



OFFICE OF PUBLIC ACCOUNTABILITY
Doris Flores Brooks, CPA, CGFM
Public Auditor

Office of Public Accountability

Fiscal Year 2016 Budget Request and Presentation

As of March 2015

Distribution:

Committee on Appropriations and Adjudication
Office of Finance and Budget
Office of the Governor
Bureau of Budget and Management Research



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March 3, 2015

Honorable Benjamin J.F. Cruz
Chairman, Committee on Appropriations and Adjudication
33rd Guam Legislature
Suite 107, 155 Hesler Place
Hagatna, Guam 96910

Subject: FY 2016 Budget Request

Dear Vice Speaker and Committee Members,

The Office of Public Accountability (OPA) is pleased to present our FY 2016 budget request of \$1,453,773, which is a 7% increase from our FY 2015 appropriation of \$1,362,493. We anticipate a \$99 thousand increase in salaries and benefits for the implementation of OPA's Compensation Study salary rates, which would be absorbed by the personnel lapse carryover from FY 2015.

The attached power point presentation provides the details of OPA's accomplishments for this past year and outlines OPA's audit and procurement appeals plans to achieve our future outlook goals. As part of OPA's FY 2016 proposal, we respectfully request that the Legislature:

- Approve OPA's lump sum budget of \$1,453,773 to allow for flexibility;
- Approve OPA's Compensation Study;
- Approval to carry over personnel lapses from FY 2015 into the FY 2016 budget appropriation;
- Continue to give OPA the same privilege given to other elected offices and the Judiciary and be exempted from BBMR allotment control in FY 2016;
- Give the Public Auditor authority to hire limited-term appointments;
- Afford OPA the flexibility to hire at least one limited-term clerical staff to assist with the upkeep of OPA's files and assist with other administrative duties; and
- Amend legislation to instead require the audio files be posted on the website of the agency with the Board or Commission and only have the link to the audio files to be posted on the OPA website.

Si Yu'os Ma'ase.

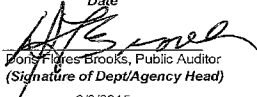
Senseramente,

Doris Flores Brooks, CPA CGFM
Public Auditor

**BUREAU OF BUDGET AND MANAGEMENT RESEARCH
FISCAL YEAR 2016
BUDGET DOCUMENT CHECKLIST**

Department/Agency: Office of Public Accountability Date Received by BBMR: _____
 Division/Program: Office of Public Accountability Date Reviewed: _____

	Department/Agency		BBMR	
	Yes	No	Yes	No
General				
Is the department/agency request within the Governor's established ceiling?	x			
Is the summary digest consistent with detail pages?	x			
Are the required budget forms attached?				
a. Agency Budget Certification [BBMR ABC]	x			
b. Agency Narrative Form [BBMR AN-N1]	x			
c. Decision Package [BBMR DP-1]	x			
d. Program Budget Digest Forms [BBMR BD-1, BBMR TA-1, BBMR 96A]	x			
e. FY 2016 (Proposed) Agency Staffing Pattern [BBMR SP-1] - All Fund Sources	x			
f. FY 2015 (Current) Agency Staffing Pattern [BBMR SP-1] - All Fund Sources	x			
g. Federal Program Inventory Form [BBMR FP-1]	x			
h. Equipment/Capital Listing & Space Requirement Form [BBMR EL-1]	x			
i. Prior Year Obligation	x			
I. Agency Budget Certification [BBMR ABC]				
1. Is the budget certified as to its accuracy and BBMR requirements.	x			
II. Agency Narrative Form [BBMR AN-N1]				
1. Is the mission statement correct and consistent with the department/ agency's enabling act?	x			
2. Are the goals and objectives correct and consistent with the department/ agency's mission?	x			
III. Decision Package [BBMR DP-1]				
1. Is activity description correct?	x			
2. Is major objective correct?	x			
3. Are short term goals correct?	x			
4. Is workload output reflected correctly?	x			
IV. Program Budget Digest Forms [BBMR BD-1, BBMR TA-1, BBMR 96A]				
A.) [BBMR BD-1]				
Personnel Services				
1. Are figures reflected consistent with the attached staffing pattern(s)?	x			
2. Are amounts reflected in each column accurate?	x			
3. Are computations correct?	x			
Operations				
1. Are the amounts reflected under columns, "Governor's Request", for each object category consistent with respective schedules (Schedule A - E) as detailed in the budget digest subforms (BBMR TA-1 & BBMR 96A)?	x			
2. Are amounts reflected in each column accurate?	x			
3. Are computations correct?	x			
Utilities				
Are amounts reflected in each column correct?	x			
Capital Outlay				
Are amounts reflected under columns, "Governor's Request", consistent with schedule F as detailed in the budget digest subform, [BBMR 96A)?	x			
Full Time Equivalencies (FTEs)				
Are the number of FTEs for both "Unclassified" and "Classified" accurately reflected under each column?	x			
B.) [BBMR TA-1]				
1. Is the purpose/justification for travel defined?	x			
2. Is/Are the travel date(s) and number of travelers reflected?	x			
3. Is/Are the position title(s) of the traveler(s) reflected?	x			
4. Are all columns (Air Fare, Per Diem, Registration, and Total Cost) accurate?	x			
C.) [BBMR 96A]				
1. Are "Items" under schedules B - F listed in detail?	x			
2. Is the "Quantity" under schedules B - F reflected for respective items?	x			
3. Is the "Unit Price" and "Total Price" accurate for each item under schedules B - F?	x			
V. Agency Staffing Pattern Forms [BBMR SP-1]				
1. Are position titles correct?	x			
2. Are position numbers reflected?	x			
3. Are the salary levels consistent with the Government of Guam Competitive Wage Act of 2014?	x			
4. Are filled positions funded?	x			
5. Are increment amounts reflected?	x			
6. Are rates reflected under "Benefits" correct?	x			
7. Are computations correct?	x			
VI. Federal Program Inventory Form [BBMR FP-1]				
is the form complete and accurate?	x			
VII. Equipment/Capital Listing & Space Requirement Form [BBMR EL-1]				
1. Is the description of the equipment and/or capital item(s) detail?	x			
2. Is the "quantity" and "percentage of use" reflected?	x			
3. Are space requirements descriptive and total space reflected and accurate?	x			
VIII. Prior Year Obligation [BBMR PYO-1]				
	x			

DEPARTMENT:
 Prepared By: Yukari Hechanova, Deputy Public Auditor
 Date: 3/3/2015
 Approved By: 
 Dion F. Brooks, Public Auditor
 (Signature of Dept/Agency Head)
 Date: 3/3/2015

BBMR ACTION:
 Recommendation
 Approval
 Disapproval
 Analyst _____
 Date _____

**Government of Guam
Fiscal Year 2016**

Agency Budget Certification

Agency: Office of Public Accountability

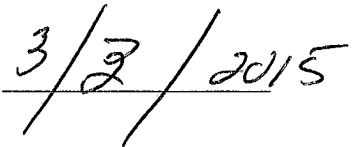
Agency Head: Doris Flores Brooks, Public Auditor

I certify that the attached budget, submitted herewith, has been reviewed for accuracy and that all requirements by the Bureau of Budget & Management Research (BBMR) have been met. I also acknowledge that this budget document will be returned to this department if any of the BBMR requirements is not met.

Agency Head: _____


(Signature)

Date: _____



**Government of Guam
Fiscal Year 2016 Budget
Department / Agency Narrative**

FUNCTION: Office of Public Accountability) Audit & Procurement Appeals)

DEPT. / AGENCY: Office of Public Accountability

**** Please see Power Point Presentation for Complete Narrative Details ****

MISSION STATEMENT:

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

VISION STATEMENT:

Guam is the model for good governance in the Pacific.

GOALS AND OBJECTIVES:

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

- **Protect the independence of the OPA;**
- **Deliver impactful, reliable, and quality reports;**
- **Recruit and retain qualified staff; and**
- **Increase public knowledge and trust of OPA's mission, work and impact.**

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.**

Government of Guam
Fiscal Year 2016
Budget Digest

[BBMR BD-1]

Function: Office of Public Accountability
Department/Agency: Office of Public Accountability
Program: Office of Public Accountability

AS400 Account Code	Appropriation Classification	A	B	C	D	E	F	G	H	I	J	K	L
		GENERAL FUND			SPECIAL FUND 1/			FEDERAL MATCH			GRAND TOTAL (ALL FUNDS)		
		FY 2014 Expenditures & Encumbrances	FY 2015 Authorized Level	FY 2016 Governor's Request	FY 2014 Expenditures & Encumbrances	FY 2015 Authorized Level	FY 2016 Governor's Request	FY 2014 Expenditures & Encumbrances	FY 2015 Authorized Level	FY 2016 Governor's Request	FY 2014 Expenditures & Encumbrances (A + D + G)	FY 2015 Authorized Level (B + E + H)	FY 2016 Governor's Request (C + F + I)
	PERSONNEL SERVICES												
111	Regular Salaries/Increments/Special Pay:	593,952	745,145	800,214	0	0	0	0	0	0	593,952	745,145	800,214
112	Overtime:	0	0	0	0	0	0	0	0	0	0	0	0
113	Benefits:	224,287	266,450	308,161	0	0	0	0	0	0	224,287	266,450	308,161
	TOTAL PERSONNEL SERVICES	\$818,239	\$1,011,595	\$1,108,375	\$0	\$0	\$0	\$0	\$0	\$0	\$818,239	\$1,011,595	\$1,108,375
	OPERATIONS												
220	TRAVEL- Off-Island/Local Mileage Reimburs:	18,301	16,800	17,800	0	0	0	0	0	0	18,301	16,800	17,800
230	CONTRACTUAL SERVICES:	185,389	175,255	160,255	0	0	0	0	0	0	185,389	175,255	160,255
233	OFFICE SPACE RENTAL:	107,723	115,943	115,943	0	0	0	0	0	0	107,723	115,943	115,943
240	SUPPLIES & MATERIALS:	4,511	8,200	7,200	0	0	0	0	0	0	4,511	8,200	7,200
250	EQUIPMENT:	17,191	27,200	36,700	0	0	0	0	0	0	17,191	27,200	36,700
270	WORKERS COMPENSATION:	0	0	0	0	0	0	0	0	0	0	0	0
271	DRUG TESTING:	0	0	0	0	0	0	0	0	0	0	0	0
280	SUB-RECIPIENT/SUBGRANT:	0	0	0	0	0	0	0	0	0	0	0	0
290	MISCELLANEOUS:	5,073	4,500	4,500	0	0	0	0	0	0	5,073	4,500	4,500
	TOTAL OPERATIONS	\$338,188	\$347,898	\$342,398	\$0	\$0	\$0	\$0	\$0	\$0	\$338,188	\$347,898	\$342,398
	UTILITIES												
361	Power:	0	0	0	0	0	0	0	0	0	0	0	0
362	Water/ Sewer:	0	0	0	0	0	0	0	0	0	0	0	0
363	Telephone/ Toll:	2,879	3,000	3,000	0	0	0	0	0	0	2,879	3,000	3,000
	TOTAL UTILITIES	\$2,879	\$3,000	\$3,000	\$0	\$0	\$0	\$0	\$0	\$0	\$2,879	\$3,000	\$3,000
450	CAPITAL OUTLAY	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	TOTAL APPROPRIATIONS	\$1,159,306	\$1,362,493	\$1,453,773	\$0	\$0	\$0	\$0	\$0	\$0	\$1,159,306	\$1,362,493	\$1,453,773
	1/ Specify Fund Source												
	FULL TIME EQUIVALENCIES (FTEs)												
	UNCLASSIFIED:	1	1	2	0	0	0	0	0	0	1	1	2
	CLASSIFIED:	13	13	13	0	0	0	0	0	0	13	13	13
	TOTAL FTEs	14.00	14.00	15.00	0.00	0.00	0.00	0.00	0.00	0.00	14.00	14.00	15.00

Schedule A - Off-Island Travel

Department/Agency: Office of Public Accountability

Division: Office of Public Accountability

Program: Office of Public Accountability

Purpose / Justification for Travel				
To attend the National State Auditor Association (NSAA) Annual Conference and the Association of Certified Fraud Examiners (ACFE) Conferences held in the summer of each year.				
Travel Date: Summer 2016		No. of Travelers: <u>1</u> 1/		
Position Title of Traveler(s)	Air Fare	Per diem 2/	Registration	Total Cost
Public Auditor (NASACT)	\$ 1,600.00	\$ 1,400.00	\$ 600.00	\$ 3,600.00
Public Auditor (ACFE)	\$ 1,800.00	\$ 1,300.00	\$ 1,000.00	\$ 4,100.00

Purpose / Justification for Travel				
To attend the Government Finance Officers Association (GFOA) and Association of Pacific Island Public Auditors (APIPA) Annual Conferences held in the summer of each year.				
Travel Date: Summer 2016		No. of Travelers: <u>1</u> 1/		
Position Title of Traveler(s)	Air Fare	Per diem 2/	Registration	Total Cost
Public Auditor (GFOA)	\$ 400.00	\$ 1,300.00	\$ 800.00	\$ 2,500.00
Public Auditor (APIPA)	\$ 1,500.00	\$ 1,000.00	\$ 600.00	\$ 3,100.00

Purpose / Justification for Travel				
To attend the Pacific Association of Supreme Audit Institutions (PASAI) the fall of each year.				
Travel Date: Fall 2016		No. of Travelers: <u>1</u> 1/		
Position Title of Traveler(s)	Air Fare	Per diem 2/	Registration	Total Cost
Public Auditor	\$ 3,000.00	\$ 1,500.00	\$ -	\$ 4,500.00
	\$ -	\$ -	\$ -	\$ -

Purpose / Justification for Travel				
Travel Date:		No. of Travelers: _____ 1/		
Position Title of Traveler(s)	Air Fare	Per diem 2/	Registration	Total Cost
			\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -

1/ Provide justification for multiple travelers attending the same conference / training / etc.

2/ Rates must be consistent with Title 5 GCA, Div.2, Ch.23, §23104 and federal Joint Travel Regulations

Schedule B- Contractual

Item	Quantity	Unit Price	Total Price	Funded in FY 2015?	
				Yes	No
Website Hosting & Maintenance	12	1050	\$ 12,600.00	X	
OPA Consulting Services	12	1000	\$ 12,000.00	X	
Audit Fees:			\$ -	X	
MCOG NAF Attestation Svc (FY 15 Report)	1	40000	\$ 40,000.00	X	
Liberation Day Committee (CY 14 Report)	1	7500	\$ 7,500.00	X	
OPA Legal Services	12	1200	\$ 14,400.00	X	
Hearing Officers	12	5000	\$ 60,000.00	X	
OPA Copier Lease, Maintenance, & Supply Plan	12	425	\$ 5,100.00	X	
Professional Publications & Subscription	3	385	\$ 1,155.00	X	
Professional Association Memberships	30	250	\$ 7,500.00	X	
			\$ -		
			\$ -		
Total Contractual			\$ 160,255.00		

Schedule C - Supplies & Materials

Item	Quantity	Unit Price	Total Price	Funded in FY 2015?	
				Yes	No
General Office Supplies	12	600	\$ 7,200.00	X	
			\$ -		
			\$ -		
			\$ -		
			\$ -		
			\$ -		
Total Supplies & Materials			\$ 7,200.00		

Schedule D - Equipment

Item	Quantity	Unit Price	Total Price	Funded in FY 2015?	
				Yes	No
Automated Workpaper Software	20	1000	\$ 20,000.00	X	
Laptop Computers Upgrades	5	900	\$ 4,500.00	X	
Printers Upgrade	3	400	\$ 1,200.00	X	
Ipads	3	500	\$ 1,500.00	X	
Office Furniture for Additional Leased Space	1	4500	\$ 4,500.00		X
Conference Room Table & Chairs	1	5000	\$ 5,000.00		X
			\$ -		
Total Equipment			\$ 36,700.00		

Schedule E - Miscellaneous

Item	Quantity	Unit Price	Total Price	Funded in FY 2015?	
				Yes	No
Print Advertisement	3	400	\$ 1,200.00	X	
Others	1	3300	\$ 3,300.00		
			\$ -		
			\$ -		
			\$ -		
			\$ -		
Total Miscellaneous			\$ 4,500.00		

Schedule F - Capital Outlay

Item	Quantity	Unit Price	Total Price	Funded in FY 2015?	
				Yes	No
			\$ -		
			\$ -		
			\$ -		
			\$ -		
			\$ -		
			\$ -		
Total Capital Outlay			\$ -		

**Government of Guam
Fiscal Year 2016
Agency Staffing Pattern
(PROPOSED)**

FUNCTIONAL AREA: OFFICE OF PUBLIC ACCOUNTABILITY

DEPARTMENT/AGENCY: OFFICE OF PUBLIC ACCOUNTABILITY

PROGRAM: OFFICE OF PUBLIC ACCOUNTABILITY

FUND: 5100A16CT001.111.113

Input by Department										Input by Department										
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)		(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)	(R)	(S)	
No.	Position Number	Position Title	Name of Incumbent	Grade/ Step	Salary	Overtime	Special*	Increment		Subtotal (E+F+G+I)	Benefits					Medical (Premium)	Dental (Premium)	Total Benefits (K thru Q)	(J + R) TOTAL	
								Date	Amt.		Retirement (J * 28.31%) 1/	Retire (DDI) (\$19.01*26PP) 2/	Social Security (6.2% * J)	Medicare (1.45% * J)	Life 3/					
1	1	Public Auditor	Doris Flores Brooks	PA-01	\$100,000	\$0	\$0			\$0	\$100,000	\$28,310	\$0	\$0	\$1,450	\$178	\$1,465	\$224	\$31,627	\$131,627
2	2	Administrative Officer	Christopher Stanton	K-01	33,911	0	0	2/26/2016	857	34,768	9,843	495	0	504	178	1,465	224	12,709	47,477	
3	3	Chief Auditor/Audit Supervisor	Rodalyn May A. Gerardo	O-07	62,371	0	0	9/16/2016	165	62,536	17,704	495	0	907	178	1,465	224	20,973	83,509	
4	4	Auditor I	Jerrick J. J. G. Hernandez	K-05	39,350	0	0	4/3/2016	746	40,096	11,351	495	0	581	178	1,465	224	14,294	54,390	
5	5	Deputy Public Auditor	Yukari B. Hechanova		85,000	0	0		0	85,000	24,064	495	0	1,233	178	1,924	240	28,134	113,134	
6	6	Auditor II	Clariza Mae G. Roque	M-02	42,307	0	0	3/3/2016	1,069	43,376	12,280	495	0	629	178	1,465	224	15,271	58,647	
7	7	Auditor I	Maria Thyrsa D. Bagana	K-05	39,350	0	0	8/11/2016	249	39,599	11,210	495	0	574	178	6,510	404	19,371	58,970	
8	8	Auditor I	Vacant	K-01	33,911	0	0		0	33,911	9,600	495	0	492	178	6,510	404	17,679	51,590	
9	9	Auditor I	Vacant	K-01	33,911	0	0		0	33,911	9,600	495	0	492	178	6,510	404	17,679	51,590	
10	10	Auditor I	Vacant	K-01	33,911	0	0		0	33,911	9,600	495	0	492	178	6,510	404	17,679	51,590	
11	11	Auditor III	Vacant	N-01	45,014	0	0		0	45,014	12,743	495	0	653	178	6,510	404	20,983	65,997	
12	12	Auditor I	Vacant	K-01	33,911	0	0		0	33,911	9,600	495	0	492	178	6,510	404	17,679	51,590	
13	13	Auditor II	Vacant (Partially Funded)	M-01	5,000	0	0		0	5,000	1,416	0	0	73	0	0	0	1,489	6,489	
14	14	Auditor II	Vacant (Partially Funded)	M-01	5,000	0	0		0	5,000	1,416	0	0	73	0	0	0	1,489	6,489	
15	15	Auditor III	Llewelyn R. Terlaje	N-05	52,235	0	0	9/1/2016	165	52,400	14,834	495	0	760	178	1,465	224	17,956	70,356	
16	16	Auditor I	Vacant	K-01	0	0	0		0	0	0	0	0	0	0	0	0	0	0	
17	17	Auditor II	Vacant	M-01	0	0	0		0	0	0	0	0	0	0	0	0	0	0	
18	18	Auditor I	Ashley A. Gaerlan	K-03	36,530	0	0	6/10/2016	461	36,991	10,472	495	0	536	178	1,465	0	13,146	50,137	
19	19	Auditor I	Michele S. Brillante	K-03	36,530	0	0	6/17/2016	461	36,991	10,472	495	0	536	178	1,465	224	13,370	50,361	
20	20	Auditor I	Travis Lee Carbon	K-03	36,530	0	0	10/24/2015	1,269	37,799	10,701	495	0	548	178	2,583	224	14,729	52,528	
21	21	Auditor I	Vacant	K-01	0	0	0		0	0	0	0	0	0	0	0	0	0	0	
22	22	Executive Secretary	Vacant (Partially Funded)		20,000	0	0		0	20,000	5,662	0	0	290	0	0	0	5,952	25,952	
23	23	Special Assistant	Vacant (Partially Funded)		20,000	0	0		0	20,000	5,662	0	0	290	0	0	0	5,952	25,952	
24					0	0	0		0	0	0	0	0	0	0	0	0	0	0	
25					0	0	0		0	0	0	0	0	0	0	0	0	0	0	
			Grand Total:	----	\$794,772	\$0	\$0	----	\$5,442	\$800,214	\$226,540	\$7,425	\$0	\$11,605	\$2,848	\$55,287	\$4,456	\$308,161	\$1,108,375	

* Night Differential / Hazardous / Worker's Compensation / etc.

1/ FY 2016 (Proposed) GovGuam contribution rate of 28.31% for the Government of Guam Retirement is subject to change.

2/ FY 2016 (Proposed) GovGuam contribution rate of \$19.01 (bi-weekly) for DDI is subject to change.

3/ FY 2016 (Proposed) GovGuam contribution rate of \$178 (per annum) for Life Insurance is subject to change.

**Government of Guam
Fiscal Year 2016
Agency Staffing Pattern
(PROPOSED)**

Input by Department											
No.	Position Number	Position Title	Name of Incumbent	Holiday Pay	Special Pay Categories						(D+E+F+G+H+I+J) Subtotal
					(E)	(F)	(G)	(H)	(I)	(J)	
					1/ Night Differential Pay 10%	2/ Hazard 10%	3/ Hazard 8%	4/ Nurse Sunday Pay 1.5	5/ Nurse Pay 1.5	6/ EMT Pay 15%	
1	1	Public Auditor	Doris Flores Brooks	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	2	Administrative Officer	Christopher Stanton	0	0	0	0	0	0	0	0
3	3	Chief Auditor/Audit Supervisor	Rodalyn May A. Gerardo	0	0	0	0	0	0	0	0
4	4	Auditor I	Jerrick J. J. G. Hernandez	0	0	0	0	0	0	0	0
5	5	Deputy Public Auditor	Yukari B. Hechanova	0	0	0	0	0	0	0	0
6	6	Auditor II	Clariza Mae G. Roque	0	0	0	0	0	0	0	0
7	7	Auditor I	Maria Thyrza D. Bagana	0	0	0	0	0	0	0	0
8	8	Auditor I	Vacant	0	0	0	0	0	0	0	0
9	9	Auditor I	Vacant	0	0	0	0	0	0	0	0
10	10	Auditor I	Vacant	0	0	0	0	0	0	0	0
11	11	Auditor III	Vacant	0	0	0	0	0	0	0	0
12	12	Auditor I	Vacant	0	0	0	0	0	0	0	0
13	13	Auditor II	Vacant (Partially Funded)	0	0	0	0	0	0	0	0
14	14	Auditor II	Vacant (Partially Funded)	0	0	0	0	0	0	0	0
15	15	Auditor III	Llewelyn R. Terlaje	0	0	0	0	0	0	0	0
16	16	Auditor I	Vacant	0	0	0	0	0	0	0	0
17	17	Auditor II	Vacant	0	0	0	0	0	0	0	0
18	18	Auditor I	Ashley A. Gaerlan	0	0	0	0	0	0	0	0
19	19	Auditor I	Michele S. Brillante	0	0	0	0	0	0	0	0
20	20	Auditor I	Travis Lee Carbon	0	0	0	0	0	0	0	0
21	21	Auditor I	Vacant	0	0	0	0	0	0	0	0
22	22	Executive Secretary	Vacant (Partially Funded)	0	0	0	0	0	0	0	0
23	23	Special Assistant	Vacant (Partially Funded)	0	0	0	0	0	0	0	0
24	0	0	0	0	0	0	0	0	0	0	0
25	0	0	0	0	0	0	0	0	0	0	0
			Grand Total:	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

1/ 10% of reg. rate, applicable from 6pm- 6am, employee must work 4 hours consecutive after 6pm for entitlement of the pay

2/ Applies to law enforcement personnels

3/ Applies to solid waste employees

4/ 1 ½ of reg. rate of pay from 12am Friday to 12 midnight Sunday

5/ 1 ½ of reg. rate of pay on daily work exceeding 8 hours

6/ Applicable only to GFD ambulatory service personnel. 15% of reg. rate of pay

**Government of Guam
Fiscal Year 2015
Agency Staffing Pattern
(CURRENT)**

[BBMR SP-1]

FUNCTIONAL AREA: OFFICE OF PUBLIC ACCOUNTABILITY
DEPARTMENT/AGENCY: OFFICE OF PUBLIC ACCOUNTABILITY
PROGRAM: OFFICE OF PUBLIC ACCOUNTABILITY
FUND: 5100A16CT001.111.113

Input by Department										Input by Department									
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)		(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)	(R)	(S)
No.	Position Number	Position Title	Name of Incumbent	Grade / Step	Salary	Overtime	Special*	Increment		(E+F+G+I) Subtotal	Retirement (J * 29.85%)	Retire (DDI) (\$19.01*26PP)	Social Security (6.2% * J)	Medicare (1.45% * J)	Life 1/	Medical (Premium)	Dental (Premium)	Total Benefits (K thru Q)	(J + R) TOTAL
								Date	Amt.										
1	1	Public Auditor	Doris Flores Brooks	PA-01	\$100,000	\$0	\$0		\$0	\$100,000	\$29,850	\$0	\$0	\$1,450	\$178	\$1,465	\$224	\$33,167	\$133,167
2	2	Administrative Assistant	Christopher Stanton	K-01	33,911	0	0		0	33,911	10,122	0	0	492	0	0	0	10,614	44,525
3	3	Chief Auditor/Audit Supervisor	Rodalyn May A. Gerardo	O-6	60,094	0	0	3/16/2015	2,277	62,371	18,618	495	0	904	178	1,465	224	21,884	84,255
4	4	Auditor I	Jerrick J. J. G. Hernandez	K-04	37,914	0	0	4/3/2015	1,436	39,350	11,746	495	0	571	178	1,465	224	14,679	54,029
5	5	Deputy Public Auditor	Yukari B. Hechanova		85,000	0	0		0	85,000	25,373	495	0	1,233	178	1,924	240	29,443	114,443
6	6	Auditor II	Clariza Mae G. Roque	M-01	40,762	0	0	2/3/2015	1,545	42,307	12,629	495	0	613	178	1,465	224	15,604	57,911
7	7	Auditor I	Maria Thyrza D. Bagana	K-04	37,914	0	0	2/11/2015	1,436	39,350	11,746	495	0	571	178	6,510	404	19,904	59,254
8	8	Auditor I	Vacant	K-01	0	0	0		0	0	0	0	0	0	0	0	0	0	0
9	9	Auditor I	Vacant	K-01	0	0	0		0	0	0	0	0	0	0	0	0	0	0
10	10	Auditor I	Vacant	K-01	0	0	0		0	0	0	0	0	0	0	0	0	0	0
11	11	Auditor III	Vacant	N-01	0	0	0		0	0	0	0	0	0	0	0	0	0	0
12	12	Auditor I	Vacant	K-01	0	0	0		0	0	0	0	0	0	0	0	0	0	0
13	13	Auditor II	Vacant	M-01	0	0	0		0	0	0	0	0	0	0	0	0	0	0
14	14	Auditor II	Vacant	M-01	0	0	0		0	0	0	0	0	0	0	0	0	0	0
15	15	Auditor III	Llewelyn R. Terlaje	N-04	50,328	0	0	9/1/2015	1,907	52,235	15,592	495	0	757	178	1,465	224	18,711	70,946
16	16	Auditor I	Vacant	K-01	0	0	0		0	0	0	0	0	0	0	0	0	0	0
17	17	Auditor II	Vacant	M-01	0	0	0		0	0	0	0	0	0	0	0	0	0	0
18	18	Auditor I	Ashley A. Gaerlan	K-02	35,196	0	0	6/10/2015	1,334	36,530	10,904	495	0	530	178	1,465	0	13,572	50,102
19	19	Auditor I	Michele S. Brillante	K-02	35,196	0	0	6/17/2015	1,334	36,530	10,904	495	0	530	178	1,465	224	13,796	50,326
20	20	Auditor I	Travis Lee Carbon	K-02	35,196	0	0	10/24/2014	1,334	36,530	10,904	495	0	530	178	2,583	224	14,914	51,444
21	21	Auditor I	Vacant	K-01	0	0	0		0	0	0	0	0	0	0	0	0	0	0
22					0	0	0		0	0	0	0	0	0	0	0	0	0	0
23					0	0	0		0	0	0	0	0	0	0	0	0	0	0
24					0	0	0		0	0	0	0	0	0	0	0	0	0	0
25					0	0	0		0	0	0	0	0	0	0	0	0	0	0
			Grand Total:	----	\$551,511	\$0	\$0	----	\$12,603	\$564,114	\$168,388	\$4,455	\$0	\$8,181	\$1,780	\$21,272	\$2,212	\$206,288	\$770,402

* Night Differential / Hazardous / Worker's Compensation / etc.
1/ FY 2015 GovGuam contribution for Life Insurance is \$178 per annum

**Government of Guam
Fiscal Year 2015
Agency Staffing Pattern
(CURRENT)**

Input by Department											
No.	(A) Position Number	(B) Position Title	(C) Name of Incumbent	(D) Holiday Pay	Special Pay Categories						(K) (D+E+F+G+H+I+J) Subtotal
					(E)	(F)	(G)	(H)	(I)	(J)	
					1/ Night Differential Pay 10%	2/ Hazard 10%	3/ Hazard 8%	4/ Nurse Sunday Pay 1.5	5/ Nurse Pay 1.5	6/ EMT Pay 15%	
1	1	Public Auditor	Doris Flores Brooks	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	2	Administrative Assistant	Christopher Stanton	0	0	0	0	0	0	0	0
3	3	Chief Auditor/Audit Supervisor	Rodalyn May A. Gerardo	0	0	0	0	0	0	0	0
4	4	Auditor I	Jerrick J. J. G. Hernandez	0	0	0	0	0	0	0	0
5	5	Deputy Public Auditor	Yukari B. Hechanova	0	0	0	0	0	0	0	0
6	6	Auditor II	Clariza Mae G. Roque	0	0	0	0	0	0	0	0
7	7	Auditor I	Maria Thyrza D. Bagana	0	0	0	0	0	0	0	0
8	8	Auditor I	Vacant	0	0	0	0	0	0	0	0
9	9	Auditor I	Vacant	0	0	0	0	0	0	0	0
10	10	Auditor I	Vacant	0	0	0	0	0	0	0	0
11	11	Auditor III	Vacant	0	0	0	0	0	0	0	0
12	12	Auditor I	Vacant	0	0	0	0	0	0	0	0
13	13	Auditor II	Vacant	0	0	0	0	0	0	0	0
14	14	Auditor II	Vacant	0	0	0	0	0	0	0	0
15	15	Auditor III	Llewelyn R. Terlaje	0	0	0	0	0	0	0	0
16	16	Auditor I	Vacant	0	0	0	0	0	0	0	0
17	17	Auditor II	Vacant	0	0	0	0	0	0	0	0
18	18	Auditor I	Ashley A. Gaerlan	0	0	0	0	0	0	0	0
19	19	Auditor I	Michele S. Brillante	0	0	0	0	0	0	0	0
20	20	Auditor I	Travis Lee Carbon	0	0	0	0	0	0	0	0
21	21	Auditor I	Vacant	0	0	0	0	0	0	0	0
22	0	0	0	0	0	0	0	0	0	0	0
23	0	0	0	0	0	0	0	0	0	0	0
24	0	0	0	0	0	0	0	0	0	0	0
25	0	0	0	0	0	0	0	0	0	0	0
Grand Total:				\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

- 1/ 10% of reg. rate, applicable from 6pm- 6am, employee must work 4 hours consecutive after 6pm for entitlement of the pay
- 2/ Applies to law enforcement personnels
- 3/ Applies to solid waste employees
- 4/ 1 ½ of reg. rate of pay from 12am Friday to 12 midnight Sunday
- 5/ 1 ½ of reg. rate of pay on daily work exceeding 8 hours
- 6/ Applicable only to GFD ambulatory service personnel. 15% of reg. rate of pay

Bureau of Budget Management Research
 Prior Year Obligations for FY 2015

BBMR PYO-1

A Transaction/ Obligation Date	B Transaction Type	C Vendor	D General Fund (\$)	E Special Fund (\$)	F Federal Fund (\$)	G Reasons for Nonsubmittal or Nonpayment
** THERE ARE NO PRIOR YEAR OBLIGATIONS FOR OPA **						
Total			\$0.00	\$0.00	\$0.00	

Note:

Column A: Completion date of transaction or event prior to October 1, 2015.

Column B: Transaction Type such as personnel action, contracts, etc.

Column C: Vendor or Party owed

Column D, E, & F: Identify funding source and dollar amount inclusive of associated penalties or fees; if more than one transaction, need to total all transactions.

Column G: Note item of concern.



Office of Public Accountability

FY 2016 – Budget Presentation

1



Overview of Agency Mandate

- The Office of Public Accountability (OPA) was established by Public Law (P.L.) 21-122 on July 20, 1992.
- The OPA is an instrumentality of the Government of Guam (GovGuam), independent of the executive, legislative, and judicial branches.

2



Motto, Mission & Vision

- **Motto:** “*Auditing for Good Governance*”
- **Mission:** To ensure the public trust and assure good governance, we conduct audits and administer procurement appeals, independently, impartially, and with integrity.
- **Vision:** “Guam is the model for good governance in the Pacific.”

3



Goals & Objectives

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

- Protect the independence of the OPA;
- Deliver impactful, reliable, and quality reports;
- Recruit and retain qualified staff; and
- Increase public knowledge and trust of OPA’s mission, work, and impact.

4



Core Values

[O]bjectivity:

To have an independent and impartial mind.

[P]rofessionalism:

To adhere to ethical and professional standards.

[A]ccountability:

To be responsible and transparent in our actions.

5



1 GCA §1908

- The Public Auditor shall annually audit or cause to be conducted post audits of all the transactions and accounts of all departments, offices, corporations, authorities, and agencies in all branches of GovGuam.
- The Public Auditor may conduct the audit through her staff or may retain the services of an independent audit firm or organization, which shall be under the direction and supervision of the Public Auditor.

6



1 GCA §1909

- Conduct audits of government programs and entities to determine if goals and objectives are being achieved effectively, economically, and efficiently.
- Direct and supervise all financial and management audits conducted pursuant to §1908, so that annual audits are completed for the prior fiscal year no later than June 30.
- Submit reports to the Governor and the Legislature that include recommendations for necessary legislation to improve and to protect the integrity of the financial transactions and condition of the government.
- Report to Attorney General (AG) of Guam for prosecution of violations of law, where such violations pertain to the expenditures of funds and property of GovGuam.
- Hear and decide all procurement appeals that arise under Title 5 of the Guam Code Annotated (GCA) §5425(c), as provided for by 5 GCA §5425(e).

7



OPA's Stakeholders

- The People of Guam
- Governor, Senators, and all Elected Officials of Guam
- All branches, departments, and instrumentalities of GovGuam
- Federal Government
- Boards and Commissions
- Private Businesses as Vendors of GovGuam

8



Future Outlook & Goals

In line with OPA's vision that Guam is the model for good governance in the Pacific, OPA also strives to be a model robust audit office. OPA will endeavor to:

- Issue performance audits to improve the accountability, transparency, effectiveness, efficiency, and economy of government programs and agencies.
- Improve the timely issuance of the government wide financial audit and its component units to 6 months after the end of the fiscal year.
 - GovGuam would join over 40 states and over 3,600 jurisdictions, cities, and counties, who issue their audits within 6 months after the fiscal year end.
 - Presently, there are 12 agencies out of 24 scheduled financial audits that are able to get their financial audits completed and released within 6 months.

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Future Outlook & Goals

- Propose legislation to require the issuance of financial audits within 6 months of the end of the fiscal year. This would allow the Legislature more timely information and for eligibility of the Certificate of Achievement for Excellence in Financial Reporting program administered by the Government Finance Officers Association (GFOA).
- Participate in the Performance Measurement Framework sponsored by the International Organization of Supreme Audit Institutions (INTOSAI) Development Initiative through the Pacific Association of Supreme Audit Institutions (PASAI) to assess OPA's performance in relation to international standards.

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Future Outlook & Goals

- Improve compliance with federal expenditures and financial reporting.
 - Increase the number of government agencies subject to OMB Circular A-133 (Single Audit of federal grants) to become low-risk auditees.
 - For government agencies not subject to the Single Audit requirements to have no material weaknesses and significant deficiencies.
- Monitor the General Fund's fund balance and find ways to address revenue leakage, enhance revenue collections, and identify cost savings.
- OPA will continue to issue timely procurement appeals decisions:
 - For appeals to be resolved within 90 to 120 days of the appeal filing; and
 - For decisions to be rendered within 30 to 60 days upon the conclusion of appeal hearing.

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How OPA Supports its Mission

- Accountability [and Transparency] for use of public resources and government authority is key to our nation's governing processes (GAGAS 1.01).
- Government auditing is essential in providing accountability to legislators, oversight bodies, those charged with governance, and the public (GAGAS 1.03).
- Auditing is essential to the credibility of accounting and financial reporting by state and local governments (GFOA Elected Officials Guide to Auditing, pg. vii).
- Auditing provides reasonable assurance that our government is:
 - Operating in accordance with laws, rules, regulations, policies, and procedures;
 - Functioning economically, efficiently, and effectively; and
 - Responding to citizens' needs.

12



Staffing Level Challenges

- OPA staff recruitment, compensation, promotion, and retention continue to be among our primary concerns after 14 years.
- OPA operations have been hindered largely due to the shortage of staff. OPA's highest staff complement was 18 full-time staff in 2006 when OPA staff were in the unclassified service.
- The change in law in 2006 removing OPA from the jurisdiction of the Civil Service Commission to DOA has been and continues to be problematic.
- Similar to 2007 and 2008, OPA is at a low point again with a total staff complement of 10 in 2015.

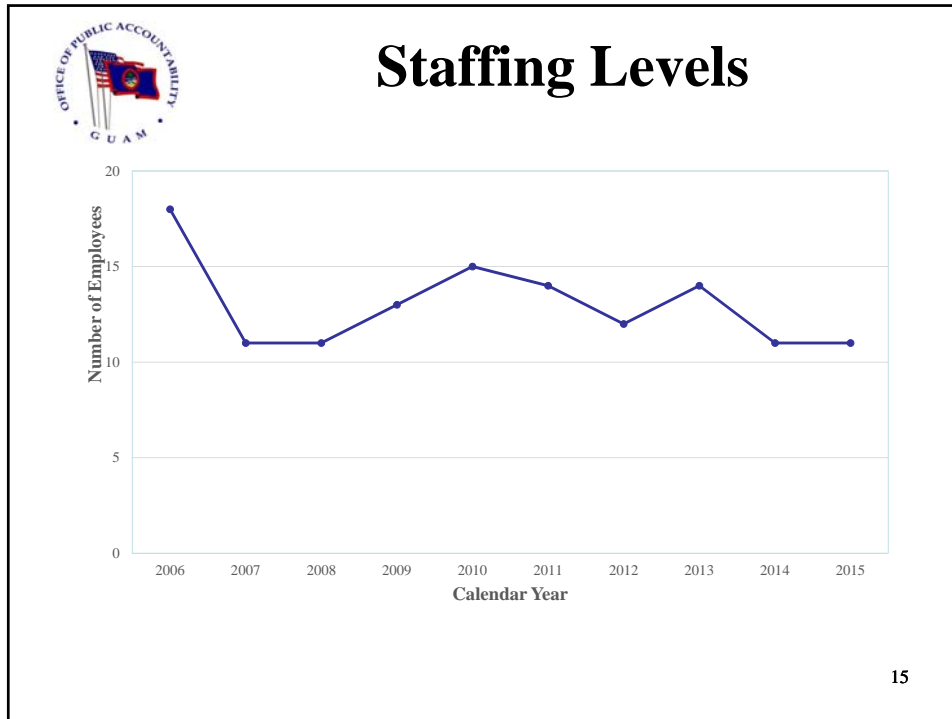
13



Staffing Level Challenges

- In 2015, as of February, OPA lost one Auditor and hired an Administrative Officer for a total of 10 full time staff:
 - 3 supervisors averaging 10 years of OPA service
 - 6 staff auditors averaging 3 years of OPA service
- In 2014, OPA hired 1, but lost 4 Auditors and 1 Administrative Officer.
- In 2013, OPA lost 2 staff, but hired 4 more staff.
- In 2011 and 2012, OPA lost 5 staff, but hired 2 staff.

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Staffing Level Challenges

- Between 2011 and 2014, OPA lost 12 full-time staff consisting of
 - 3 Administrative Officers,
 - 1 Management Analyst III,
 - 3 Auditor III's, 2 Audit Supervisor,
 - 1 Auditor II, and
 - 2 Auditor I's. ²
- The Auditor III's and Audit Supervisor had an average of 12 years of audit experience ranging from 8 to 20 years.
- Most auditors have resigned to accept higher salaries offered by other government agencies.
- In October 2014, OPA announced the appointment of a Deputy Public Auditor.

² OPA lost 1 Auditor I in February 2015.

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Staffing Level Challenges

- OPA had announcements for Auditor I, II, and IIIs since April 2011. However, OPA only hired only 1 Auditor I in 2014 and 3 in 2013.
- Currently, OPA has 10 vacancies. OPA continues to face difficulty in recruiting new staff for 2 main reasons:
 - Low pay compensation package and
 - DOA's bureaucratic and lengthy hiring process.
- Aside from the Administrative Officer, OPA needs temporary clerical assistance to periodically maintain and update OPA's filing system. However, OPA was informed that it is unable to hire limited term appointees at the present time.

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OPA Staff Recruited to Autonomous Entities

Since 2006, OPA lost 18 professional staff. Nearly all of the 18 individuals left because of significantly higher salaries elsewhere.

- An Auditor I earning \$36,530 was hired by GDOE for \$40,762 (M-01) in February 2015.
- An Auditor I earning \$33,911 was hired by GVB for \$45,014 (N-01) in December 2014.
- An Auditor I earning \$36,530 was hired by UOG for \$51,256 (N/A) in September 2014.
- An Auditor III earning \$48,490 was hired by GDOE for \$49,916 (O-50-3) in June 2014.
- An Auditor III earning \$47,695 (M-13) was hired by GWA for a salary of \$68,645 (M7-C) in October 2013.

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OPA Staff Recruited to Autonomous Entities

- An Audit Supervisor earning \$51,662 (N-13) was hired by GDOE for a salary of \$56,231 (O-13) in February 2012.
- An Auditor III earning \$44,524 (M-11) was hired by GPA for a salary of \$64,666 (M-06A) in December 2011.
- The Deputy Public Auditor earning \$60,528 was hired by GWA for \$73,596 (M9B) in January 2009.
- An Auditor II earning \$39,780 was hired by GPA for \$62,765 (M-05B) in November 2008.

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Amendments to §1907

OPA thanks the Legislature for authorizing the appointment of a Deputy Public Auditor, Executive Secretary, and Special Assistant. In addition, allowing flexibility to appoint full-time and part-time employees in the OPA as are necessary to carry out the duties of the Public Auditor and the OPA.

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Additional Law Changes for Hiring Flexibility

- To address staffing challenges, OPA respectfully requests the Legislature:
 - Approve OPA’s Compensation Study.
 - Give the Public Auditor authority to hire qualified limited term appointments in the unclassified service. These appointments can then be hired permanently through the merit system.
 - Afford OPA the flexibility to hire at least one limited-term clerical staff to assist with the upkeep of OPA’s files and assist with other administrative duties.

21



2014 – Year in Review

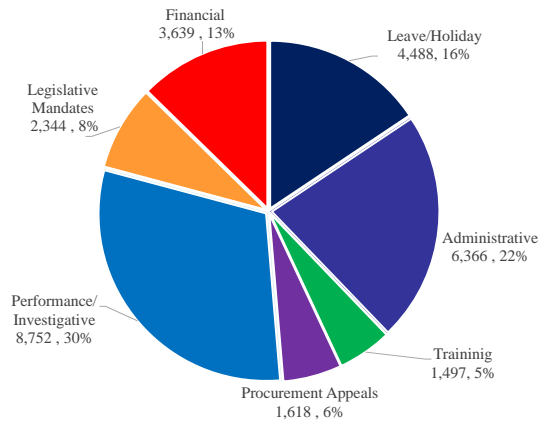
- Despite staffing challenges, OPA continues its commitment and dedication to “**Auditing for Good Governance**” by:
 - Issuing 7 performance audits that collectively identified over \$10.6 million (M) in questioned costs and other financial impacts;
 - Making 11 recommendations to the audited government entities to improve accountability and operational effectiveness and efficiency;
 - Administering 13 procurement appeals; and
 - Monitoring and providing oversight in the issuance of 24 financial audits (the government-wide audit and its component units).

22



2014 Staff Hours Distribution

- As of December 31, 2014, OPA had 11 full-time employees.
- Total hours expended was 28,704. The chart illustrates the composition of hours.



23



Audits Completed in 2014

- OPA released 7 performance audits in 2014. Several factors attributed to this:
 - Transitions to regroup existing audit assignments due to the loss of personnel throughout the year;
 - For the 5-month period from August to December 2014, OPA operated without an Administrative Officer and several Staff Auditors were asked to assist in administrative duties, which took away time from their audits;
 - Four of the seven auditors are less experienced than those who left the OPA during 2014;
 - Current Senior Auditors were holding dual roles as Auditors-in-Charge (AIC) and Audit Supervisors.

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Audits Completed in 2014

- 5 of the 7 audits took an average of 1,395 hours to complete due to various challenges that arose during the audits; and
- Fewer man-hours were available.
 - In 2014, OPA began with a staff complement of 12. However, there were fewer man-hours available than the projected 18,900 hours due to several staff leaving throughout the year.
 - Of the 18,900 hours available, 8,800 were used for performance audits and another 3,600 hours for financial audits.
 - Administrative duties consumed 6,400 of the staff’s time in 2014, which is an increase of 2,200 hours compared to 4,200 in 2013.



Audits Completed in 2014

- | | |
|----|--|
| 1. | Government of Guam Public Debt (PASAI Cooperative Audit) |
| 2. | Government of Guam Use Tax (Audit Plan) |
| 3. | Department of Corrections Cost per Prisoner Calculation (Audit Plan) |
| 4. | Department of Revenue and Taxation Hotel Occupancy Tax (Legislative Mandate) |
| 5. | Government of Guam Merit Bonus Program (Audit Plan) |
| 6. | Department of Corrections Prison Capacity Planning (Audit Plan) |
| 7. | Government of Guam Tiyan Campus Tax Credits Program (Audit Plan) |



Audits Completed in 2014

Report No. 14-01: Government of Guam Public Debt

We found:

- GovGuam's total public indebtedness (debt subject to the debt ceiling, debt not subject to the debt ceiling, and other primary government liabilities) increased by 54% from \$1.02 billion (B) in FY 2008 to \$1.57B in FY 2013 (unaudited).
- GovGuam's annual debt service requirements nearly doubled from \$41.4M in FY 2008 to \$80.1M in FY 2013, and is expected to increase to \$106.9M or 33% by FY 2018.
- Although GovGuam's 2012 debt-to-Gross Domestic Product (GDP) ratio of 26.4% was below the International Monetary Fund's 60% benchmark, other debt indicators reflected GovGuam's debt burden was high compared to the insular governments and states.
- GovGuam's FY 2012 debt-per-capita of \$8,810 is the highest debt burden on its citizens compared to previous years and amongst other insular governments.

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Audits Completed in 2014

Report No. 14-02: Government of Guam Use Tax

We found that the Guam Customs and Quarantine Agency (CQA), the Department of Revenue and Taxation (DRT), and the Department of Administration (DOA) have not taken full responsibility for monitoring, reviewing, reconciling, and collecting Use Tax revenues. 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.

We recommended:

1. DRT, CQA, and DOA should clearly define their roles regarding Use Tax, which should be solidified in finalizing and implementing an Inter-Agency Cooperative Agreement;
2. DOA write-off the outstanding receivable balance as agreed by the agencies because the amounts are unreliable;
3. DRT, as the tax regulatory agency for GovGuam, be responsible for reconciling, monitoring, and collecting Use Tax assessments. In addition, ensure exemptions are lawfully granted.
4. A process should be implemented where business license numbers and other relevant business information can be shared among the three agencies.

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Audits Completed in 2014

Report No. 14-03: Department of Corrections Cost per Prisoner Calculation

We found:

- DOC's \$119 cost per prisoner is not accurately calculated, not routinely calculated, and is not reviewed and monitored by management;
- Federal reimbursement rates have not been updated in over 11 years and \$299K in billings for housing federal prisoners were not collected due to the lack of reconciliation between DOC and DOA;
- DOC has inadequate cost reporting and weak accounting infrastructures. Without accurate cost reporting, DOC has limited means to help it perform better and will continue to report unreliable and inaccurate incarceration costs. Further, they are unable to substantiate requests to increase the federal per diem rates.

We recommended DOC assign a dedicated non-uniformed staff to ensure proper data entry, periodic reconciliation, and maintenance of DOC's NaviLine.

29



Audits Completed in 2014

Report No. 14-04: Department of Revenue and Taxation Hotel Occupancy Tax

We found:

- Accuracy of \$3M in uncollected HOT receivables could not be verified;
- Inconsistent and noncomparable data pertaining to the number of hotels reported;
- \$2.2M HOT exemptions claimed by eight taxpayers within CY 2008 and CY 2013 could not be verified; and
- Between CY 2008 and CY 2013, taxes due from 10 taxpayers were inaccurately assessed at the obsolete HOT tax rate of 10% instead of the current HOT tax rate of 11% or the Gross Receipts Tax rate of 4%.

We recommended the Legislature clarify the law to allow OPA full access to taxpayer returns and other information to conduct audits and reviews of local Guam taxes, consistent with the duties outlined by 1 GCA §1909.

30



Audits Completed in 2014

Report No. 14-05: Government of Guam Merit Bonus Program

We found wide variations in the interpretation and administration of providing merit bonus payments to government employees, which include:

- Periods of performance reviews ranged from 3 to 23 years;
- Inconsistent merit bonus calculations; and
- Various interpretations of “superior” rating.
- Questioned costs amounted to \$39K due to missing employee performance evaluations, missing proper authorization for performance evaluations, and ineligible employees receiving merit bonuses.

We recommended DOA follow through and submit their assessment and policy no later than September 30, 2015, but not without first seeking clarification on the Merit Bonus law from the Attorney General.

31



Audits Completed in 2014

OPA Report No. 14-06: Department of Corrections Prisoner Capacity Planning

We found that:

- According to the International Centre for Prison Studies, as of April 2013, Guam had the highest rate in the world with 272 pre-trial/remand population per 100,000 of the island’s population;
- Design plans or official capacity rates are lacking for DOC facilities;
- DOC does not follow standards to support conversion of its facilities; and
- An effective management strategy to operate under higher capacity demand pressures is lacking.

We recommended the DOC Director work with the Governor to reestablish the DOC task force to begin discussions to reduce the detainee population and develop a well-documented management strategy. The strategy should include short-term and long-term measures to address capacity at its current facility and a potential new ACF, and to reduce the DOC detainee prisoner population.

32



Audits Completed in 2014

OPA Report No. 14-07: Tiyan Campus Tax Credits Program

We found that:

- GovGuam will spend approximately \$260.3M for the purchase of the Tiyan Campus;
- A maximum of \$44.1M may be claimed for tax credits and \$216.2M to be paid in cash;
- The Tiyan Campus had a purchase price of \$87.1M and consists of Tiyan High and GDOE Central Office and other facilities;
- Of the \$87.1M purchase, GDOE has yet to allocate for land and buildings;
- In December 2014, the Industrial Development Authority of the City of Phoenix, Arizona Lease Revenue Bonds were issued for a total of \$107.4M to finance, acquire, design, construct, and rehabilitate certain Tiyan Campus facilities; and
- Core Tech and 22 other companies claimed approximately \$31.5M in tax credits between FY 2010 and December 2014 (first quarter of FY 2015), of which the top five credits were claimed for taxes on cigarettes, retail, local contracting, rental, and distilled spirits.

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Summary of Audit Focus

- In 2014, we conducted performance audits based on OPA's audit plan, a mandate, and in cooperation with the Pacific Association of Supreme Audit Institutions (PASAI).
- Of the 7 reports issued:
 - 1 was a cooperative audit (GovGuam Public Debt);
 - 1 was a legislative mandate (DRT Hotel Occupancy Tax);
 - 5 were from the 2014 audit plan (GovGuam Use Tax, DOC Cost per Prisoner Calculation, GovGuam Merit Bonus Program, DOC Prison Capacity Planning, and GovGuam Tiyan Campus Tax Credits Program).
- Moving forward, OPA looks to provide continued **oversight, insight, and foresight** for our government.
- Our audits will continue to focus on economy, efficiency, accountability, and transparency of all GovGuam instrumentalities.

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OPA Identified Financial Impact

OPA issued 7 reports and made 11 recommendations, that identified \$10.6M in financial impact to our government in 2014.

Financial impacts are questioned costs, waste and abuse, lost revenue opportunities, dormant bank accounts, unreported amounts, and un-reconciled accounts identified by OPA audits.

Calendar Year	Reports Issued	Recommendations Issued	Financial Impact
2014	7	11	\$10.6M
2013	6	16	\$16.6M
2012	9	25	\$ 4.3M
2011	12	39	\$14.5M
2010	9	37	\$22.6M
2009	7	6	\$ 1.2M
2008	10	28	\$ 9.6M
2007	18	45	\$33.3M
2006	19	76	\$20.9M
2005	9	19	\$ 6.2M
2004	14	91	\$16.4M
2003	11	77	\$26.8M
2002 & 2001	13	127	\$ 3.8M
Totals	144	597	\$186.8M

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Financial Impact Identified in 2014

Report No.	Report Title	Questioned Costs	Lost Revenues	Total	# of Recommendations
14-01	Government of Guam Public Debt	\$ -	\$ -	\$ -	1
14-02	Government of Guam Use Tax	\$ -	\$ 4,945,911	\$ 4,945,911	4
14-03	Department of Corrections Cost per Prisoner Calculation	\$ 298,945	\$ -	\$ 298,945	3
14-04	Department of Revenue and Taxation Hotel Occupancy Tax	\$ -	\$ 5,295,526	\$ 5,295,526	1
14-05	Government of Guam Merit Bonus Program	\$ 38,738	\$ -	\$ 38,738	1
14-06	Department of Corrections Prison Capacity Planning	\$ -	\$ -	\$ -	1
14-07	Government of Guam Tiyan Campus Tax Credits Program	\$ -	\$ -	\$ -	0
Totals		\$ 337,683	\$ 10,241,437	\$ 10,579,120	11

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Audits in Progress in 2015

1. Government of Guam Use Tax (Part B)
2. Government of Guam Lifetime Annuities
3. Layon Landfill Tax Credit Program
4. Guam Environmental Protection Agency Recycling Revolving Fund
5. Office of the Attorney General Child Support Enforcement (Follow Up Audit)
6. Tax Credit Program (Follow Up Audit)

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Audit Plan Development

- When conducting audits, we apply a risk-based approach to the audit selection by identifying those areas that have the highest risk of loss or possible mismanagement of funds.
- The OPA has enhanced its system of review wherein auditors assess and rank various audit topics based on the following factors:
 - Financial Impact (Lost Revenues, Cost Savings)
 - Public Concern and Social Impact
 - Likelihood of Poor Control
 - Program Risk
 - Leadership Interest
- Each factor is assigned a weighted percentage, then scored individually by the auditors, and averaged to determine priority ranking. This process ensures objective results and aids OPA in deciding where to invest its limited human resources.

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2015 Audit Work Plan

- Through extensive deliberations with staff, audit requests from stakeholders, and risk assessments, OPA establishes an annual Audit Work Plan.
- In preparation for the 2015 Audit Work Plan, OPA sent out letters to all agency heads and public officials; however, only few responses were received.
- Based on an audit staff of 10 (3 Audit Supervisors, 1 Auditor II, and 6 Auditor I's) and coupled with staff development, OPA anticipates completing at least 10 audits in 2015. This consists of 4 new audits in addition to the 6 on-going audits.

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2015 Audit Work Plan

- Our Work Plan is a guide and not necessarily limited to the aforementioned audits. We have allowed for flexibility and may initiate other audits based on priority, requests from elected officials, changing developments, and staff availability.
- The 2015 Audit Work Plan includes:
 - DPW/MCOG Road Maintenance Plan
 - DRT Gross Receipts Tax Exemption
 - GMHA Inventory Controls over Narcotic and Other Pharmacy Drugs
 - DPR Condition of Public Restrooms
 - DOA Returned Checks (Follow-Up Audit)

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Financial Audits Issued in 2014

- 1 GCA §1909(a) and the Federal Single Audit Act require all financial audits to be issued by June 30th (9 months after year end).
- OPA's goal is to issue financial audits no later than 6 months after year end, rather than 9 months.
- OPA is encouraging legislation be introduced that would make the 6-month deadline a requirement by local law.

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Financial Audits Issued in 2014

- GFOA Certificate of Achievement for Excellence in Financial Reporting program
 - The goals of this program are:
 - To encourage every government to publish a high quality Comprehensive Annual Financial Report (CAFR);
 - To assist governments to meet this goal by providing educational materials, comments, and suggestions for improvement; and
 - To recognize governments and individuals that have met the challenge.
 - To participate, a government must submit its published CAFR within **six months** of the end of the reporting period.

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Financial Audits Issued in 2014

- In 2014, of the 24 financial audits:
 - 12 were issued within 6 months of FY13
(GIAA, GVB, GPT, GHC, UOG, PAG, PBS Guam, GGFR, GCC, GEDA, GPA, and TAF)
 - 8 were issued within 9 months of FY13
(THF, GHURA, DCA, Guam Museum Foundation, GWA, GDOE, GMHA, and GovGuam General Fund)
 - 2 were issued 9 months after FY13
(MCOG and SWOF)
 - 2 were FY 2012 audits
(CLTC and GALC)

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Financial Audits Issued in 2014

- We monitored, reviewed, and analyzed 24 financial audits of autonomous agencies and the General Fund, which identified \$87K in questioned costs for FY 2014.
- OPA works with DOA, the line agencies, and the autonomous entities to resolve questioned costs.
- As a result of these continuous monitoring activities, questioned costs have dropped dramatically from prior years of \$10M in FY 2002, \$22M in FY 2003, and \$13M in FY 2004. Over a decade later, questioned costs are down to \$87K.
- 4 entities had questioned costs:
 - UOG (\$24K)
 - GDOE (\$3K)
 - GovGuam (\$18K)
 - MCOG (\$42K)

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Financial Audits Issued in 2014

- 23 entities had unmodified or “clean” opinions on their financial statements. The MCOG had a qualified opinion.
- 10 entities were subject to an A-133 Single Audit: GIAA, PAG, UOG, GCC, GPA, GHURA, GWA, GDOE, GMHA and GovGuam General Fund.
- Of the 10 entities, 8 entities had unmodified opinions in their compliance over major federal programs: GIAA, UOG, PAG, GCC, GPA, GWA, GDOE, and GMHA.
- GovGuam General Fund and GHURA had modified opinions in their compliance over major federal programs due to material weaknesses.

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Financial Audits Issued in 2014

- GIAA, PAG, GCC, and GPA did not have any material weaknesses and/or significant deficiencies over major federal programs. We applaud these entities’ efforts in accomplishing this.
- GCC has maintained a low-risk auditee status for 14 consecutive years.
- For FY 2014, PAG is to be commended for achieving low-risk auditee status as they are the only other government agency to attain this status besides GCC.

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Financial Audit Definitions

- American Institute of Certified Public Accountants AU-C 700 states:
 - **Unmodified or “Clean” Opinion** is when the independent auditor can state, without reservation, that the financial statements are fairly presented in all material respects in conformity with generally accepted accounting principles or GAAP.
 - **Modified Opinion** is when the independent auditor expresses reservations about the fair presentation of the financial statements in conformity with GAAP.
- Statement on Auditing Standards No. 115 states:
 - **Significant Deficiency** is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.
 - **Material Weakness** is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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Financial Audits issued in 2014

#	Auditee	Issue Date	Financial Statement		Compliance Findings		Federal Awards Findings (A-133)			Total # of Findings	Total Questioned Costs	Management Comments
			Opinion		# of Material Weaknesses	# of Significant Deficiencies	Opinion	# of Material Weaknesses	# of Significant Deficiencies			
1	GIAA	01/31/14	Unmodified		5	0	Unmodified	0	0	5	\$ -	0
2	GVB	02/06/14	Unmodified		0	0	N/A	N/A	N/A	0	\$ -	0
3	GPT	02/18/14	Unmodified		0	0	N/A	N/A	N/A	0	\$ -	1
4	GHIC	02/20/14	Unmodified		0	0	N/A	N/A	N/A	0	\$ -	4
5	UOG	02/26/14	Unmodified		0	0	Unmodified	0	5	5	\$ 23,756	3
6	PAG	02/28/14	Unmodified		0	0	Unmodified	0	0	0	\$ -	4
7	KGTF	02/28/14	Unmodified		0	0	N/A	N/A	N/A	0	\$ -	4
8	GGRF	03/05/14	Unmodified		0	0	N/A	N/A	N/A	0	\$ -	0
9	GCC	03/07/14	Unmodified		0	0	Unmodified	0	0	0	\$ -	0
10	GEDA	03/14/14	Unmodified		0	0	N/A	N/A	N/A	0	\$ -	2
11	GPA	03/18/14	Unmodified		0	1	Unmodified	0	0	1	\$ -	11
12	IAF	03/31/14	Unmodified		1	0	N/A	N/A	N/A	1	\$ -	2
13	THF	04/02/14	Unmodified		1	0	N/A	N/A	N/A	1	\$ -	1
14	GHURA	04/04/14	Unmodified		0	0	Modified	5	5	10	\$ -	6
15	DCA	05/22/14	Unmodified		1	0	N/A	N/A	N/A	1	\$ -	1
16	GMFI	06/03/14	Unmodified		0	0	N/A	N/A	N/A	0	\$ -	3
17	GWA	06/13/14	Unmodified		0	0	Unmodified	0	1	1	\$ -	0
18	GDOE	6/28/2014 6/29/2014	Unmodified		2	1	Unmodified	0	4	7	\$ 2,285	6
19	GMHA	06/30/14	Unmodified		0	1	Unmodified	0	1	2	\$ -	6
20	GovGuam	07/01/2014 07/02/2014	Unmodified		4	0	Modified	0	4	8	\$ 18,178	6
21	CLTC FY12	08/14/14	Unmodified		4	0	N/A	N/A	N/A	4	\$ -	0
22	GALC FY12	08/15/14	Unmodified		2	0	N/A	N/A	N/A	2	\$ -	0
23	MCOG	08/18/14	Modified		2	1	N/A	N/A	N/A	3	\$ 41,705	1
24	SWOF	09/04/14	Unmodified		0	1	N/A	N/A	N/A	1	\$ -	0
Totals					22	5		5	20	52	\$ 85,924	61
Totals since 2001										1921	\$ 63,868,128	698

Only entities that receive substantial federal awards undergo a Single Audit and are rendered an opinion by the independent financial auditors (as required by OMB A-133).

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2014 Financial Audit RFPs



- On behalf of the Guam Solid Waste Fund, OPA issued a Request for Proposals for audit services in February 2014.
- This resulted in a contract for three fiscal years with an option to renew for one additional year of professional audit service.
- OPA contracts this financial audit and is reimbursed by the Guam Solid Waste Authority.

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Procurement Appeals

- As we have gained knowledge and experience, the Procurement Appeals' goals are to:
 - Resolve an appeal within 90 to 120 days from the time of filing, and
 - Render a decision within 30 to 60 days upon conclusion of the appeal hearing.
- In 2014, OPA resolved 4 appeals within 90 to 120 days and 5 appeals less than 90 days from the time of filing.
- Three of the five decisions rendered in 2014 were issued within 30 days upon conclusion of the appeal hearing.

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Procurement Appeals in 2014

During 2014, 13 appeals were filed with OPA.

- 5 were GSA, 2 were GDOE, 2 were GVB, 2 were GPA, 1 was DPW, and 1 was GSWA.

The subject and known value of the appeals include

- Air conditioning equipment, \$350K
- Special education mini buses, \$493K
- CCTV surveillance systems, \$685K
- Telecommunications systems, \$395
- Diesel fuel oil for baseloads and peaking units, \$51M
- School buses, \$1.2M
- Voice and data services, \$158K
- Refuse collection trucks (not known)

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Procurement Appeals in 2014

- OPA addressed these 13 appeals as follows:
 - 5 decisions rendered of which 3 were rendered within 30 days;
 - 1 was dismissed after Appellant withdrew;
 - 2 were moved to Superior Court;
 - 1 was dismissed due to parties settlement; and
 - 4 are on-going procurement appeals.

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Procurement Appeals in 2014

Appeal No.	Appellant	Purchasing Agency	Nature of Appeal	Procurement Value	Status	Action	Days
OPA-PA-14-001	J & B Modern Tech	GDOE	Air Conditioning Equipment	\$ 350,000*	Decision	Denied	110
OPA-PA-14-002	Fukuda Enterprises, LLC	GDOE	Special Education Mini Buses	\$ 493,345*	Decision	Denied	56
OPA-PA-14-003	Pacific Data Systems, Inc.	GVB	CCTV Surveillance Systems	\$ 685,100*	Decision	Denied	128
OPA-PA-14-004	G4S Security Systems Inc.	DPW	Upgrading of Telecommunication Building Infrastructure	\$ 155,885	Dismissed	Appellant Withdrew	49
OPA-PA-14-005	Pacific Data Systems, Inc.	GSA	Telephone Services for the Governor and Lieutenant Governor's Office	\$ 20,426	Stay	Moved to Superior Court	36
OPA-PA-14-006	Pacific Data Systems, Inc.	GSA	Telephone Services for GFD and DPHSS	\$ 219,052	Stay	Moved to Superior Court	35
OPA-PA-14-007	Pacific Data Systems, Inc.	GVB	CCTV Surveillance Systems	See 14-003	On-Going	On-Going	
OPA-PA-14-008	IP&E Holdings, LLC	GPA	Supply for Diesel Fuel Oil for Baseloads and Peaking Units	\$ 50,619,000*	Decision	Denied	96
OPA-PA-14-009	Triple J Enterprises	GSA	School Bus (60 Passenger)	\$ 1,199,217*	Dismissed	Settlement Agreement	62
OPA-PA-14-010	Morrice Equipment, LLC	GSWA	Refuse Collection Trucks	Not known	Decision	Upheld	106
OPA-PA-14-011	Morrice Equipment, LLC	GSA	School Buses	See 14-009	On-Going	On-Going	
OPA-PA-14-012	Morrice Equipment, LLC	GSA	School Buses	See 14-009	On-Going	On-Going	
OPA-PA-14-013	Pacific Data Systems, Inc.	GPA	Voice and Data	\$ 158,400*	On-Going	On-Going	

* Procurement value are estimated amounts per the respective purchasing agencies and their procurement records.



Procurement Appeals

Since OPA first accepted appeals in October 2006, 117 appeals have been filed.

APPEALS	2006	2007	2008	2009	2010	2011	2012	2013	2014	Totals	% Subtotal	% Total
DECISIONS												
Upheld	1	3	5	1	4	4		6	1	25	42%	21%
Denied		2	1	4		8	7	1	4	27	46%	23%
Upheld and Denied in Part		2	1			2	1	1		7	12%	6%
Subtotal:	1	7	7	5	4	14	8	8	5	59	100%	50%
DISMISSALS												
Stipulation Agreement	1	1	1	2	2	4	7	5	1	24	44%	21%
Appeal Withdrawn	1	1			1		3	1		7	13%	6%
PA Recusal		1	3	1	1			1		7	13%	6%
No Protest Decision			1	1	1	2	1			6	11%	5%
Moved to Superior Court				1	1				2	4	7%	3%
Untimely Notice of Appeal						1		1		2	4%	2%
Cancel/Re-issued Bid		1		1						2	4%	2%
Protest Decision Bid				1						1	2%	1%
Lack of Jurisdiction								1		1	2%	1%
Subtotal:	2	4	5	7	6	7	11	8	4	54	100%	46%
TOTAL APPEALS FILED:	3	11	12	12	10	21	19	16	9	113*		100%

* NOTE: There are currently four on-going procurement appeals that were filed in CY 2014, which makes an overall 117 procurement appeals filed.



Appeals Addressed in 2014

- **14-001 (J&B Modern Tech/ GDOE)**
 - The appeal was denied as GDOE’s determination that JRN was the lowest responsive and responsible bidder was not in error and its issuance of the purchase order to JRN was not in error.
 - OPA found that GDOE’s determination that the site inspections while deemed “mandatory” were not deemed conditions precedent for “responsiveness” of bids, was not in error.
- **14-002 (Fukuda Enterprise LLC/ GDOE)**
 - The appeal was denied as the IFB’s original wheelchair lift specification unduly restricted competition and GDOE had to amend the specification to comply with procurement laws and regulations. GDOE treated the prospective bidders fairly and equitably by giving them a reasonable time to change their bids in response to the IFB amendment before bid submission.

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Appeals Addressed in 2014

- **14-003 (Pacific Data Systems, Inc./ GVB)**
 - The appeal was denied as GVB properly evaluated PDS and G4S’ bids in accordance with Guam Procurement Law and Procurement Rules and Regulations and provided materials subject to disclosure to PDS.
- **14-004 (G4S Security Systems, Inc./ DPW)**
 - In a Request for Dismissal of Appeal filed by the appellant, OPA dismissed this appeal as DPW withdrew its notice of contract termination.

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Appeals Addressed in 2014

- **14-005 & 14-006 (Pacific Data Systems, Inc./ GSA)**
 - These appeals were relative to the telephone services for the Governor and Lieutenant Governor’s Office, GFD, and DPHSS.
 - GSA’s Motion to Decline was granted. OPA shall not take any action on an appeal when the appeal is brought to the Superior Court of Guam.
- **14-008 (IP&E Holdings, LLC/ GPA)**
 - This appeal was denied as the IFB clearly and expressly authorized GPA to award the IFB Contract in whole or per plant location to the qualified bidder with the lowest priced proposal.
 - IP&E’s price bid for the Tenjo Vista Plant contains a mistake not evident on the face of its bid and further allowed IP&E to withdraw its bid.

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Appeals Addressed in 2014

- **14-009 (Triple J Enterprises/ GSA)**
 - Dismissed due to parties settlement. OPA denied Morrico’s motion to set aside the order dismissing this appeal with prejudice.
 - OPA’s jurisdiction over Triple J’s appeal does not include a substantive review of the terms of the settlement agreement. By signing the agreement, OPA was granting the parties’ request to dismiss with prejudice the instant appeal. In addition, Triple J’s cross-motion for ratification and affirmance of the terms of the settlement agreement was denied.
- **14-010 (Morrico Equipment, LLC/ GSWA)**
 - The appeal was granted. OPA found that the cab forward specifications of the IFB unnecessarily restricted competition. GSWA was ordered to immediately amend the IFB to allow vendors to bid conventional cab models for refuse collection trucks Categories I and II.

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On-Going 2014 Appeals

- **14-007 (Pacific Data Systems, Inc./ GVB)**
 - PDS alleges that G4S's Technical Bid was not in compliance with the GVB IFB specifications.
- **14-011 (Morrico Equipment, LLC/ GSA)**
 - Morrico requested that GSA's denial of Morrico's protest was arbitrary, capricious, and an abuse of discretion, and that OPA order GSA to set aside its agreement to award Triple J.
- **14-012 (Morrico Equipment, LLC/ GSA)**
 - Morrico requests that GSA render a decision on Morrico's November 21, 2014 protest relative to a settlement agreement that awarded nine buses to Triple J and three buses to Morrico.
- **14-013 (Pacific Data, Systems, Inc./ GPA)**
 - PDS alleges that Docomo is not able to provide the regulated local telecommunications services specified by GPA.

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Procurement Appeals Hearing Officers

- Cost savings have been realized through hiring contractual attorneys on an as-needed basis versus a full-time attorney.
 - In FY 2014, three attorneys cost \$83,396;
 - In FY 2013, three attorneys cost \$91,901;
 - In FY 2012, three attorneys cost \$63,700;
 - In FY 2011, two attorneys cost \$38,000;
 - In FY 2010, two attorneys cost \$71,000;
 - In FY 2009, three attorneys cost \$50,000;
 - In FY 2008, two attorneys cost \$69,000; and
 - In FY 2007, a full-time attorney's salary cost \$80,000 plus benefits of \$21,900.

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Procurement Appeals Hearing Officers

It is OPA's goal to have its Hearing Officers:

- (1) Be readily available to handle the time-sensitive appeals, considering potential conflicts, and time constraints;
- (2) Resolve appeals within 90 to 120 days from the time of filing; and
- (3) To issue a decision from 30 to 60 days upon the conclusion of the hearing.

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New OPA Website



OPA launched its new website, www.opaguam.org, on January 1, 2015. The website features a new design, an improved user-friendly navigation, more organized content, and mobile device accessibility. The old website www.guamopa.org is no longer available.

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OPA Website

- To ensure public accountability and enhance transparency in our government, OPA's website posts reports and information to include:
 - OPA audit reports;
 - Financial audits of government entities;
 - Procurement appeals;
 - CCR reporting requirements; and
 - Audio recordings of Boards and Commissions meetings.
- In addition, the OPA website also contains budget and expenditure reports, and staffing patterns required by the various Budget Acts.
- The OPA website continues to be an important source of reliable transparent information about the financial condition of our government.

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OPA Website Hits vs. Visits

- As suggested by our website carrier, we are now using website visits instead of hits, a more accurate measurement of our website's popularity.
- Hit. A hit is a request for a file from a Web server. This includes every item on a Web page including graphics. A single web page can generate dozens or hundreds of hits to the server. As such, it is a bad metric to use for evaluating Web page popularity (About.com, Website Design/HTML Glossary).
- Visit/Session. A visit is an interaction, by an individual, with a website. If an individual has not taken another action on the site within a specified time period, the visit session will terminate (Web Analytics Association, 2007).
- In 2014, the OPA website had 18,656 visits compared to 18,500 in 2013, a nominal increase of 1%.

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2014 OPA Website Activity

Months	Visits		Unique Visitors		Page Views	
	2014	2013	2014	2013	2014	2013
January	1,449	1,472	674	718	5,273	4,830
February	1,358	1,384	659	659	4,448	4,984
March	1,571	1,725	782	774	5,310	5,483
April	1,495	1,647	699	732	5,038	5,399
May	1,336	1,782	637	811	4,466	5,702
June	1,712	1,548	879	746	5,757	5,234
July	1,641	1,448	887	676	5,436	4,297
August	1,493	1,552	876	727	5,693	4,695
September	1,978	1,477	1,285	680	9,784	4,622
October	1,487	1,666	902	693	6,147	5,633
November	1,366	1,345	742	569	4,358	5,348
December	1,770	1,454	883	644	4,993	4,975
Totals	18,656	18,500	9,905	8,429	66,703	61,202
Averages	1,555	1,542	825	702	5,559	5,100

OPA uses Google Analytics to gather information about OPA’s website activity.



Boards and Commissions Audio Reporting Requirements

- In September 2012, P.L. 31-233 required “governing Boards and Commissions of all public corporations, and departments of the Government of Guam” to provide audio recording of each monthly Board and Commission meeting to OPA within 7 calendar days after the meeting. OPA posts audio files on its website upon receipt.
- Since then, OPA posted meeting audio files of 28 Boards and Commissions. Almost every week, OPA receives at least one audio file, which can be as large as 851 MB and requires extraction from a CD and posting onto the OPA website. This causes additional work for OPA’s limited staff resources and consumes valuable space on its server.



Hotline Tips 47AUDIT (472-8348)

- The OPA HOTLINE provides the public with the means to pass on questions and concerns about our government.
- In 2014, we received 43 tips:
 - 5 were forwarded to the subject entity's Internal Auditors;
 - 11 were forwarded to external Financial Auditors;
 - 7 are on-going with OPA; and
 - 20 were closed and/or resolved.
- Our highest number of tips was 177 in 2004 and our lowest number of tips was 23 in 2012.
- The public can contact the hotline by dialing 47AUDIT, by emailing admin@guamopa.org, or by visiting our website.

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Hotline Tips

- In addition to audit duties, audit staff are assigned to handle HOTLINE tips and to follow-up and coordinate with the AG's Office for indictment and prosecution.
- While OPA encourages employees and the public to use the hotline, OPA does not have the staff resources to address these tips and concerns in a timely manner.
- Responding to citizen concerns requires time and effort as it entails research, interviews, and follow-up in order to provide an answer. Despite OPA's limited staff, OPA endeavors to respond timely to these concerns.
- OPA staff addressed all 43 hotline tips/citizen concerns received in 2014. Of the 43 tips received: 37 were hotline tips and 6 were citizens concerns.

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Hotline Statistics 2001 - 2014

Agencies or Programs	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	TOTAL
Guam International Airport Authority	3	0	0	0	2	0	0	3	5	2	10	13	12	22	72
Department of Education	7	2	3	3	1	18	9	46	17	14	9	11	13	13	166
Department of Public Works	0	1	2	2	1	0	6	15	9	3	3	10	11	14	77
Guam Power Authority	2	2	2	1	0	1	2	7	6	4	5	6	12	4	54
Department of Corrections	1	2	1	2	3	2	5	1	1	2	2	2	11	10	45
Guam Memorial Hospital Authority	6	0	0	1	4	2	2	2	1	7	4	1	11	8	49
Government of Guam Retirement Fund	0	0	0	0	1	0	0	3	3	1	15	1	6	0	30
Department of Administration	2	2	1	2	5	0	0	3	1	2	4	5	6	5	38
Mayors Council of Guam	0	2	2	1	2	0	5	11	8	9	4	6	2	7	59
Guam Housing and Urban Renewal Authority	0	1	1	0	0	0	0	2	1	6	10	3	2	3	29
Guam Waterworks Authority	2	1	0	0	0	1	0	7	5	12	4	7	4	3	46
Guam Fire Department	1	1	0	0	2	0	3	1	2	1	6	4	3	4	28
Guam Mass Transit Authority	0	0	1	0	0	0	0	0	0	1	3	5	5	4	19
Department of Public Health and Social Services	1	1	1	1	1	2	2	0	1	4	5	0	4	8	31
Guam Telephone Authority	0	1	0	0	0	0	0	0	0	1	9	3	3	1	18
Office of the Attorney General	1	0	0	1	2	0	1	1	3	3	4	9	1	0	26
Guam Police Department	2	0	2	1	0	1	0	2	1	0	2	3	3	5	22
Guam Visitors Bureau	2	0	0	0	0	0	1	2	0	3	5	1	1	5	20
Superior Court of Guam	0	0	0	0	3	0	3	2	4	4	4	2	4	2	24
University of Guam	2	3	0	0	1	1	2	2	1	0	4	3	3	2	24
Port Authority of Guam	0	3	1	1	0	0	0	0	1	3	3	4	1	3	20
Department of Land Management	1	0	0	0	0	0	0	0	0	1	3	0	1	4	10
Office of the Governor	0	0	0	2	2	5	0	1	0	4	3	1	0	18	
Department of Parks & Recreation	0	0	0	0	1	0	1	7	4	1	1	1	1	5	22
Department of Labor	1	0	0	0	0	1	0	0	0	0	2	3	2	1	10
Guam Economic Development Authority	0	1	1	1	0	1	0	0	0	0	2	4	0	1	11
General Services Agency	0	0	0	1	1	0	0	2	2	3	3	3	0	1	16
Other Agencies and Programs	9	10	5	12	13	19	18	40	37	29	47	31	22	28	320
Total	43	33	23	30	42	54	62	160	112	116	177	144	145	163	1,304



Technology Roadmap

- OPA utilizes information technology to improve the economy, efficiency, and effectiveness of audit and procurement work.
- OPA has transitioned to a more automated audit process, utilizing various data mining and Microsoft office applications.
- Our website serves as a portal for government financial information and our hotline provides an outlet for audit requests and tips.
- Filings of procurement appeals are posted in real time on the web.
- The audio of all procurement appeal hearings and pre-hearings are posted on our website.



Technology Roadmap

- We upgraded our website with new search features that will allow users access to audits and other government financial information at a click of the mouse.
- We post government agencies' Citizen Centric Reports averaging over 50% of fully or partially compliant agencies.
- Pursuant to P.L. 31-233, we post audio recordings of each monthly meeting of Boards and Commissions of all agencies, public corporations, and departments of the Government of Guam.

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Transition to More Work Paper Automation

- OPA continues to find ways to make its processes more efficient.
- In FY 2013, OPA upgraded its Microsoft Office suite from 2003 to 2013, as well as its Adobe Acrobat from Adobe VI to XI.
- OPA upgraded to Microsoft Office Server 2008 in FY 2012 which included a free, bundled software- Microsoft SharePoint. This web-based document management software was intended to transition OPA from manual to more paperless auditing.
- However, without an Information Technology expert on staff or contractor to devote time to SharePoint, the transition never fully materialized.

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Transition to More Work Paper Automation

- After several years of surveying other audit shops within the United States, as well as our counterparts in the Pacific through the Association of Pacific Islands Public Auditors (APIPA) and PASAI, we found many audit organizations are moving towards automating audit processes with software for electronic work papers.
- OPA issued OPA-RFP-14-01 for audit management software solutions and support services in December 2014 and is in the process of selecting among two offerors.
- We estimate the cost of this acquisition to be upwards of \$20,000 plus additional annual maintenance costs in the years following the installation.

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Additional Rental Space and Office Equipment and Furniture

- OPA acquired additional office space at the DNA building, adjacent to its current office space. This space was occupied for over 20 years by the former tenant.
- Preliminary discussions with building management has indicated that monthly lease for this space is estimated at no more than \$685 per month or \$8,220 a year.
- While FY 2015 will see partial rent, FY 2016 will require a full year's rent for this additional space. Therefore, OPA is requesting for an additional \$8,220 in its budget for this space.
- In addition, OPA is requesting \$9,500 to purchase office equipment and furniture for this additional rental space.
- OPA has not fully acquired the additional space as renovation has yet to begin by the DNA building maintenance staff.

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OPA Staff Composition

- As of February 27, 2015, the OPA staff complement is 11 full-time employees.
 - Public Auditor
 - 1 Deputy Public Auditor
 - 1 Administrative Officer
 - 2 Audit Supervisors
 - 6 Auditors
- In addition, OPA contracts 1 primary Hearing Officer and 2 Conflicts Attorneys for Procurement Appeals on an as needed basis.

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OPA Compensation Study

- OPA enlisted the services of Leading Edge Consulting Group with Dr. Karri Perez, PMP, SPHR, GPHR to review OPA positions and make recommendations (if required) on the position descriptions to better reflect the actual level and composition of the tasks.
- These services were requested based on OPA's alarming attrition rate and how OPA auditors move to other government agencies that actually fall within the realm of OPA's oversight, which indicates a problem.
- Based on the U.S. Department of Labor- Bureau of Labor and Statistics website <http://www.bls.gov/ooh/business-and-financial/accountants-and-auditors.htm#tab-5>, the median paid to government accountants and auditors with a minimum of a bachelors degree in the United States is \$61,490.

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OPA Compensation Study

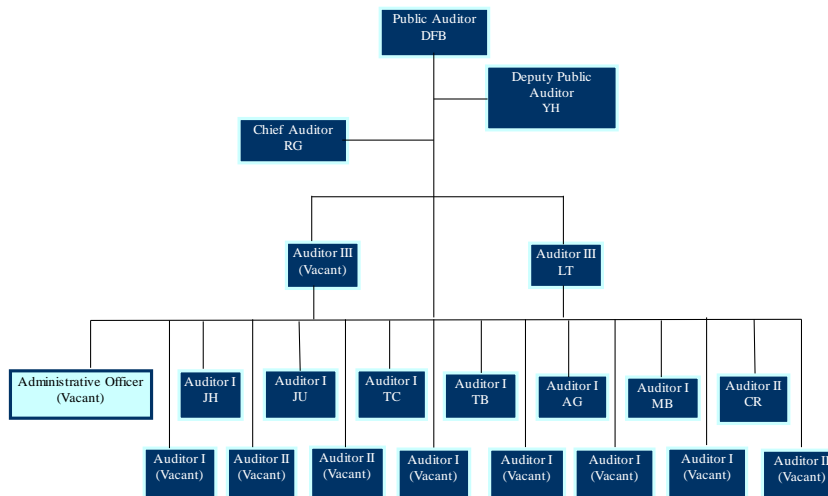
- The median salary for the 9 OPA Auditors as of December 31, 2014 is \$37,914, which is \$24K or 38% less than the \$62K U.S. median. The average salary for these 9 Auditors is \$41,014, and ranged from \$35,196 to \$60,094.
- In order to retain qualified staff, OPA is requesting Legislative approval of its compensation study and implementation beginning in FY 2016, which we estimate would cost \$100K to implement in the first year.
- OPA submitted the compensation study to the Governor, Legislature, and DOA. However, as of December 2014, no bill has been drafted or introduced to approve and implement this study.

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Organizational Chart

as of December 2014



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Staff Certifications

- For a staff of 11, as of December 2014 there were 6 OPA staff who collectively have the following degrees and certifications (some staff hold 2 or more certifications):
 - 3 Certified Public Accountants (CPA)
 - 2 Certified Internal Auditors (CIA)
 - 4 Certified Government Financial Managers (CGFM)
 - 4 Certified Government Auditing Professionals (CGAP)
 - 2 Chartered Global Management Accountants (CGMA)
 - 1 Masters in Business Administration
 - 1 Masters in Public Administration
- All staff have a Bachelor's Degree
- 2 staff have passed at least one of the three CGFM exam parts

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DOI OIA Training Grant

- In December 2014, OPA submitted a new training grant to the Department of the Interior's Office of Insular Affairs (DOI OIA) Technical Assistance Division. If the training grant is not approved, OPA will request additional appropriations for training and travel.
- The primary purpose of the training grants has been to send auditors to the DOI Office of Inspector General (OIG) On-the-Job Training (OJT) Internships, and fund local training seminars and certain off-island conferences.
- Due to DOI OIG changes in their internship program, OPA was unable to send any staff in the last couple of years. DOI OIG has reevaluated their program from a two-month internship to a 3-week program.
- Government Audit Standards require auditors to maintain their professional competence through Continuing Professional Education (CPE). Auditors are required 80 hours of CPEs in a two year period with a minimum of 20 hours each year. (GAS 3.76).
- OPA Auditors averaged 56 CPE hours in 2014, which was largely funded by the DOI OIA Training Grant.

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OPA Strategic Plan

- With the help of a consultant (funded by the DOI OIA's PITI-VITI grant) in October 2013, OPA updated its Strategic Plan for the third time since 2001.
- The Public Auditor and staff revisited its 2008 Strategic Plan and recommended certain modifications to reflect the current trends and future outlook for the OPA.
- The OPA finalized its 2013 Strategic Plan in the first quarter of calendar year 2014.

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OPA Strategic Plan “Auditing for Good Governance”

MISSION STATEMENT

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

VISION

Guam is the model for good governance in the Pacific.

GOALS & OBJECTIVES

- To ensure public trust and assure good governance, we will:
- Protect the independence of the OPA;
 - Deliver impactful, reliable, and quality reports;
 - Recruit and retain qualified staff; and
- Increase public knowledge and trust of OPA's mission, work, and impact.

CORE VALUES

- [O]bjectivity: To have an independent and impartial mind.
 [P]rofessionalism: To adhere to ethical and professional standards.
 [A]ccountability: To be responsible and transparent in our actions.

Updated in 2014

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PASAI Congress

- The Pacific Association of Supreme Audit Institutions (PASAI) is aligned with the goals of the Pacific Plan to achieve stronger national development through better governance. PASAI is the official association of supreme audit institutions (government audit offices and similar organizations, known as SAIs) in the Pacific region.
- In February 2014, the Congress adopted a new strategic plan for the next ten years. Among the goals are: the public resources of all participating countries and territories are audited in a timely manner to be issued 6 months after the end of the fiscal year, and that government resources are to be assessed for effectiveness and efficiency to uniformly high standards with enhanced audit impacts and improved audit capacity.
- The Public Auditor is a member of the PASAI Governing Board and is the immediate past chairperson. The Governing Board is responsible for formulating strategies and policies for the organizations.
- The PASAI Governing Board and Congress meetings occur every year and PASAI funds members' trips to these meetings every other year.

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PASAI Trainings & Cooperative Audits

- For the past four years, PASAI has funded the following training for OPA audit staff in performance auditing and other workshops:
 - 2 staff attended the Tier 1 Fundamentals of Government Auditing
 - 5 staff attended the Tier 2 Intermediate Government Auditing Skills
 - 1 staff attended the Tier 3 Supervisory Roles in Government Auditing
 - 1 staff attended the Tier 4 Management of Government Audits
 - 2 staff attended the Communications Workshop
 - 1 staff attended the 3i Management Workshop
 - 2 staff attended the Strategic Management and Operational Guidelines Management Workshop
- The OPA also participated in the development of PASAI's Performance Audit Manual and two PASAI cooperative audits: the Solid Waste Management Audit and the Public Debt Audit.
- Completion of INTOSAI Performance Measurement Framework (PMF). From the PMF, assess areas in need of improvements.

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Personnel Lapses

- Pursuant to P.L. 32-181, the Legislature allowed OPA to carry over \$118K in personnel lapses in FY 2014 to FY 2015.
- Due to recruitment difficulties, OPA again anticipates personnel lapses for FY 2015 before any carry over of funds.
- We ask the Legislature's approval to carry over personnel lapses from FY 2015 into the FY 2016 budget appropriation.

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Independence

- One way to render an audit office ineffective is by lack of adequate funding and restriction in hiring. Further, OPA has been challenged with competing salaries.
- Although the Competitive Wage Act of 2014 provided a slight increase in pay, it was not enough to be competitive with autonomous agencies.
- For an effective audit office to function independently, it must have adequate funding, financial autonomy, and staff resources in order to perform the work required.
- The continued lack of independence as to staff selection renders OPA ineffective.

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Hay Study & OPA Compensation Study

- The Competitive Wage Act of 2014 provided OPA auditors with an average increase of \$1.05 per hour or \$2,172 per year. However, it provided the Administrative Officer with an increase of \$5.09 per hour or \$10,580 per year.
- The OPA Compensation Plan would have provided OPA auditors an average increase of \$4.50 per hour or \$9,359 per year.

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Hay Study & OPA Compensation Study

<u>Position</u>	<u>GovGuam Unified Pay Schedule</u>	<u>2014 Competitive Wage Act</u>	<u>Difference</u>
Public Auditor	\$ 100,000	\$ 100,000	\$ 0
Administrative Officer	26,520	37,100	10,580
Chief Auditor	54,329	57,900	3,571
Auditor I	34,518	36,530	2,012
Auditor I	34,518	36,530	2,012
Auditor I	34,518	36,530	2,012
Auditor III	46,082	48,490	2,408
Auditor I	34,518	36,530	2,012
Auditor I	34,518	36,530	2,012
Auditor I	34,518	36,530	2,012
Auditor III	46,082	48,490	2,408
Auditor I	32,053	33,911	1,858
Auditor I	32,053	33,911	1,858
Auditor I	<u>33,286</u>	<u>35,196</u>	<u>1,910</u>
Totals:	\$ 577,513	\$ 614,178	\$ 36,665

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Hay Study & OPA Compensation Study

<u>Position</u>	<u>GovGuam Unified Pay Schedule</u>	<u>OPA Compensation Study</u>	<u>Difference</u>
Public Auditor	\$ 100,000	\$ 128,685	\$ 28,685
Deputy Public Auditor	85,000	85,000	0
Chief Auditor	54,329	76,188	21,859
Auditor III	46,082	65,623	19,541
Auditor II	35,802	45,014	9,212
Auditor I	35,751	40,762	5,011
Auditor I	35,751	40,762	5,011
Auditor I	33,286	37,100	3,814
Auditor I	33,286	37,100	3,814
Auditor I	34,518	37,100	2,582
Totals:	\$ 493,805	\$ 593,334	\$ 99,529

Based on current staff as of February 28, 2015

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Budget Request

- OPA submits two proposed budgets:
 - **Option A:** An increase of 7% to **\$1,453,773** compared to its FY 2015 budget appropriation of \$1,362,493. This proposed budget takes into consideration the implementation of the Competitive Wage Act of 2014.
 - **Option B:** An increase of 14% to **\$1,557,121** compared to its FY 2015 budget. This proposed budget considers an addition of \$99K for the implementation of OPA's proposed Compensation Study. However, this increase can be absorbed if OPA's personnel lapses are carried over.

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FY 2016 Budget Request: Option A*

	Budget Request (OPA)
Salaries	\$ 808,214
Benefits	\$ 308,161
Subtotal	\$ 1,108,375
Travel	\$ 17,800
Contractual	\$ 160,255
Rent	\$ 115,943
Supplies	\$ 7,200
Equipment	\$ 36,700
Miscellaneous	\$ 4,500
Telephone	\$ 3,000
FY 2016 Total Budget Request	\$ 1,453,773

*Implementation of the Competitive Wage Act of 2014 Salary Rates

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FY 2016 Budget Request: Option B[^]

	Budget Request (OPA)
Salaries	\$ 876,385
Benefits	\$ 335,337
Subtotal	\$ 1,211,723
Travel	\$ 17,800
Contractual	\$ 160,255
Rent	\$ 115,943
Supplies	\$ 7,200
Equipment	\$ 36,700
Miscellaneous	\$ 4,500
Telephone	\$ 3,000
FY 2016 Total Budget Request	\$ 1,557,121

[^]Implementation of OPA's Compensation Study Salary Rates

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Retirement Fund Contribution Rates

- The Retirement Fund unfunded liability has now reached \$1.4 billion, with an amortization period of approximately 18 years.
- This has placed significant financial pressure on GovGuam as the trend for the DB contribution rate steadily increased over the last 6 years, from 26.04% to 29.85%. In FY 2013 and FY 2014, the rates were 30.09% and 30.03%, respectively.
- The FY 2015 DB contribution rate was 29.85%. While we see that rates have begun to decline, these rates still remain among the highest in the country. Future increases at the General Fund level have a “crowding out” effect leaving less money to fund other budget areas.

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Defined Contribution Employees

- A major concern on the horizon is the lack of a safety net for Defined Contribution (DC) employees. The average retirement account balance of \$40K for DC plan members is not enough to support their basic needs. DC plan members need some other retirement plan like Social Security to ensure a reliable stream of retirement income.
- All OPA employees, except the Public Auditor, are members of the DC plan.
- DC plan members are left with the performance of their 5% base salary contribution and the 5% matching contribution from the government.
- However, GovGuam is contributing 29.85% in FY 2015 of DC members salaries, of which only 5% is going to DC members. The remaining 24.85% goes towards the unfunded liability of the Defined Benefit (DB) members.

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Defined Contribution Employees

- When the DC plan was originally envisioned in 1995, there was no intent to include social security for DC members, but rather to reduce costs and provide an additional funding source for the unfunded liability of DB members.
- By not establishing the DC plan with social security as a major component, this has put DC members at risk upon retirement. The Retirement Fund reasons that social security will only increase costs to GovGuam.
- If a viable solution is not implemented soon, DC members will be left with inadequate income when they retire and GovGuam may be left to subsidize these retirees via the welfare system.
- Ensuring retirement income for DC retirees requires difficult choices.

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Hybrid Plan Legislation

- In June 2014, Bill No. 394-32 established a Hybrid Plan. Public hearings were held and discussed in a Legislative Special Session. In January 2015, the Hybrid bill was reintroduced as Bill No. 002-33.
- The proposed hybrid plan combines a DB plan for DC employees with a 1% mandatory savings contribution. However, because the plan is less generous than the current DB plan, another major component should be Social Security. GovGuam employees should have the opportunity to become members of the federal Social Security system.
- The passage of Bill 002-33 should not be an “either/or” proposition of the hybrid plan or social security, but rather the hybrid plan plus Social Security as a total retirement package.

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Budget Request

- Upon hiring additional staff during the year, we anticipate increases in expenses in most categories.
- Travel request to attend the National Association of State Auditors, Comptrollers, and Treasurers (NASACT) Conference, Association of Government Accountants (AGA) Professional Development Training, Association of Pacific Island Public Auditors (APIPA), Government Finance Officer Association (GFOA), Association of Certified Fraud Examiners (ACFE), and Institute of Internal Auditors (IIA) conferences.

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GovGuam Audit Spending

- Two critical aspects can be considered in assessing OPA's performance:
 - The first aspect is the Budget Execution Process. In FY 2014, GovGuam spent \$2.3M on audits or less than one-half cent of every dollar of General Fund revenues of \$610M. The \$2.3M is comprised of \$1.1M in financial audits and \$1.2M in OPA expenditures.
 - With an operational budget of \$1.3M, the OPA completed 7 audits, analyses, and reports that identified \$10.6M in questioned cost and other financial impact; monitored 24 financial audits that identified \$86K in questioned costs; and administered 13 procurement appeals in 2014. This equates to a return on investment of 850% for every dollar appropriated.

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GovGuam Audit Spending

- The second aspect is OPA’s quality of work. Government Auditing Standards require audit organizations to undergo an external quality control review, or peer review, every three years. As part of OPA’s efforts to ensure compliance with GAS, the Public Auditor contracted with APIPA to perform the peer review.

In 2014, OPA received its fifth consecutive “Full Compliance” peer review rating since 2002 and the second time no management letter was issued. This rating is the highest level of compliance given to audit organizations.

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New Programs

- Outreach efforts at nominal costs include procurement training and serving on the Education Financial Supervisory Commission and the DOC Blue Ribbon Commission.
- Undergoing performance measurement assessments.
- The transition of manual work papers to an automated audit software.
- Completion of the INTOSAI PMF. From the PMF, assess areas in need of improvements.
- AICPA Training.

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Prior Year Obligations & Unbudgeted Items

The OPA does not have any Prior Year Obligations to report and unbudgeted items.

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FY 2016 Budget Request Summary

As part of OPA's FY 2016 proposal, we respectfully request that the Legislature:

- Approve OPA's lump sum budget of \$1,453,773 to allow for flexibility.
- Approve OPA's Compensation Study.
- Approval to carry over personnel lapses from FY 2015 into the FY 2016 budget appropriation.
- Continue to give OPA the same privilege given to other elected offices and the Judiciary and be exempted from BBMR allotment control in FY 2016.

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FY 2016 Budget Request Summary

(Cont'd.)

- Give the Public Auditor authority to hire limited-term appointments.
- Afford OPA the flexibility to hire at least one limited-term clerical staff to assist with the upkeep of OPA's files and assist with other administrative duties.
- Amend legislation to instead require the audio files be posted on the website of the agency with the Board or Commission and only have the link to the audio files to be posted on the OPA website.

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Si Yu'os Ma'ase.

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