



Guam Visitors Bureau
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GUAM VISITORS BUREAU TOURISM ASSISTANCE PROGRAM

Performance Audit
June 2023 through July 2023

OPA Report No. 24-04
February 2024





Guam Visitors Bureau Tourism Assistance Program

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EXECUTIVE SUMMARY
Guam Visitors Bureau
Tourism Assistance Program
OPA Report No. 24-04, February 2024

Our performance audit of the Guam Visitors Bureau’s (GVB) Tourism Assistance Program (TAP) revealed several findings related to the execution of the program, specifically those findings were:

1. Inconsistency in Evaluating Award Tiers and Grant Amounts for Applicants;
 - a. Proof of Damages & Loss of Revenue Not Consistently Considered
 - b. Tax Filing Variation and Priority of Damages Prevent Recipients from Higher Award
 - c. Awards for Media Companies Not Aligned to TAP Evaluation Criteria
2. Program Eligibility Requires More Stringent Criteria
 - a. Businesses Can Self-Certify Eligibility for Program Requirements
 - b. Intent of One Corporation Requirement Misaligned with Program’s Execution
 - c. Extended Operation Requirement Needed to Achieve Program Intention
 - d. Deficiencies in the TAP Criteria Review Process

GVB initiated the TAP in June 2023, which is an unprecedented program, to immediately aid small tourism-related businesses recover from the aftermath of Super Typhoon Mawar and the COVID-19 pandemic. GVB budgeted \$2 million (M) for the TAP from the Tourist Attraction Fund, which aimed at providing up to \$25,000 (K) in financial assistance to qualified companies, with the aim for these businesses to re-open their doors for a Summer Campaign.

TAP grants were distributed on a first-come, first-served basis, where GVB mainly utilized a tiered system based on annual revenue, with consideration for damages and the loss of revenue from the typhoon. Grants ranged from \$1K to \$25K per recipient dependent on tier determination, subject to the availability of funds. According to GVB, 537 businesses applied for the TAP and GVB distributed a total of \$1.96M among the 261 applicants. Following our audit testing, exit conference, and the subsequent submission of their management response, GVB provided an additional list of 31 applicants who had been approved for TAP awards and disbursed an additional \$57K between June and November 2023. This brought the total disbursement to \$2.018M between 292 applicants by the conclusion of the program (See Table below).

Grants Awarded for the Tourism Assistance Program

Grant Amount	Grant Recipients	% of Awards	Amount Awarded
\$1,000	111*	38%*	\$111,000*
\$2,500	49	17%	\$122,500
\$5,000	52*	18%*	\$260,000*
\$10,000	28*	10%*	\$280,000*
\$15,000	4	1%	\$60,000
\$20,000	3	1%	\$60,000
\$25,000	45	15%	\$1,125,000
Total	292*	100%	\$2,018,500*

*Total number affected by additional information beyond the scope

Inconsistency in Evaluating Award Tiers and Grant Amounts for Applicants

The audit revealed disparities in the evaluation process, as damages were not consistently factored into award determination. Notably, one company received TAP awards for both revenue and after-effects of the typhoon, while others who submitted claims did not. Additionally, variations in tax filing criteria, along with prioritization of damages in other applicants, prevented recipients from obtaining higher awards. Another issue was where media companies received TAP awards, which deviated from financial and damage considerations. The allowance of subjectivity in awarding funds and considerations of budget availability were the root cause of these cases.

Program Eligibility Requires More Stringent Criteria

The audit also identified weaknesses in the review process and program criteria. In our review, the tourism-related eligibility criteria raised concerns, relying only on an applicant's self-certification and lacked a more strict evaluation. Small business eligibility hinged on revenue alone, as long as it didn't exceed \$10M. The "one application per corporation" rule was misaligned with the intent of the program requirement, leading to multiple submissions from business owners with different Employer Identification Numbers. Additionally, an extended operation requirement was needed to achieve the program's intention and some TAP applications lacked key documents or signatures in the review process raised completeness concerns.

Conclusion and Recommendations

We acknowledge the urgency with which GVB had in helping tourism related businesses recover immediately following the aftermath of Super Typhoon Mawar and the complexities involved in implementing the TAP. However, we must also ensure government funds and resources are distributed effectively and fair to those who qualify. To enhance potential future TAPs or similar programs to be more transparent and consistent, we recommend GVB:

1. Establish a standardized approach for assessing gross revenues, the after-effects of the typhoon, and any other relevant factors before award distribution.
2. Ensure a uniform evaluation process with defined fields for each business structure within tax filings when gross revenues are the deciding factor. Implement an objective calculation method for damages and loss of revenues. Set a clear priority in cases involving both factors.
3. Formulate stricter program requirements, including objective testing for small-sized businesses or the limitation of one corporation. Introduce measures to ensure businesses remain in operation for an extended period, enhancing the intended impact of the program.
4. Adopt rigorous reviewing practices, including a "reviewed by" field in application forms or a comprehensive checklist to track and ensure thorough review completeness.

These recommendations aim to guide GVB in future program implementations.



Benjamin J.F. Cruz
Public Auditor



Introduction

This report presents the results of our performance audit conducted on the Guam Visitors Bureau's (GVB) Tourism Assistance Program (TAP). The initiation of this audit stemmed from an inquiry received by the Public Auditor, expressing concerns about specific businesses receiving TAP funding despite lacking a classification as tourism-related entities.

Our audit objective was to determine 1) whether TAP recipients met all program requirements and 2) whether GVB's decision to award any of the recipients (including the amounts granted) were arbitrary, capricious, or contrary to the TAP award guidelines. Our audit scope covered the period of June 2023 to July 2023.

The objectives, scope, and methodology for this audit are detailed in [Appendix 1](#).

Background

GVB, a non-profit membership corporation, is the official tourism agency for the island of Guam. GVB is entrusted with several key responsibilities, including formulating tourism policy and strategic direction, developing and implementing Guam's tourism strategic and marketing initiatives, and overseeing programs that enhance and showcase Guam's people, culture, and environment to provide an incomparable visitor experience. Its aim is to contribute successfully to a good quality of life for residents through tourism.

On May 24, 2023, the island of Guam was hit by Super Typhoon Mawar. As part of recovery efforts, GVB launched the TAP on June 14, 2023, to assist small, tourism-related businesses in their recovery from Super Typhoon Mawar and the COVID-19 Pandemic to prepare for the anticipated increases in tourism during the summer season. This program was designed to provide up to \$25,000 (K) in financial assistance to qualified companies, with the aim for these businesses to re-open their doors for a Summer Campaign. GVB's Acting President and CEO collaborated with the Governor and Lieutenant Governor in preparing Guam to invite international travelers from source markets.

Eligibility

The TAP's budget of \$2 million (M), allocated from the Tourist Attraction Fund, was distributed on a first-come, first-served basis. GVB had no written policies and procedures on the application, review, evaluation, and approval process. Instead, grants were awarded utilizing a tiered system based on annual revenue, with consideration for damages and the loss of revenue from the typhoon. Grants ranged from \$1K to \$25K per recipient dependent on tier determination, subject to the availability of funds.

Table 1: Award Tiers for the Tourism Assistance Program

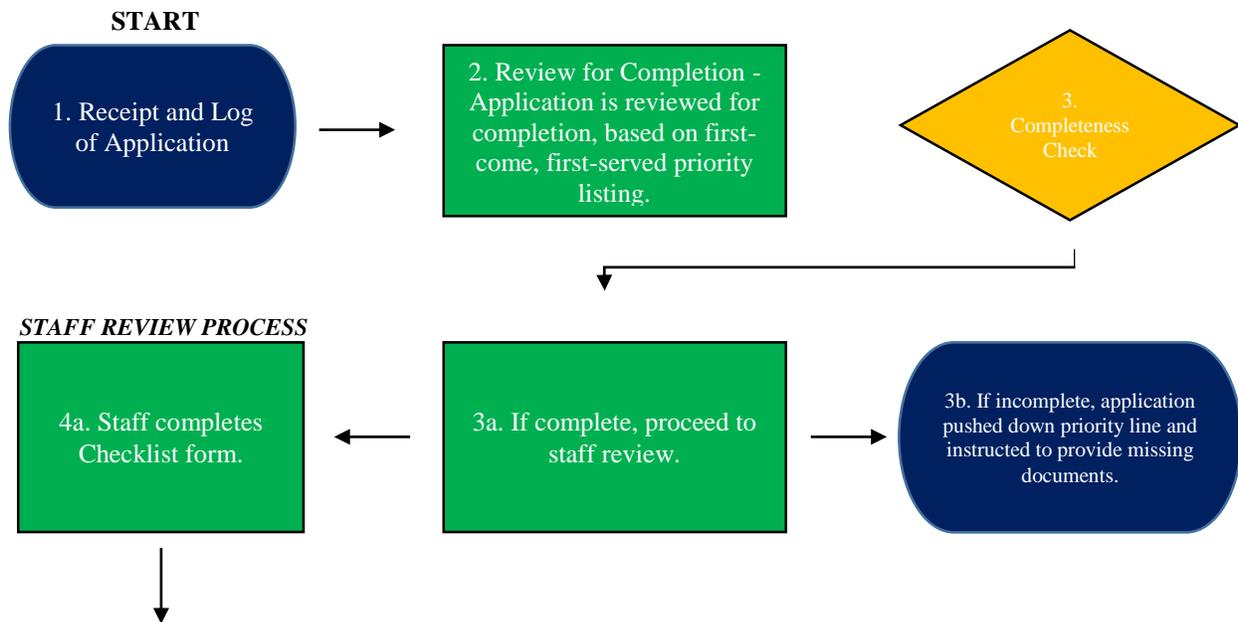
Tier	Annual Revenue	Possible Grant Amount
One	\$1 to \$49,999	\$2,500
Two	\$50,000 to \$249,999	\$5,000
Three	\$250,000 to \$499,999	\$10,000
Four	\$500,000 to \$749,999	\$15,000
Five	\$750,000 to \$999,999	\$20,000
Six	\$1,000,000 to 10,000,000	\$25,000
Other	Dependent on reasoning not listed above.	\$1,000 to \$25,000

In lieu of written policies or procedures, GVB gave a walkthrough of the process from application submitted, review, and grant award distribution. For a detailed overview of the TAP evaluation process, see the flowchart in Figure 1.

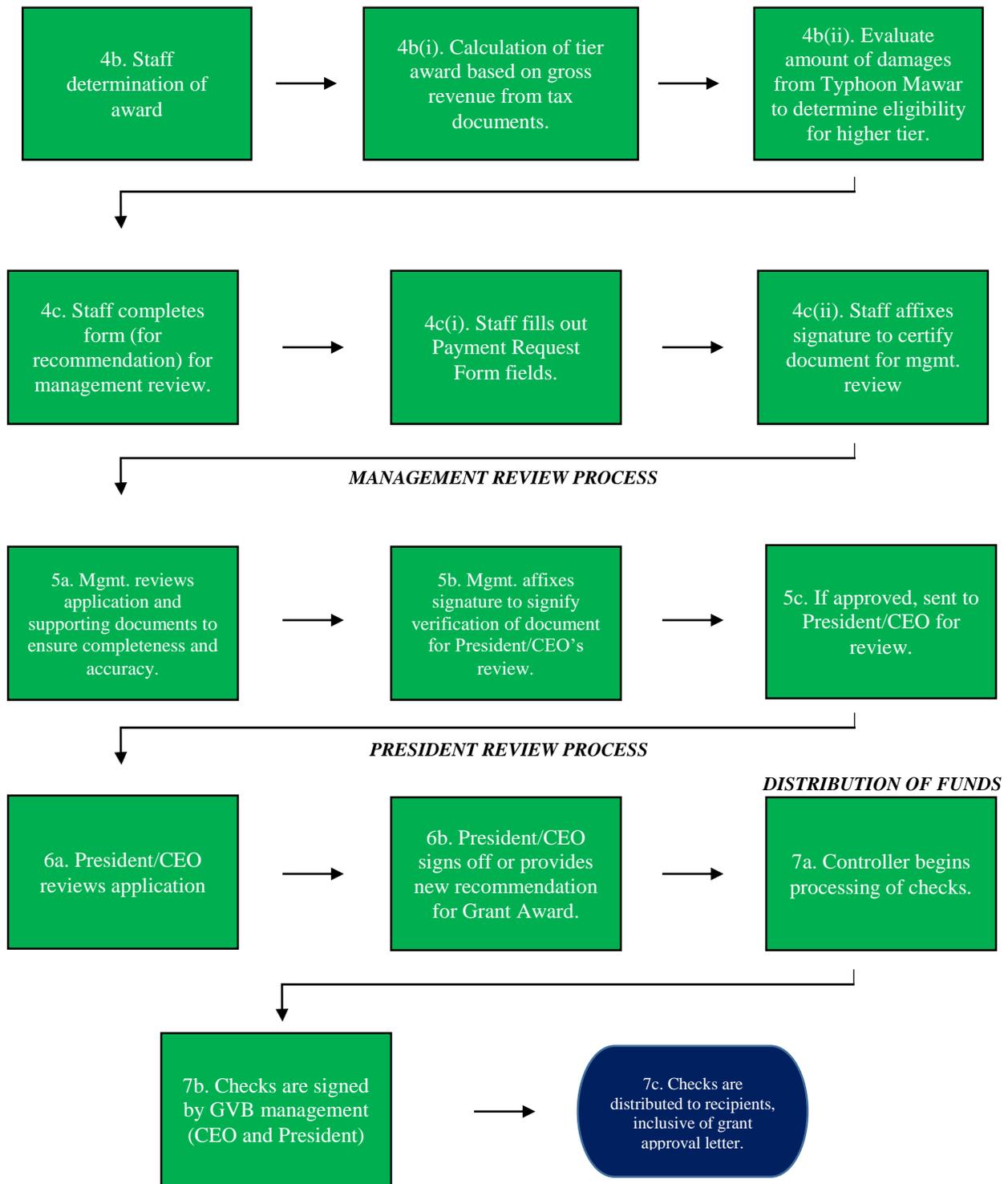
TAP grants were offered to eligible businesses that were tourism-related and would be re-opened on or before July 15, 2023. Applicants were required to certify that the business operations were directly related to or in support of international or military visitors on Guam and provide proof of financial hardship or damages sustained from Super Typhoon Mawar. Only one application per corporation was allowed, and the required documents for processing included:

1. TAP application form
2. W-9 form
3. Latest tax filing
4. Guam business license
5. GVB vendor registration form
6. Self-certification (provided by the GVB)

Figure 1: GVB TAP Evaluation Process Flowchart



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END

Within a week of the program's initiation, GVB received more than 300 grant applications from small local businesses. According to GVB, 537 businesses applied for the TAP and GVB

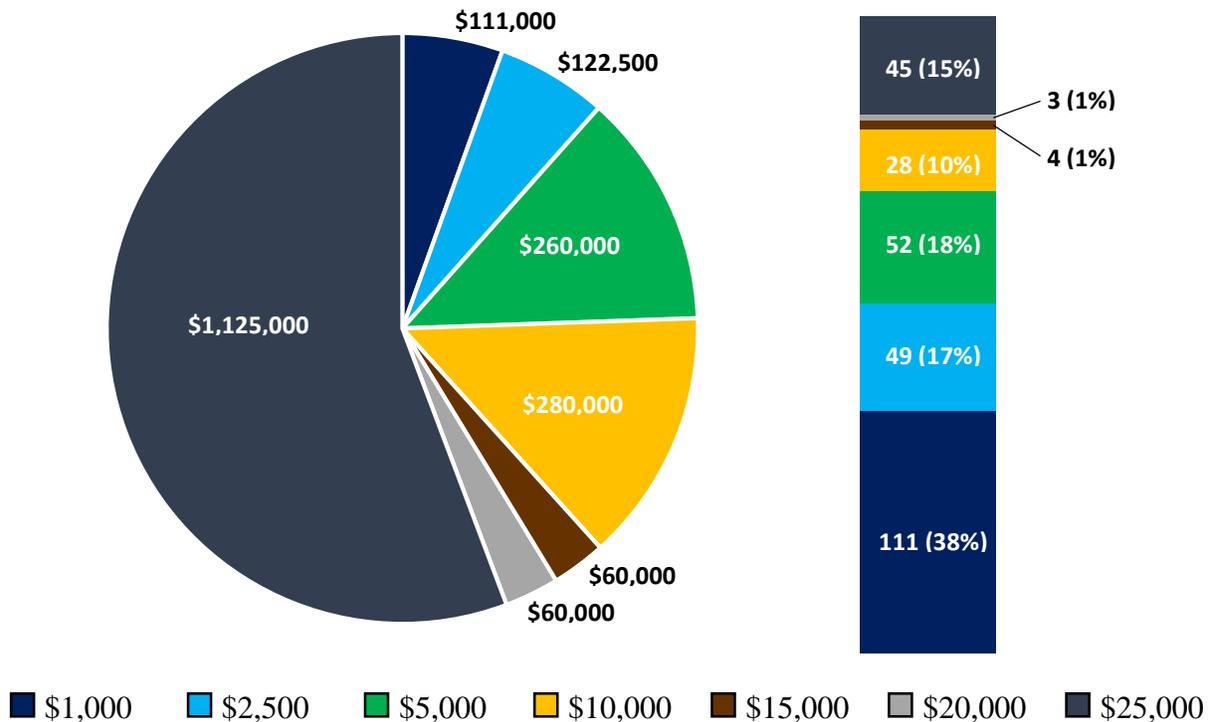
distributed a total of \$1.96M between 261 applicants. Following our audit testing, exit conference, and the subsequent submission of their management response, GVB processed pending applicants who had been approved for TAP awards and disbursed an additional \$57K to 31 applicants between June and November 2023. This brought the total disbursement to \$2.018M between 292 applicants by the conclusion of the program. See Table 2 below.

Table 2: Grants Awarded for the Tourism Assistance Program

Grant Amount	Grant Recipients
\$1,000	111*
\$2,500	49
\$5,000	52*
\$10,000	28*
\$15,000	4
\$20,000	3
\$25,000	45
Total Disbursement: \$2,018,500	292*

*Total amounts affected by additional information beyond the scope

Figure 2: Proportion of Amount and Recipients



Results of Audit

This report outlines the findings of our performance audit concerning the Guam Visitors Bureau's (GVB) Tourism Assistance Program. We reviewed 75 grantees (or 29%) out of 261 total grantees. Following our audit testing, exit conference, and the subsequent submission of their management response, GVB provided the OPA an additional list of 31 applicants processed and awarded, between June and November 2023, bringing the total number of grantees to 292. These applicants were no longer subjected to the audit process. Our audit revealed several findings related to the execution of the program, specifically those findings were:

1. Inconsistency in Evaluating Award Tiers and Grant Amounts for Applicants;
 - a. Proof of Damages & Loss of Revenue Not Consistently Considered
 - b. Tax Filing Variation and Priority of Damages Prevent Recipients from Higher Award
 - c. Awards for Media Companies Not Aligned to TAP Evaluation Criteria
2. Program Eligibility Requires More Stringent Criteria
 - a. Businesses Can Self-Certify Eligibility for Program Requirements
 - b. Intent of One Corporation Requirement Misaligned with Program's Execution
 - c. Extended Operation Requirement Needed to Achieve Program's Intention
 - d. Deficiencies in the TAP Criteria Review Process

Inconsistency in Evaluating Award Tiers and Grant Amounts for Applicants

Proof of Damages & Loss of Revenue Not Consistently Considered

Our review of 75 sampled applications found that 23 applicants submitted evidence of typhoon damages or declared estimated lost revenues in their applications, but these applicants did not experience a change in their award tier. Some of these applicants received grant amounts ranging between \$2.5K (Tier 1) to \$10K (Tier 3), and some received the maximum of \$25K (Tier 6) based on their reported gross revenues.

GVB stated in its preliminary response that they injected some objectivity in evaluating the recipients and provided room for subjective decisions after discussions with the applicants. They also took into account the availability of funds in the TAP budget during this decision-making process.

However, a notable exception was identified where one applicant received grants for both revenue and damages, resulting in two separate checks issued on June 16, 2023 (\$5K), and July 7, 2023 (\$20K), respectively. GVB clarified that a physical inspection of the applicant's site prompted the decision to provide additional funds, as the initial award was deemed insufficient for property repairs. Yet, no other applicants received similar consideration. It is crucial that both prior year gross revenues and the after-effects of the typhoon are comprehensively evaluated and considered before check issuance for the grant.

To ensure fairness and transparency in the allocation of TAP funds and foster confidence in the program's integrity and effectiveness, we recommend establishment of a standardized approach

for assessing gross revenues, the after effects of the typhoon, and any other relevant factors before award distribution.

Tax Filing Variation and Priority of Damages Prevent Recipients from Higher Award

The TAP tier award calculation primarily relied on gross revenues from tax documents, while damages and/or loss of revenues served as additional factors for higher tier eligibility. However, our evaluation uncovered inconsistencies in both the assigned award tiers and amounts due to the diverse criteria applied in income tax filings, influenced by the individual business legal and tax structures. Notably, there were instances where either “gross receipts or sales,” or “gross income” were applied to calculate award tiers. This determination could decide whether a company could receive a higher award.

Furthermore, other instances revealed that damages, rather than gross revenues, played a role in granting awards, resulting in disparities where applicants could have qualified for higher amounts based on gross revenues per income tax filings. The root causes included GVB's allowance for subjective decisions alongside objective criteria and consideration of remaining funds in the TAP budget.

To address these issues, we recommend establishing a standardized approach for assessing gross revenues, the after-effects of the typhoon, and any other relevant factors before award distribution. Specifically, for cases where gross revenues are the deciding factor, the fields for calculation in each business structure and tax filing report should be clearly defined. For cases where damages and loss of revenues are the determining factors, an objective calculation method should be implemented. In cases considering both factors, a clear priority should be assigned to determine which holds greater importance. This prioritization ensures fair award calculation, removing any question from an applicant who may request to receive additional funding.

Awards for Media Companies Not Aligned to TAP Evaluation Criteria

A deviation from the established criteria surfaced in the cases of three media companies. Media A, Media B, and Media C were uniformly awarded \$5,000 each. The payment request forms attributed this uniform award categorized as “Other” reflected a reason to “Promotes GVB on social media; first face forward.” Interestingly, two of these companies would qualify for a higher tier ranging between \$15K and \$25K based on their gross revenues per income tax filings. However, the GVB President decided to grant a uniform award of \$5K to all media companies. Despite the tourism-related nature of these companies, the award decision deviated from or does not align with standard TAP evaluation criteria. The evaluation underscored the lack of consideration of the gross revenues or typhoon aftermath. The absence of a TAP precedent and unique circumstances following the typhoon resulted in a model where objectivity was not introduced, but subjective decisions persisted, causing disparities in the determination of grant amounts.

Program Eligibility Requires More Stringent Criteria

Businesses Can Self-Certify Eligibility for Program Requirements

The TAP outlined specific eligibility criteria for applicants, emphasizing the necessity for businesses to be a small-sized, local tourism-related establishment, linked to or supportive of international or military guests visiting Guam. To certify an applicant's tourism-related status, the

process involved the use of self-certification and vendor registration forms. While the intent of GVB's prompt action was to prevent financial setbacks for struggling businesses, the reliance on self-certification raised potential concerns of assurance as any business could classify itself as tourism-related. We recommend to formulate stricter program requirements, including objective testing for small-size businesses. The requirement for a small-sized, local tourism-related establishment needed more than a self-certification as a means for evaluation.

Concerning the small-sized criterion, revenue became the decisive factor in determining eligibility, with an applicant's gross revenue not to exceed \$10 million. Per TAP process form, the maximum annual revenue is \$10M to be eligible the maximum award of \$25K (Tier 6). However, a notable discrepancy emerged with two applicants both utilizing the same tax form. Their reported consolidated gross revenues of \$12M exceeded the \$10M threshold, which would have disqualified them from receiving a TAP award of \$25K each.

Intent of One Corporation Requirement Misaligned with Program's Execution

Among the TAP's key requirements in the TAP application form was the stipulation that each corporation could submit only one application. During our examination, it became evident that several companies, sharing common ownership and management, had submitted multiple applications. Each of these companies received a grant between \$1K (Other) and \$25K (tier 6). With the same example from the previous section, two applicants, utilized the same tax form. However, due to the nature of the companies having different Employer Identification Number (EIN) numbers, they both were considered separate and eligible for the program. This occurrence arose due to the absence of a precedent for the TAP and there is no model to follow, thus evaluation was based on its own merit. GVB management, in an attempt to navigate uncharted territory, opted for a more flexible application process. It was observed that, while the criterion of accepting EINs for different businesses was followed, the primary intent behind the requirement preventing a single corporation from applying for all its businesses to receive TAP funds was misaligned.

To better align with this intent, we recommend formulating a stricter requirement for the limitation of one corporation. This would not only enhance fairness but also prevent the submission of multiple applications from the same ownership group.

Extended Operation Requirement Needed to Achieve Program's Intention

The TAP also outlined the eligibility requirement for applicants, including the criteria that the business should have the ability to re-open on or before July 15, 2023. Per the Grant Approval Letter, the purpose of the grant is to assist the organization to restart or continue tourism-related operations on or before July 15, 2023. Among the 75 applicants in our sample, 70 were issued checks before the specified date, with checks being issued to some businesses as early as June 15, 2023, after the launching of the TAP on June 14, 2023. There is no deadline for the check issuance however, grants are dependent upon availability of TAP funds.

An observed instance involves one applicant receiving TAP funds for \$10K based on gross revenue but ceased operations by August 9, 2023, which is barely one month after check issuance on July 6, 2023. Although it operated during the specified date, its subsequent closure may not have aligned with the intended effect of the TAP program in expediting the recovery of the tourism

value chain. Additionally, GVB may have conducted an ocular inspection to determine if grant recipients reopened on the specified date, however, no documentation was provided.

To better align with program objectives, we recommend that GVB introduce measures to ensure businesses remain in operation for an extended period, enhancing the intended impact of the program. This ensures a sustained impact during the recovery period, considering the TAP's emphasis on leveraging the summer season.

Deficiencies in TAP Criteria Review Process

Our evaluation of TAP applications revealed deficiencies in the review process, including missing applicant signatures, incomplete fields by applicants, absent signatures by GVB staff and management, late signature by the GVB President, missing checkmarks in forms, and documents missing from applications. Despite these identified lapses in the review process and deficiencies in documentary requirements, applications were processed and all of these applicants had received grant checks. The root cause of these issues was attributed to the constant shifts in GVB office staff availability, with many individuals being out of the office or off-island for work duties.

The final approval responsibility rests with the general manager (GM) thus checks were issued if the signature from the GVB GM (or Acting GM) was present. It's noteworthy that businesses, were notified of the agreement from the signed Grant Approval letter upon receiving their grant checks to submit to an audit and grant the GVB auditor access and the right to examine records.

To address these challenges and ensure a more thorough review process, we recommend adopting rigorous review practices. One approach could be the inclusion of a "reviewed by" field in all required application forms for GVB personnel to sign. This would track and ensure that the designated individuals within the GVB have satisfactorily reviewed and authorized the application. Additionally, a comprehensive reviewer's checklist to track and ensure thorough review completeness.

Conclusion and Recommendations

GVB initiated the TAP post-Super Typhoon Mawar, aiming to aid small tourism-related businesses affected by the pandemic and typhoon aftermath. Understandably, GVB aimed to swiftly address the challenges posed by the recent pandemic and typhoon, introducing a unique, unprecedented program for the first time. While GVB's intent to aid small tourism-related businesses is acknowledged, our examination of the TAP revealed notable inconsistencies.

The audit revealed disparities in the evaluation process, as damages were not consistently factored into award determination. Additionally, variations in tax filing criteria, along with subjective considerations in decision-making, resulted in discrepancies. The calculation of awards through the tax filings' gross revenues faced similar issues in application. The allowance of subjectivity in awarding funds and considerations of budget availability led to cases where applicants could have justified receiving higher amounts in TAP awards.

The tourism-related eligibility criteria raised concerns, relying on an applicant's self-certification and lacked stricter evaluation. Small business eligibility hinged on gross revenues not exceeding \$10M. The "one application per corporation" rule was misaligned with the intent of the program requirement, leading to multiple submissions from business owners with different Employer Identification Numbers. Additionally, an extended operation requirement was needed to achieve the program's intention and some TAP applications lacked key documents or signatures in the review process raised completeness concerns.

We acknowledge the urgency with which GVB had in helping tourism related businesses recover immediately following the aftermath of Super Typhoon Mawar and the complexities involved in implementing the TAP. However, we must also ensure government funds and resources are distributed effectively and fair to those who qualify. To enhance potential future TAPs or similar programs to be more transparent and consistent, we recommend GVB:

1. Establish a standardized approach for assessing gross revenues, the after-effects of the typhoon, and any other relevant factors before award distribution.
2. Ensure a uniform evaluation process with defined fields for each business structure within tax filings when gross revenues are the deciding factor. Implement an objective calculation method for damages and loss of revenues. Set a clear priority in cases involving both factors.
3. Formulate stricter program requirements, including objective testing for small-sized businesses or the limitation of one corporation. Introduce measures to ensure businesses remain in operation for an extended period, enhancing the intended impact of the program.
4. Adopt rigorous review practices, including a "reviewed by" field in application forms or a comprehensive checklist to track and ensure thorough review completeness.

These recommendations aim to guide GVB in future program implementations.

Classification of Monetary Amounts

Finding Description	Questioned Costs	Potential Savings	Lost Revenues	Other Financial Impact
Inconsistency in Evaluating Award Tiers and Amounts for Applicants				
Proof of Damages & Loss of Revenue Not Consistently Considered	\$ -	\$ -	\$ -	\$ -
Tax Filing Variation and Priority of Damages Prevent Recipients from Higher Award	\$ -	\$ -	\$ -	\$ -
Awards for Media Companies Not Aligned to TAP Evaluation Criteria	\$ -	\$ -	\$ -	\$ -
Program Eligibility Requires More Stringent Criteria				
Businesses Can Self-Certify Eligibility for Program Requirements	\$ -	\$ -	\$ -	\$ -
Intent of One Corporation Requirement Misaligned with Program's Execution	\$ -	\$ -	\$ -	\$ -
Extended Operation Requirement Needed to Achieve Program's Intention	\$ -	\$ -	\$ -	\$ -
Deficiencies in the TAP Criteria Review Process	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ -

Management Response and OPA Reply

On January 8, 2024, the Office of Public Accountability (OPA) provided the Guam Visitors Bureau (GVB) with a draft report for a management response. Following this, on January 19, 2024, an exit conference took place between OPA and GVB, focusing on the findings and recommendations of the Tourism Assistance Program (TAP) performance audit. GVB submitted its official management response on January 23, 2024.

GVB Response: GVB acknowledges and agrees with OPA recommendations to establish a uniform evaluation process. It stated that it should be highlighted that GVB dedicated resources and incorporated the insights shared by the government and private sector leaders when it established the TAP program. GVB will initiate a Corrective Action Plan and finalize it by the end of fiscal year 2024. The Bureau intends to collaborate with its legal counsel, inviting input from OPA to develop a defined framework for future grant programs. The CEO extends his thanks and appreciation to Public Auditor Benjamin J. Cruz and his staff for conducting the performance audit and providing them opportunity for a response.

OPA Reply: We extend our sincere appreciation to GVB for their cooperative and collaborative approach throughout the audit engagement period. We are pleased to note that that an Action Plan will be initiated by GVB.

See [Appendix 6](#) for GVB's detailed management response.

The legislation creating OPA requires agencies to prepare a corrective action plan to implement audit recommendations, to document the progress in implementing the audit recommendations, and to endeavor to have implementation completed no later than the beginning of the next fiscal year.

We appreciate the cooperation given to us by the staff and management of the GVB for this audit.

OFFICE OF PUBLIC ACCOUNTABILITY



Benjamin J.F. Cruz
Public Auditor

Appendix 1:**Objective, Scope, Methodology & Prior Audit Coverage**

Objective

The objectives of the audit were to determine if (1) TAP recipients met all program requirements, and (2) if the Guam Visitors Bureau's (GVB) decision to award any of the recipients (including the amounts granted) were arbitrary, capricious, or contrary to the TAP award guidelines.

Scope

The scope of our review begins with the TAP initiation, follows the evaluation of applications, and concluded with the disbursement of funds. The timeline of our review is applications processed and paid from June 2023 to July 2023.

Following our audit testing, exit conference, and the subsequent submission of their management response, GVB informed the OPA after submitting the schedule of grant recipients in early September 2023 that an additional \$57K was disbursed to 31 applicants between the months of June and November 2023. The additional disbursements were attributed to applicants who were approved but pending verification of documents, such as business licenses and clarification of inquiries. Upon assessment, the OPA determined that additional testing was not required. The additional information was included in the overall total of recipients provided in the background of this report.

Methodology

To accomplish our objective, we performed the following:

- Conducted meetings with GVB to gain insight of the program;
- Obtained and analyzed applicable documents from GVB;
- Researched laws, rules and regulations, policies and procedures, and hotline tips to obtain an understanding of the agency;
- Utilized judgmental sampling to highlight applicants who may have higher program risk.
- Utilized statistical sampling to determine remaining population size for TAP sample.
- Recorded key information and identifiers of TAP applicants and supporting documents.
- Conducted testing of a total of 75 samples of TAP awarded applicants in regards to program requirements and processes.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Prior Audit Coverage

We reviewed prior audits of the Guam Visitors Bureau completed by our office. There were no prior audits identified.

Tourism Assistance Program Application Form



Tourism Assistance Program (TAP) APPLICATION FORM

**FOR GVB
OFFICIAL USE:**

Date Received: _____

Received By: _____

Application
Number: _____

The Guam Visitors Bureau will provide financial assistance to small sized tourism businesses that have suffered economic damage as a result of Covid-19 and further exacerbated by Typhoon Mawar. The grant is designed to provide up to \$25,000.00 financial assistance to qualified companies, with the aim for these businesses to open their doors for a Summer Campaign. *Subject to availability of funds.*

Applicant (Business Name) _____

Point of Contact _____ Date of Application
M M D D Y Y

Physical Address _____

Phone _____ Email Address _____

PROGRAM ELIGIBILITY

- Local tourism-related business that will be open on or before July 15, 2023.
- Can certify that the business is directly related to or in support of international or military guests visiting Guam.
- Can provide evidence of economic/financial hardship or damage associated with Typhoon Mawar.

PROGRAM REQUIREMENTS

- | | | |
|---|------------------------------|-----------------------------|
| 1. Guam business license. | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 2. W-9. | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 3. Latest tax filing. | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 4. Self Certification (see attached). | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 5. GVB Vendor Registration Form. | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 6. Tourism Assistance Program (TAP) Application Form. | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 7. Only one application per corporation allowed. | <input type="checkbox"/> Yes | <input type="checkbox"/> No |

For more information regarding the Tourism Assistance Program or application form, please contact _____ at _____ or via email _____

Tourism Assistance Program Self Certification Form



**GUAM
VISITORS
BUREAU**

Tourism Assistance Program (TAP)

SELF CERTIFICATION



GUAM

Initial next to each statement to confirm you have thoroughly read, understood, and agree to the following:

To receive a recovery grant under the Tourism Assistance Program (TAP), I agree to use the funds only for allowable costs associated with this program that have not been funded by any other grant received/ awarded. Furthermore, I understand and agree to provide notice to and seek approval of GVB should any movement or transfer of funds becomes necessary.

I understand that it is my responsibility to maintain records and other documents to support the use of funds I receive, as well as to document my compliance with all terms & conditions, rules & regulations and guidelines for the Tourism Assistance Program (TAP).

By receiving a recovery grant, I agree to submit to an audit by any auditor of GVB's selection. I will grant the auditor access to and the right to examine and copy any records, dates or papers relevant to this subgrant until seven (7) years have passed since the final payment pursuant to this subgrant.

The applicant further certifies that the information provided in this application and the information provided in all supporting documents and forms is true and accurate in all material respects. The applicant understands that any misleading or false statements or any false written or oral representation with respect to the Tourism Assistance Program (TAP), may result in the forfeiture of the grant by written notice by GVB. In such event the applicant agrees to and shall, within five (5) days following the receipt of such notice, return to GVB, an amount equal to the grant payment. The applicant agrees to pay GVB's attorney fees and actual costs incurred in the collection of grants funds.

Authorized Representative (Print Name) :

Authorized Representative (Signature) :

Date :

Tourism Assistance Vendor Registration Form



VENDOR REGISTRATION FORM

Company Details and General Information:

1. Name of Individual/Company:	
2. Street Address: Postal Code: City:	3. P.O. Box and Mailing Address:
Country:	
4. Tel:	5. Fax:
6. Email Address of Contact Person:	7. Website:
8. Contact Name and Title:	
9. Parent Company (Full Legal Name):	
10. Subsidiaries, Associates and/or Overseas Representative(s) - (attach a list if necessary):	
11. Type of Business (mark one only): Corporate/Limited <input type="checkbox"/> Partnership <input type="checkbox"/> Other (specify) <input type="checkbox"/>	
12. Nature of Business: Manufacturer <input type="checkbox"/> Authorized Agent <input type="checkbox"/> Trader <input type="checkbox"/> Consulting Company <input type="checkbox"/> Other (specify) <input type="checkbox"/>	
13. Year Established:	14. Number of Full-Time Employees:
15. License #/State or country where registered:	16. VAT #/Tax ID #:
17. Technical Documents available in what type of language:	18. Working Language(s):



Tourism Assistance Vendor Registration Form

**INSTRUCTIONS FOR COMPLETION:**

The form should be typewritten in uppercase and completed clearly and accurately ensuring that all questions are answered.

The numbers below correspond to item numbers on the registration form:

1. Full name of company.
2. Full street address.
3. Full mailing address (including P.O. Box, if any).
4. Telephone number, including correct country and area codes.
5. Fax number, including country and area codes.
6. Email address of the person who should be contacted regarding billing, accounting issues or other questions relating to your company.
7. WWW Address.
8. Provide name of person (including title) or department to whom correspondence should be addressed.
9. Full legal name of parent company, if any.
10. Please provide, on a separate sheet, if necessary, names and addresses of all subsidiaries, associates and overseas representatives if any.
11. Please tick one box. If the last box is ticked, please specify.
12. Please tick one box. If the last box is ticked, please specify. If the company is a manufacturer of some products and a trader/agent of others, which they do not manufacture, both boxes should be ticked.
13. Indicate the year in which the organization was established under the name shown in Item 1.
14. Indicate the total number of full-time personnel in the company.
15. Provide the license number under which the company is registered, or the State where it is registered.
16. Provide the VAT number or Tax ID of the company.
17. Please tick the boxes for which languages the company is able to provide technical documents. Please specify other languages.
18. Please tick the boxes for which languages the company is able to work in. Please specify other languages.

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GVB Management's Response



January 23, 2024

The Honorable Benjamin J. Cruz
Public Auditor
Office of Public Accountability
Suite 401 DNA Building
238 Archbishop Flores Street
Hagatna, Guam 96910

SUBJ: Guam Visitors Bureau Tourism Assistance Program Audit

Hafa Adai!

This letter constitutes the Guam Visitors Bureau ("the Bureau" or "GVB") official management response to the performance audit conducted by the Office of Public Accountability ("OPA") on the GVB Tourism Assistance Program.

Background

The Tourism Assistance Program ("TAP") was initiated by the Bureau on June 14, 2023, to respond to the aftermath of Super Typhoon Mawar. Prior to the typhoon, GVB anticipated an upward trajectory for tourism arrivals, anticipating at least 40% of pre-COVID arrivals for fiscal year 2023. After Super Typhoon Mawar, the Bureau recognized that Guam's tourism economy needed urgent financial assistance to mitigate the impact of damages and regain its upward arrivals trajectory. The Bureau acknowledged the availability of other financial assistance programs from the Federal Emergency Management Agency and the Small Business Administration, however, the timeline to receive funds were unknown or may have been delayed for an extended period. This was a concern for Guam's tourism economy, as the delay would result in prolonged recovery and result in Guam missing the peak summer travel season which spans from July to September. GVB, headed by its President & CEO, Carl T.C. Gutierrez, created the TAP program with the purpose of providing post-typhoon financial assistance, expediting the reopening of businesses who take part in the Guam tourism destination value chain, and capturing the peak summer travel season.

The TAP program, designed to provide financial assistance of up to \$25,000, is the first program of its kind. GVB recognized that the TAP program is unique, with the purpose of providing financial assistance to energize tourism as quickly as possible. Having no precedence, GVB navigated uncharted waters as best as it could, taking insight from government and private business leaders regarding the program and its implementation.

Overall, GVB issued \$2 million in financial aid to over 260 local businesses. The program was deemed a success, with a large majority of Guam's tourism destination value chain operational within two to three weeks after the typhoon and tourism arrivals resuming shortly after. Guam's peak summer season resulted in over 172,000 visitor arrivals between July 2023 to September 2023, an achievement made possible with the help of the TAP program.

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GVB Management's Response



OPA Performance Audit

The OPA concluded its performance audit on the TAP program and noted findings and recommendations for process improvements. The OPA's findings and recommendations as well as the Bureau's response are listed below. Also included in this letter is the Bureau's corrective action plan to address the OPA recommendations.

OPA Finding

- 1) Inconsistency in evaluating award tiers and amounts for applicants.
 - Proof of damage & loss of revenue not always considered.
 - Tax filing variation and priority of damages prevent recipients from higher award.
 - Awards for media companies not aligned to evaluation criteria.
- 2) Review Process & Program Eligibility Requires More Stringent Criteria
 - Enhanced Requirement Needed for Small Tourism-Related Businesses
 - Intent of One Corporation Requirement Misaligned with Program's Execution
 - TAP Payments Provided to Applicants Prior to Criteria Date
 - Deficiencies in TAP Criteria Review Process

OPA Recommendations

- 1) Establish a standardized approach for assessing gross revenues, the after-effects of the typhoon, and any other relevant factors before award distribution.
- 2) Ensure a uniform evaluation process with defined fields for each business structure within tax filings when gross revenues are the deciding factor. Implement an objective calculation method for damages and loss revenues. Set a clear priority in cases involving both factors.
- 3) Formulate stricter program requirements, including objective testing for small-sized businesses or the limitation of one corporation. Introduce measures to ensure businesses remain in operation for an extended period, enhancing the intended impact of the program.
- 4) Adopt rigorous review practices, including a "reviewed by" field in application forms or a comprehensive checklist to track and ensure thorough review completeness.

GVB Management’s Response



GVB Response and Corrective Action Plan

The Bureau agrees with the OPA recommendations. It should be highlighted that the Bureau dedicated resources and incorporated the insights shared by government and private sector leaders when it established the TAP program. In hindsight, GVB agrees with the recommendation to establish a uniform evaluation process. The Bureau will initiate a Corrective Action Plan and perform a thorough review of the TAP program. The Bureau will work with its legal counsel and invite comments and discussion from the OPA to develop a defined framework to guide future grant programs. The framework will provide detailed guidelines on how to implement future grant programs, ensuring that such a program will be based on defined eligibility criteria and a uniform grant award process. The Bureau aims to finalize the Corrective Action Plan by the end of fiscal year 2024.

The Bureau would like to thank Public Auditor Benjamin J. Cruz and his staff for conducting this performance audit and for the opportunity to provide a response.

Gerald S.A. Perez
Acting President and CEO



Appendix 6:**Status of Audit Recommendations**

No.	Addressee	Audit Recommendation	Status	Action Required
1.	GVB Management	Establish a standardized approach for assessing gross revenues, the after-effects of the typhoon, and any other relevant factors before award distribution.	OPEN	Provide a corrective action plan with responsible official and timeline of implementation.
2.	GVB Management	Ensure a uniform evaluation process with defined fields for each business structure within tax filings when gross revenues are the deciding factor. Implement an objective calculation method for damages and loss of revenues. Set a clear priority in cases involving both factors.	OPEN	Provide a corrective action plan with responsible official and timeline of implementation.
3.	GVB Management	Formulate stricter program requirements, including objective testing for small-sized businesses or the limitation of one corporation. Introduce measures to ensure businesses remain in operation for an extended period, enhancing the intended impact of the program.	OPEN	Provide a corrective action plan with responsible official and timeline of implementation.
4.	GVB Management	Adopt rigorous reviewing practices, including a "reviewed by" field in application forms or a comprehensive checklist to track and ensure thorough review completeness.	OPEN	Provide a corrective action plan with responsible official and timeline of implementation.

GUAM VISITORS BUREAU TOURISM ASSISTANCE PROGRAM Report No. 24-04, February 2024

ACKNOWLEDGEMENTS

Key contributions to this report were made by:

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MISSION STATEMENT

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

VISION

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

CORE VALUES

Objectivity

To have an independent and impartial mind.

Professionalism

To adhere to ethical and professional standards.

Accountability

To be responsible and transparent in our actions.

REPORTING FRAUD, WASTE, AND ABUSE

- Call our HOTLINE at 47AUDIT (472.8348)
- Visit our website at www.opaguam.org
- Call our office at 475.0390
- Fax our office at 472.7951
- Or visit us at Suite 401 DNA Building in Hagåtña

All information will be held in strict confidence.



Office of Public Accountability
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