Tax Payment Invoice
Attachment 3 – Use Tax Processing Flow Chart

FORM UST - USE TAX FORM DECLARATION OF TANGIBLE PROPERTY IMPORTED OR PURCHASED GOVGUAM (12-97)		DEPARTMENT OF REVENUE & TAXATION GOVERNMENT OF GUAM <i>(Revised October 1, 2014)</i>	
RECEIVED THROUGH (CHECK ONE) (1) <input type="checkbox"/> AIRLINE _____ <input type="checkbox"/> P.O. _____ <input type="checkbox"/> VESSEL: _____		(2) MASTER BILL	(3) HOUSE BILL
(4) NAME (TYPE OR PRINT)		(5) SSN/EIN	(6) DOA/INVOICE NO.
(7) ADDRESS (TYPE OR PRINT)		(8) GRT ACCT. NO.	(9) TELEPHONE NO.
(10) DESCRIPTION	(11) QUANTITY	(12) UNIT PRICE OR VALUE	(13) TOTAL PRICE OR VALUE
			\$ -
			\$ -
			\$ -
			\$ -
			\$ -
AUTHENTICATED	(14) TOTAL VALUE OF PROPERTY <i>(Sum of column 13)</i>		\$ -
	(15) COST OF INSURANCE & FREIGHT		
	(16) TOTAL VALUE <i>(Sum of 14 & 15)</i>		\$ -
	(17) EXEMPTIONS <i>(See 5 & 6 of ins tructions)</i>		
	(18) TOTAL TAXABLE VALUE <i>(Line 16 less Line 17)</i>		\$ -
CUSTOMERS OFFICER SIGNATURE/BADGE NUM BER/ FIELD STAMP		(19) TOTAL USE TAX DEPOSIT <i>(4% OF LINE 18)</i>	\$ -
GRT FORM LINE 15			
(A) GROSS USE TAX VALUE <i>(UST Line 16)</i>		(B) EXEMPTION OR DEDUCTION <i>(UST Line 17)</i>	(C) TAXABLE AMOUNT <i>(UST Line 18)</i>
			TAX RATE X .04
GRT Form Section 4, (46) BALANCE TAX DUE <i>(UST Line 19)</i>			
<p>DECLARATION. I declare, under the penalties prescribed by law, that this declaration, including any accompanying schedule or statement, is a true, correct and complete declaration to the best of my knowledge and belief. FOR NON-BUSINESS TAXPAYER: IN LIEU OF GRT 1 - 1 hereby acknowledge that I am filing this form in lieu of GRT-1. Under the penalties of perjury, I declare that I have examined this return and that it is true, correct and complete to the best of my knowlede and belief. If prepared by a person or agent other than the taxpayer, this declaration is based upon the information for which I have provided and he has knowledge of.</p>			
<input type="checkbox"/> IMPORTER/TAXPAYER	Print Print & Signature		Date
<input type="checkbox"/> AGENT			
INSTRUCTIONS			
<p>1. DECLARATION FORM. WHO MUST USE AND HOW PREPARED. This form is to be prepared in duplicate (Original to be routed to DRT and copy to be retained by person making the declaration) by every person who: (a) imports into Guam, or purchases from another person in Guam who is not subject to pay gross receipts tax, any tangible personal property for use or consumption in Guam.</p> <p>2. USE TAX - PAYMENT DUE IMMEDIATELY. Every person required to pay use tax is required to submit Form UST together with payment immediately upon importation or use of the property or properties.</p> <p>3. USE TAX RETURN FORM GRT-1 Part 2 REQUIRED TO BE FILED. Every business importer who prepared Form UST Declaration of Importation or purchase of tangible personal property for use or consumption in Guam must prepare and file Form GRT-1 Part 2 with the Tax Commissioner summarizing the gross value, exemption and tax due. The monthly Form GRT-1 Part 2 must be filed on or before the twentieth (20th) day of the following month of the importation of the property.</p> <p>4. PENALTY - FAILURE TO SUPPLY IDENTIFICATION NUMBER. Any person required to file Form GRT-1 Part 2 or pay use tax shall be subject to a Fifty Dollar (\$50.00) penalty for each failure to include his taxpayer identification number on such return, statement or other documents.</p> <p>5. PROPERTY SUBJECT TO USE TAX - Items for: (a) non-resale business use, and (b) personal non-business use with a total value exceeding One Thousand Dollars (\$1,000) acquired outside Guam during any one (1) month period, up to a maximum of Five Thousand Dollars (\$5,000) per any given calendar year, by an individual who is a bonafide resident of Guam at the time of acquisition.</p> <p>6. WHERE TO MAKE USE TAX PAYMENTS. Persons required to make use tax payments must complete Form UST and send it along with remittance to one of the authorized local banks, financial institutions, the Treasurer of Guam, Customs or other designated office of the Government of Guam.</p> <p>7. ADDITIONAL INFORMATION CONCERNING THE ABOVE AND OTHER EXCLUSION OR EXEMPTION MATTERS MAY BE OBTAINED BY CALLING TELEPHONE NUMBERS: 635-1835 THROUGH 635-1836.</p>			

Use Tax Processing Flow Chart

(Effective October 1, 2014)



Appendix 7: Inter-Agency Cooperative Agreement



SERVICE CHARGE RATE

[] GIAT: 1st 100lbs=\$5.00 [] PAG: 1st 4000lbs=\$5.00

*Every pound(lb) thereafter @ \$0.0012
4GARCH2 Article 5

INVOICE NO.: _____

CUSTOMER No.	Invoice & Due Date

INVOICE

TO NAME: _____

ADDRESS: _____

Phone No. _____

Location Code

1
2
3
4
5
6

Port Authority of Guam Customs	475-6208/6215
Guam Airport Customs Cargo	642-8073/8074
Hagatna Marina (PAG Customs)	475-6208/6215
Agat Marina (PAG Customs)	475-6208/6215
USPO Main Facility Customs	734-5372
A.B. Wonpat International Airport	642-8071/2

Service Code	Location Code	Description	Reference Number	Unit	Value (u/r) Wt. (lbs)	Rate	Extended Amount
2000		Use Tax		Landed Value		4%	
6320		Passenger Inspection Fee		Per Passenger		\$10.00	
6321		Customs Inspection Fee		Per Carrier Bill of Lading		See Above Service Charge Rate	
6321		Customs Inspection Fee		Per Carrier Bill of Lading			
6321		Customs Inspection Fee		Per Carrier Bill of Lading			
6321		Customs Inspection Fee		Per Carrier Bill of Lading			
6321		Customs Inspection Fee		Per Carrier Bill of Lading			
6321		Customs Inspection Fee		Per Carrier Bill of Lading			
Total Amount Due							\$

Received & Accepted By: _____

CUSTOMER

APPROVAL: _____

OFFICER

REMITTANCE (PLEASE RETURN WITH PAYMENT)

INVOICE NO. : _____

Amount Remitted: \$ _____

Customer Number: _____

Payments may be made in cash or check to any Treasurer of Guam outlets.

Make checks payable to: **TREASURER OF GUAM**

PLEASE DO NOT MAIL CASH

Customs and Quarantine Agency
770 East Sunset Blvd. Ste. 240
Tiyán, Guam 96913
Attn: Receivables & Collection
(Ph# 642-8073 / 8074 . Fax: 647-6227)

Original - Customer

Yellow - DOA Accounting

Pink - Customs, Agriculture & Quarantine

Appendix 8:
DRT Management Response



Dipattamenton Kontribusion yan Adu'ána
DEPARTMENT OF
REVENUE AND TAXATION
GOVERNMENT OF GUAM *Gubetnamenton Guåhan*

EDDIE B. CALVO, Governor / *Maga'Inhi*
RAYMOND S. TENORIO, Lt. Governor / *Tiñente Gubetnadot*

JOHN P. CAMACHO, Director
Direktot

MARIE M. BENITO Deputy Director
Segundo Direktot

March 6, 2015

To: Doris Flores Brooks
Public Auditor of Guam
Office of Public Accountability
Suite 401, DNA Building
238 Archbishop Flores Street
Hagatna, Guam 96910

From: Director

Re: Response to USE Tax Draft Audit Report Dated 2/26/2015

This is in response to the draft Performance Audit of the Government of Guam Use Tax Exemptions and Collections. We concur with the findings of the audit. The Department will be taking a more active role in the processing, assessment and collection of use taxes to allow for better accounting of use tax collections on a calendar and fiscal year basis.

If you have any questions or concerns, please do not hesitate to contact me at (671) 635-1815.

Sincerely,


JOHN P. CAMACHO



Edward J.B. Calvo
Governor
Ray S. Tenorio
Lieutenant Governor

Department of Administration
(DIPATTAMENTON ATEMENSTRASION)
DIVISION OF ACCOUNTS
(DIBISION KUENTA)

Post Office Box 884 Hagatña, Guam 96932
Tel: (671) 475-1260/1169 Fax: (671) 472-8483



Anthony C. Blaz
Acting Director
Alfred Duenas
Deputy Director

March 10, 2015

Office of Public Accountability
Suite 401 DNA Building
238 Archbishop Flores Street
Hagatna, Guam 96910
Attention: Ms. Maria Thyrza Bagana

Re: CQA Audit Final Draft Report

Dear Ms. Bagana,

The revised MOU agreement between CQA, DOA and DRT as cited on page 10, of the CQA Audit Report- Final Draft has been implemented within DOA beginning October 1, 2014. Although DOA has implemented the changes indicated in the revised MOU agreement, DRT and DOA have not signed the agreement.

As a result of the audit, DOA has implemented several internal controls. As of July 2014, DOA monitors the daily collections being deposited to TOG. In addition, as of July 2014, DOA has implemented unscheduled spot audit checks of all line agencies receiving collections including CQA. The spot audit checks are random and unannounced.

On October 08, 2014, DOA performed a spot check audit for the CQA agencies. DOA requested or performed the following activities:

1. Requested for a list of all cashiers name-AS400 tag number, work schedule of in house cashiers, work schedule of collectors in the field and alternate cashiers when primary cashier is on unscheduled leave.
2. Requested for a list of staff who handles collections and a list of staff who verifies collection before deposit.
3. Requested for a copy of SOP's and verified if SOP's were place for collection and deposits.
4. Questioned cashiers regarding scenarios of collection not deposited the next day, what causes delay in deposits, if any and how void receipts are handled and verified if there is any justification to support the void.
5. Verified the sequence of receipts being used by reviewing the first receipts and the last receipts used for the day.
6. Verified the use of safety boxes.

Page 2, CQA Final Draft Report

Please note a follow-up audit will concentrate on the actual cash count of collections and verification in the TPS system.
DOA has implemented proper internal controls to ensure collections and deposits are properly accounted for, recorded and deposited in a timely manner.

Thank you,


Katherine B. Kakigi
Financial Manager



CUSTOMS & QUARANTINE AGENCY, GUAM

Guam's First Line of Defense - Protecting Our Island, Our People, Our Resources

Director's Office

Director - Pedro A. Leon Guerrero, Jr.

Chief of Customs - Raffaele M.J. Scambelluri

CQA-DIR-044-15

March 10, 2015

Mrs. Doris Flores Brooks, CPA, CGFM
Public Auditor
Office of Public Accountability
238 Archbishop Flores Street
Suite 401, DNA Building
Hagatna, Guam 96910

RECEIVED
OFFICE OF PUBLIC ACCOUNTABILITY
BY: AG
DATE: 3/10/15
TIME: 3:50 AM PM

**RE: Review and Comments on 2nd Draft OPA Audit Report
Government of Guam Use Tax Exemptions and Collections**

Dear Mrs. Brooks

Buenas yan Hafa Adai! Thank you for the opportunity to work with your office on the initial draft OPA Report regarding the Use Tax Program. These work sessions resulted in many important items being clarified/corrected. Upon reviewing the second draft report dated February 26, 2015, we feel there remain a few material points of concern that warrant further review and consideration. These points are as follows:

1. Whether the Use Tax applies to paper /plastic shopping bags, etc.

In the second draft OPA report it states that "... We [OPA] found that CQA did not tax properties on six invoices... that were determined [by the OPA] to be items not for resale (business use)..." and that "... CQA treated these item[s] as part of the saleable product based upon their professional judgment...". It further states that "... paper bags and plastic bags are provided after the sale of a product and are not sold individually; therefore we [OPA] included the value of the Use Tax for these exempted goods as part of our calculation of uncollected Use Tax revenues..." and that "... OPA is still waiting for DRT's opinion on whether these goods are in fact taxable or exempt...".

CQA believes that these items are not subject to the Use Tax based upon:

- a. the Use Tax Law;
- b. guidance provided by DRT on the subject; and
- c. the totality of facts gathered and determined through CQA's examination, experience, and professional judgment.

Pursuant to 11GCA28102, it provides that the definition of use does not include "... property ... incorporated by the taxpayer into a finished... product, including the

container or package in which the product is contained during the course of its... preparation for market,... and which finished... product is... sold and not otherwise used by the taxpayer.

Paper and plastic bags (etc.) are provided by most, if not all, retail establishments for use solely by the consumer and not the taxpayer. Whether incorporated before, during, or after the ringing of the cash register, it is both a standard and expected part of the purchase by every customer as a means to preserve and transport their goods upon leaving the establishment. This is akin to [REDACTED] where they wrap your hamburger, place it in a paper bag, and give you napkins... at eateries where you make your food choices and they place it in Styrofoam trays and give you forks... at restaurants where they pack your food in containers for take-out orders or for your leftover doggy treats... at grocery stores where they place your items in bags to carry home... and yes, even at the [REDACTED] shops where they place your high-end luxury purse in a shopping bag for the same reasons... all as part of the final product to be used by the consumer and not the taxpayer.

This has been our understanding of the law, as well as the understanding and guidance provided to us by DRT (the competent authority on the subject) for many years. In our interviews with importers, together with our observations within the community, we have yet to yield any evidence to suggest that these items are not used in the manner stated above, or that they are kept by the taxpayer for their own use. In this regard, CQA performed its duties (on this aspect) both responsibly and in good faith in accordance with the law and instructions of the competent authority. Until such time that either the law changes, DRT changes its guidance on the subject, or a court of law rules otherwise, it would be both unfair and inappropriate to claim or imply that CQA did not do their jobs, or to hold CQA accountable to these amounts in the report.

2. Whether a business license is required in order for resale items to be excluded from the Use Tax.

Based upon the report, it provides that "...two businesses not have[ing] a valid business licenses at the time of importation...", and similarly "... one non-profit organization has no registration or certificate of tax exemption..." where they received "... exemptions that were made *not in accordance with the law...*".

With respect to a business license being a condition for resale items to be excluded from the Use Tax, there is no language within the Use Tax Law that makes this a requirement. Rather, the law provides that the only condition for exclusion is that the items being imported are for "... the sale, or the keeping solely for the sale of such property..." (11GCA28102(a)). In these cases, it is the responsibility of the seller to report the sale with DRT and to pay the taxes due (11GCA28110). Although not a condition for exclusion from the Use Tax as stated above, CQA still makes every effort to reasonably ascertain claims of resale either through the business license when available (note: DRT

does not allow CQA to review the business license records), through the import documents and quantities being imported, through interviews of the importer and/or their agent, through the inspection of the goods, and through the officer's knowledge of the company being an established business within the community that deals in the sale of the items being imported. In the event that there is any doubt, CQA does not exclude these items from being subject to the Use Tax.

With respect to the non-profit having no registration or certificate of tax exemption [REDACTED] [REDACTED] Please find attached their certificate of non-profit organization and tax exemption that was issued in 2000 and 2003 respectively. Pursuant to 11GCA28106(c) and 11GCA26, this shipment was appropriately not subject to the Use Tax.

In view of the above, these items should be excluded from the report in the amounts stated and as being exempted not in accordance with the law.

3. Whether "professional judgment" is the sole basis through which CQA makes its determinations.

The OPA reports that "... CQA has been... exempting Use Tax for exemptible goods for over 18 years *based upon their professional judgment* [emphasis added]...". We feel that this statement is both incomplete and misleading. Used alone, it tends to imply that "professional judgment" is the only basis through which CQA makes its determinations. In actuality, CQA makes informed determinations based upon several relevant factors which include:

- a. The Use Tax Law;
- b. Instructions and guidance from DRT (the competent authority on the subject);
- c. The importer's/agent's declaration, documents, and statements;
- d. Physical inspections of the imported goods;
- e. Other relevant information that may be available; and
- f. the totality of facts gathered and determined through CQA's examination, experience, and professional judgment.

Altogether, these elements serve as the basis through which each determination is made by CQA, and for the sake of propriety, we request that it be reflected as such in the report.

4. Whether CQA is required by law to "assess" the Use tax upon importers.

As provided by the OPA report, it states that "... CQA is tasked to *assess* [emphasis added] and collect on behalf of DRT...". Upon reviewing the law, however, this statement is incorrect. Nowhere within the Use Tax Law does it stipulate that CQA is required to assess the Use Tax upon importers. Rather, the law provides that it is the

importers responsibility to complete, file, and make payment on the use tax no later than the 20th of the month. This tenet was reiterated by the Deputy Tax Commissioner of DRT, Mr. Paul Pablo, where at our last meeting he stated (to the effect) that the filing of the Use Tax is voluntary and is the sole responsibility of the importer.

In this view, CQA is not responsible by law for the assessment and/or filing of the Use Tax report. Rather, CQA has been merely facilitating importers with their responsibility of filing their Use Taxes as required. This view is material here where the question now arises as to whether or not it is appropriate, and in accordance with the law, for the audit/report to hold CQA responsible/accountable for any use taxes not filed by the importer? For these reasons, we kindly ask that you review this matter further and make any appropriate adjustments that may be necessary.

These are our primary points of concern which may have a bearing on the report. Similar statements and/or ideas are contained throughout the report. We kindly ask for your review of our concerns, and in the event that changes are warranted, that the report be adjusted accordingly. Thank you again for the opportunity to review the report and to submit our concerns and comments.

Sincerely,



PEDRO A. LEONGUERRERO, JR.
Director of Customs

Attachment 1—Certification of Non-Profit Organization
Attachment 2 - Certificate of Tax Exemption



**Government of Guam Use Tax Exemptions and Collections
Report No. 15-01, March 2015**

ACKNOWLEDGEMENTS

Key contributions to this report were made by:
Maria Thyrza Bagana, Auditor-in-Charge
Llewelyn Terlaje, CGAP, CGFM, Audit Supervisor
Doris Flores Brooks, CPA, CGFM, Public Auditor

MISSION STATEMENT

**To ensure the 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.

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.