Office of Public Accountability
Annual Report

Calendar Year 2011

April 2012

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Office of Inspector General
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Table of Contents

1   Message from the Public Auditor
2   Performance Audits Media Coverage
3   Financial Audits Media Coverage
4   The Office of Public Accountability
5   Year in Review
8   Performance Audits Overview
13  Financial Audits Overview
15  Procurement Appeals Overview
20  Legislative Mandates, OPA Website & OPA Hotline
21  Staff & Time Composition
23  Public Outreach & Others
25  Appendix 1: 2011 Peer Review Report
26  Appendix 2: OPA Financial Statements
28  Appendix 3: Performance Audits Financial Impact
29  Appendix 4: FY 2010 Financial Audits Statistics
30  Appendix 5: Procurement Appeals Synopsis
37  Appendix 6: Legislative Mandates
42  Appendix 7: Website in Review
48  Appendix 8: Hotline Tips Statistics
49  Appendix 9: Organizational Chart
Message from the Public Auditor

Hafa Adai to the People of Guam,

This is my 11th annual report of my stewardship of the Office of Public Accountability for the year 2011. This past year we experienced setbacks in rebuilding the staffing levels of OPA. Just as we were beginning to grow again, we lost three senior auditors. We went from a full-time staff of 15 at the beginning of 2011 to just 12 in March 2012. While seeds of accountability and transparency are being transplanted at other government agencies, we must begin the process anew of hiring, training, and developing a new cadre of auditors.

Despite this personnel setback, we issued 12 audit reports that identified $14.5 million (M) in questioned costs, potential savings, lost revenue opportunities, and other financial impact. These reports collectively made 39 recommendations to improve the accountability, effectiveness, and efficiency of government programs. We also administered 21 procurement appeals, the highest ever since OPA was given this responsibility in 2006.

We reviewed, monitored, and oversaw the timely issuance of 19 financial audits one more than prior years with the addition of the Department of Chamorro Affairs’ (DCA) Non Appropriated Funds. These financial audits identified $854 thousand in questioned costs, 40 audit findings, and 74 management letter comments. All but DCA received unqualified or clean opinions on their financial statements. Improvements can still be made in compliance, as there were five qualified opinions on compliance due to material weaknesses.

Another area needing improvement is the issuance of the Comprehensive Annual Financial Report (CAFR) as nearly all audits have clean opinions. The Organic Act requires GovGuam to submit a CAFR to Congress and the Department of the Interior.

The ever-increasing deficit, which now stands at $336M, continues its unabated growth. Upon taking office, Governor Calvo suspended the implementation of the updated Hay Study salaries of classified employees at line agencies, froze salary increments, and imposed other cost saving measures. Conversely, rate increases continue to fund salary increments at autonomous entities with their own version of the Hay Study. Despite these cost-saving measures, the 2011 deficit is expected to increase as GovGuam continues to expend more than what it takes in.

Senseramente,

Doris Flores Brooks, CPA, CGFM
Public Auditor
Blaz leave cashout questioned: Audit: 100% payment exceeds legal limit

By Brent Kamara - Pacific Daily News - March 24, 2011

The report of an audit of the Guam Economic Development Authority states that former Administrator Anthony Blaz allegedly cashed out more unused leave than is allowed by law, but the new agency board may reverse the cashout next week.

An Office of Public Accountability audit report released yesterday states Blaz was allowed to cash out off the unused years even though local law

53% oppose reunification

Chamorro Affairs agency audited

Posted: Jun 24, 2011 1:30 PM
Updated: Jun 24, 2011 1:30 PM
by Sabrina Salas Matanane

Guam - An audit's been released taking a look at how the Department of Chamorro Affairs has been spending its money. The audit spans Fiscal Years 2009 and 2010.

WEDNESDAY, MARCH 22, 2011 - MARIANAS VARIETY GUAM EDITION

GDA net assets up, revenues down

By Jennifer Naylor-Gimlet
jennifer@guam.com

THE Guam Economic Development Authority closed last fiscal year with an increase in net assets, but a decrease in revenues.

GDA and TSA closed the year with a net income of $138,000, of which $118,000 is from GDA and $20,000 is from TSA.

Collection of the loan is an ongoing concern for GDA; primary trust funds – the Guam Development Fund Act and Agricultural Development Fund; stated the audit report.

Independent auditors Deloitte & Touche, LLP issued unqualified or "clean" opinions on GDA’s FY 2010 financial statements.

However, in order to receive the clean opinion, 13 audit adjustments were made for GDA and TSA that cumulatively decreased net assets by $18,000.

Audits reveal 10% raises at GDA

Posted: Mar 01, 2011 10:16 AM
Updated: Mar 01, 2011 10:16 AM
by Sabrina Salas Matanane

Guam - While uniformed law enforcement officers aren't getting their raises and the rest of the Government of Guam, the Guam Economic Development Authority in the last administration gave themselves 10% raises, that's just one of the findings of an audit released today by Guam Office of Public Accountability. Another finding: out of the new $2.7 million loan from GDA's loan program, 13% is deemed collectible or

Audit: Thousands spent on Flores' book

By Steve Linton
steve@guam.com

The OPA has questioned the accuracy of claims about "The Year of Recovery: A Guam Airport" and whether the payment required to purchase the book was justified.

‘Chamorro Affairs used funding inappropriately’

The OPA questioned the accuracy of claims about "The Year of Recovery: A Guam Airport" and whether the payment required to purchase the book was justified.

‘Year of recovery’ for Guam airport

By Andrea Bautista

The Guam Economic Development Authority (GADA) spent $1.4 million on the book "The Year of Recovery: A Guam Airport." The OPA, which released its audit yesterday, said that the payment was justified.

Public television revenues experience dip

Posted: Jan 31, 2011 4:35 PM
Updated: Jan 31, 2011 4:35 PM
by Sabrina Salas Matanane

Guam - Revenues at PBS Guam have declined significantly, one of the latest findings an audit of the public television station released today by the Office of Public Accountability. According to the report, revenues declined by $2.6 million.
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.

OPA seeks to: (1) achieve independent and nonpartisan assessments that promote accountability and efficient, effective management throughout GovGuam; and (2) serve the public interest by providing the Governor of Guam, the Guam Legislature, and the People of Guam with dependable and reliable information, unbiased analysis, and objective recommendations on how best to use government resources in support of the well being of our island and its constituents.

Our Motto  
“Auditing for Better Government”

Our Mission  
To improve the public trust, we audit, assess, analyze, and make recommendations for accountability, transparency, effectiveness, efficiency, and economy of GovGuam, independently, impartially, and with integrity.

Our Vision  
“Guam is the model for good governance in the Pacific.”

In 2011, OPA continued its commitment and dedication to “Auditing for Better Government” by:

- Issuing 12 performance audits that identified over $14.5M in financial impacts;
- Making 39 recommendations to improve government accountability, effectiveness, and efficiency;
- Providing oversight for the issuance of 19 financial audits;
- Issuing nine Requests for Proposals (RFP) for financial audit services;
- Administering 21 procurement appeals (highest number of appeals in six years); and
- Undergoing a quality control review.

**Performance Audits**

Performance audits are audits that improve the effectiveness and efficiency of government operations. Of the 12 performance audits we completed in 2011, we provided:

**Six Oversight Reviews**
2. GovGuam Liabilities Assessment;
3. GovGuam Annual Leave Lump Sum Payments;
4. Government-Wide Submission of Citizen-Centric Reports (CCR) Pursuant to P.L. 31-77;
5. GovGuam Income Tax Refund Efficient Payment Trust Fund Pursuant to P.L. 31-74; and

**Four Insight Reviews**
1. Guam Police Department (GPD) Review of Bid No. GSA-081-10 Police Patrol Vehicles;
2. Department of Public Works’ (DPW) Building Permits and Inspection Section;
3. Guam Professional Engineers, Architects and Land Surveyors (PEALS) Board’s Funds and Financial Practices; and

**Two Foresight Reviews**
1. OPA Austerity Plan and GovGuam Cost Reduction and Revenue Enhancement Recommendations; and
2. Guam Fire Department (GFD) Non-Productive Pay on Leave and Other Compensation.

**Who Audits the Auditor?**

Government Auditing Standards require an audit organization to undergo a quality control review every three years. OPA was audited for the fifth time by the Association of Pacific Islands Public Auditors (APIPA) in October 2011. The Peer Review team was comprised of Haser Hainrick, the Federated States of Micronesia National Public Auditor; Junior Patrick, the Republic of the Marshall Islands Auditor General; and Charles Hester, the Peer Review team’s Technical Consultant. Refer to Appendix 1 for more details.

Additionally, independent auditors Deloitte & Touche audit OPA’s financial statements as part of the annual Government-Wide financial audit. 

**2011 Peer Review**. Guam OPA received a “Full Compliance” rating and it was the first time no management letter was issued.
Financial Audits

Financial audits are a key element in assessing the overall performance and financial health of government entities to determine the accuracy, completeness, and fair representation of the entity’s operations.

We have seen continuous improvements in the area of financial reporting. Of the FY 2010 financial audits issued in 2011, 14 agencies issued their reports within six months after year end and only two component units had questioned costs. However, improvements are still needed as five agencies received qualified opinions and 23 audit findings on compliance.

Performeter and A.F.T.E.R. Analysis

The Performeter and A.F.T.E.R. Analysis is a tool commissioned by the Department of the Interior, Office of Insular Affairs (DOI-OIA) to gauge the financial performance of 11 insular areas to include: American Samoa, Commonwealth of the Northern Mariana Islands, Federated States of Micronesia, Guam, Marshall Islands, Palau and the Virgin Islands. For FY 2010, Guam received a score of 1.27, the lowest in nine years and the lowest among the insular areas analyzed.

Procurement Appeals

Twenty-one procurement appeals were brought before the Public Auditor in 2011. Of the 21 appeals, seven received decisions, eight were dismissed, and six were pending decisions as of December 31, 2011. Subsequently, the six received decisions in 2012.

OPA Website

In June 2011, OPA won its second Association of Local Government Auditors’ (ALGA) prestigious Silver Award for Best Website.

Silver Award. Judges found the website to be exceptional by providing current and easily accessible information, demonstrating an excellent use of graphics, and its sections were among other areas that caused it to stand out. As one judge commented, "It's slick."

OPA Hotline

The OPA Hotline (47AUDIT or 472-8348) continues to be an effective confidential avenue for citizens to communicate questions and/or concerns about possible government waste, abuse, or fraud. We assure the public that all hotline information provided to OPA is held in the strictest confidence. Of the 30 tips in 2011, the OPA staff addressed 25 tips.

Staff and Time Composition

As of December 31, 2011, OPA had 14 full-time staff and one part-time staff. The OPA staff spent most of the 31,400 available hours in 2011 on audits, reviews, legislative mandates, and procurement appeals.

Staff Development

Working with DOI OIA, the OPA received approval for Grant No. TA-Guam-OPA-2011-1 in December 2010. The $76,000 training grant was utilized to send OPA auditors to Department of Interior, Office of Inspector General (DOI-OIG) internships, local training seminars, and certain off-island conferences.
OPA faces difficulty in recruiting new staff. In April 2011 and through Department of Administration (DOA) Human Resources (HR), OPA announced its search for Auditor I, II, and III’s. One was hired six months later in October 2011.

Retention of qualified individuals also remains an ongoing challenge. From November to December 2011, OPA lost its only Administrative Officer and a seasoned Auditor III to other GovGuam agencies. Subsequently in 2012, OPA lost another Auditor III and an Audit Supervisor.

Under the purview of DOA HR, OPA is unable to compete with autonomous entities, the federal government, and the private sector which have greater personnel flexibility. OPA’s main challenges to recruitment and retention are:

1. Low pay compensation package; and
2. Bureaucratic and lengthy hiring process.

For FY 2011, OPA’s total appropriation was $1,263,866 and expenditures was $1,172,416. OPA’s expenditures primarily consisted of salaries and benefits (76%), rent (9%) and contractual services (7%). See table below and Appendix 2 for more details.

<table>
<thead>
<tr>
<th>OPA Expenditures</th>
<th>FY 2011</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries &amp; Benefits</td>
<td>$ 888,121</td>
<td>76%</td>
</tr>
<tr>
<td>Rent</td>
<td>$ 102,594</td>
<td>9%</td>
</tr>
<tr>
<td>Contractual</td>
<td>$ 79,024</td>
<td>7%</td>
</tr>
<tr>
<td>Equipment &amp; Furniture</td>
<td>$ 28,949</td>
<td>2%</td>
</tr>
<tr>
<td>Vehicle</td>
<td>$ 24,929</td>
<td>2%</td>
</tr>
<tr>
<td>Training</td>
<td>$ 15,088</td>
<td>1%</td>
</tr>
<tr>
<td>Depreciation</td>
<td>$ 9,285</td>
<td>1%</td>
</tr>
<tr>
<td>Travel</td>
<td>$ 7,727</td>
<td>1%</td>
</tr>
<tr>
<td>Supplies</td>
<td>$ 7,214</td>
<td>1%</td>
</tr>
<tr>
<td>Utilities &amp; Telephone</td>
<td>$ 5,333</td>
<td>0%</td>
</tr>
<tr>
<td>Other</td>
<td>$ 4,152</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$ 1,172,416</td>
<td>100%</td>
</tr>
</tbody>
</table>
Since 2001, OPA issued 120 performance audit reports, made 581 recommendations, and identified $146.6 million (M) in financial impacts. Refer to the table below for a summary.

<table>
<thead>
<tr>
<th>Calendar Year</th>
<th>Reports Issued</th>
<th>Recommendations Issued</th>
<th>Financial Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>12</td>
<td>39</td>
<td>$14.5M</td>
</tr>
<tr>
<td>2010</td>
<td>9</td>
<td>37</td>
<td>$22.6M</td>
</tr>
<tr>
<td>2009</td>
<td>7</td>
<td>6</td>
<td>$1.4M</td>
</tr>
<tr>
<td>2008</td>
<td>10</td>
<td>28</td>
<td>$9.7M</td>
</tr>
<tr>
<td>2007</td>
<td>18</td>
<td>51</td>
<td>$24.3M</td>
</tr>
<tr>
<td>2006</td>
<td>19</td>
<td>76</td>
<td>$20.9M</td>
</tr>
<tr>
<td>2005</td>
<td>9</td>
<td>49</td>
<td>$6.2M</td>
</tr>
<tr>
<td>2004</td>
<td>14</td>
<td>91</td>
<td>$16.4M</td>
</tr>
<tr>
<td>2003</td>
<td>10</td>
<td>77</td>
<td>$26.8M</td>
</tr>
<tr>
<td>2002 &amp; 2001</td>
<td>12</td>
<td>127</td>
<td>$3.8M</td>
</tr>
<tr>
<td>Totals</td>
<td>120</td>
<td>581</td>
<td>$146.6M</td>
</tr>
</tbody>
</table>

In 2011, OPA issued 12 performance audits that collectively identified over $14.5M in questioned costs and other financial impacts. The following is a synopsis of our completed audits. Refer to Appendix 3 for our performance audits statistics.

**Report No. 11-01: OPA Austerity Plan and GovGuam Cost Reduction and Revenue Enhancement Recommendations**

OPA identified 17 external cost containment measures that could lead to potential cost savings of $2.7M. For example:
- Eliminate GFD’s Non-Productive Pay ($1.6M annually);
- Reduce Overtime by 10% ($660 thousand (K) annually);
- Reassess the Costs for the Wellness Benefits ($658K); and
- Eliminate Lifetime Annuity for the Governor and Lt. Governor ($88K annually).

OPA also identified revenue enhancement initiatives that could lead to enhanced General Fund revenue collections of $513K, if implemented. For example:
- Collection of Bounced Checks ($513K);
- Repayment of Debt Forgiveness by GHC (unknown);
- Moratorium on Tax Credits (unknown); and
- Reassess the rate of Property Tax (unknown).

**Report No. 11-02: GovGuam Oversight of ARRA Funds**

The Bureau of Budget and Management Research (BBMR) limits its role to ensuring compliance with reporting deadlines and reporting requirements in §1512 of the ARRA, and not necessarily with overseeing the appropriate use of ARRA funds. As a result, recipient entities continue to be internally responsible for monitoring their respective ARRA-funded programs and activities without additional external oversight.

BBMR’s consolidated quarterly reports do not reconcile to the Federal Recovery Website. We found variances of $663K and $1.9M in the total amounts awarded and expended.

We also found that the Guam Recovery Website lacked adequate information to track or review the status of projects and activities of the primary recipients, sub-recipients, vendors, and contractors.

We recommended for BBMR to:
- Increase oversight responsibilities by performing risk assessments and developing appropriate responses to assessed risks; and
- Work with the Bureau of Information Technology to restructure the Guam Recovery Website and coordinate with
agencies to ensure their respective websites comply with ARRA website requirements.

Report No. 11-03: GovGuam Liabilities Assessment

Consistent with prior years, GovGuam continues to spend more than it takes in. The preliminary over expenditure for FY 2010 was $83.6M, bringing the estimated deficit to $349M. Among the factors contributing to the deficit are the over estimation of revenues by $40.4M and unbudgeted recurring items totaling $13.7M. (The actual deficit in FY 2010 was $71.1M).

The deficit was expected to increase due to the permanent injunction against the Department of Mental Health and Substance Abuse (DMHSA) to pay $14M and the unbudgeted increases in health insurance premiums ranging from $9.7M to $20.1M.

P.L. 28-38 provided for the GovGuam Retirement Fund (GGRF) to collect lost opportunity income on the outstanding $34M owed by DOE and Guam Memorial Hospital Authority (GMHA). Using three different methodologies, we determined the lost opportunity income to range between $6.1M to $9.4M, resulting in an unintended windfall of $14.8M to $18.1M that instead should be applied to the outstanding balances owed by DOE and GMHA.

We made several recommendations, such as:
1. The enactment of legislation to apply GGRF’s unintended windfall of $14.8M to $18.1M to the remaining retirement liability balances of DOE and GMHA; and
2. For the Department of Revenue and Taxation (DRT) to seek technical assistance funding to fully automate and efficiently process tax returns, refunds, and collections.

Report No. 11-04: GPD Review of Bid No. GSA-081-10 Police Patrol Vehicles

Bid No. GSA-081-10 bypassed the AG’s required review when the initial requisition of $515,940 was subsequently lowered to $490,000. The bid was amended five times to change the bid opening date; and one amendment changed 10 bid specifications to make the requisition less restrictive as the initial bid was brand-specific.

GSA awarded the bid to a vendor whose Certificate of Authority was expired at bid opening and as such was non-responsive. However, GSA did not determine this bidder to be an unqualified bidder and awarded the bid to this vendor.

GPD Police Patrol Vehicle. The 14 police patrol vehicles which met the bid requirements were received on December 30, 2010.
Report No. 11-05: DPW Building Permits and Inspection (BP&I) Section

DPW BP&I Section continues to process and issue building permits manually, and does not effectively supervise, monitor or collect building permit and plan checking fees.

We found:
- Inconsistencies in the assessment and application of fees, resulting in lost revenues of $200K;
- Over assessment of $56K in construction project fees due to the utilization of the wrong fee schedule;
- Instances in which fees were partially or entirely waived without explanation or acknowledgment from management resulting in lost revenues of $71K;
- A lack of independent verification on the value of the construction projects submitted by the contractors;
- A significant decline of $903K in building permit and plan checking fees in FY 2010;
- No link to DRT to ensure the update of real property tax values; and
- No fees or other benefits from military-related construction activities due to DPW’s lack of oversight jurisdiction.

Lack of supervisory review and ineffective monitoring resulted in $271K in lost revenues and $548K in lost opportunity due to lack of independent verification of the value submitted used to determine the fee.

Report No. 11-06: GFD Non-Productive Pay on Leave and Other Compensation

By law, GFD uniformed personnel receive pay and leave benefits surpassing those of all other GovGuam employees and which appear inequitable. Firefighters work five 24-hour shifts or 120 hours over a two-week pay period. Since firefighters are only assessed 106 hours per pay period, firefighters receive 14 hours of automatic overtime.

Also by law, GFD uniformed personnel are assessed only 45 leave hours when on leave for two weeks, and still get paid for 106 hours out of the General Fund. The difference of 61 hours is known as “non-productive pay” and given to fire personnel for free.

<table>
<thead>
<tr>
<th>GFD Uniformed Employees</th>
<th>106 Hours - 45 Hours = 61 Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total 2-Week Compensation</td>
<td>Assessed Leave Hours</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other GovGuam Employees</th>
<th>80 Hours - 80 Hours = 0 Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total 2-Week Compensation</td>
<td>Assessed Leave Hours</td>
</tr>
</tbody>
</table>

GFD Non-Productive Pay on Leave. Non-productive pay on leave cost GovGuam $6.3M over the last four fiscal years, an average of $1.6M annually, and the top 10 recipients received amounts ranging from $63K to $125K.

The automatic 14 hours of overtime, mandated 106-hour pay period, non-productive pay on leave, and nine-hour-a-day/five-day cap on leave provide firefighters with an average of 71% over base salaries:
- In 2010, the top 25 GFD firefighter’s W-2 earnings ranged from a low of $95K to a high of $114K; and
- In 2009, the top 25 GFD firefighter’s W-2 earnings ranged from a low of $87K to a high of $143K.

The audit identified $347K in questioned costs and $6.3M in potential savings.
Report No. 11-07: Guam PEALS Board’s Funds and Financial Practices

The PEALS Board did not provide oversight or adequately monitor its finances, operations or the actions of its employees, relying instead on its former Chairperson and former Administrator, whose actions were questionable.

Board members were unaware of the rollercoaster fluctuations in PEALS Fund revenues from FY 2006 to 2010 and did not investigate the causes. The PEALS Fund revenue trend is as follows: $211K in FY 2006, $163K in FY 2007, $231K in FY 2008, $161K in FY 2009, and $316K in FY 2010.

A separate checking account was opened in March 2008, with only the former Chairperson and former Administrator as signatories. Other Board members were not aware of the account and did not establish governing procedures for it. Our audit revealed unauthorized Revolving Fund disbursements totaling $13K that were not reported to the Board until September 2010.

Without full Board knowledge and approval, a “private organization” was granted a $300 loan from the Revolving Fund and opened a checking account under the name “PEALS Board”.

The audit identified questioned costs of $22K and $69K in other financial impact associated with the findings.

Report No. 11-08: GovGuam Annual Leave Lump Sum Payments

P.L. 27-106 imposed a 320-hour cap on the lump sum payment of annual leave that forced many employees to use existing policy to salvage their excess leave hours by “resigning artificially.”

We found that 51 employees drew 65 lump sum payments totaling $302K under questionable circumstances:
- 29 classified employees drew 41 lump sum payments totaling $166K from 12 agencies; and
- 22 unclassified employees drew 24 lump sum payments totaling $136K from seven agencies.

The 29 classified employees resigned temporarily. However, since the merit process applies to classified positions, those employees should not have been able to do so without higher endorsement.

The 22 unclassified employees were cabinet level employees whose entitlement to, requests for, and amount of lump sum payments were issued beyond the changes in administration and mayors.

Rather than having to practice resigning on paper only and to avoid leave forfeiture, we urged agency heads to encourage personnel to take annual leave on a regular basis to prevent exceeding the 320 threshold.
Report No. 11-09: Government-Wide Submission of CCR

A total of 58 entities were required to submit and post a CCR on their website based on P.L. 31-77. As of October 31, 2011, 54 agencies or 93% submitted a CCR and posted on their entity website.

Subsequently, three of the four remaining agencies submitted their CCRs:

- Guam Election Commission and Office of the Chief Medical Examiner on November 28, 2011; and
- Public Utilities Commission on December 9, 2011.
- The Guam Board of Accountancy did not submit a CCR.

Report No. 11-10: GovGuam Income Tax Refund Efficient Payment Trust Fund

The Income Tax Refund Efficient Payment Trust Fund (Trust Fund) was established to hold separately the mandated set-aside portion of income tax revenues to pay tax refunds in a timelier manner. We calculated that, from October 1, 2010 to September 30, 2011, $93.1M should have been deposited in the Trust Fund. Of the total, $50.3M was paid out in prior year refunds; and $41M was used to fund government operations. At year end, a balance of $1.8M remained in the Trust Fund.

Income tax collections were comiled in the General Fund. DOA did not procedurally comply with directly depositing the set-aside amounts into the Trust Fund to pay tax refunds. We noted that transfers from the Trust Fund were made to fund GovGuam operations.

Without the $41M diverted from income tax, government operations would have been negatively impacted. So long as GovGuam continues to spend more than it makes and overestimate what it thinks it will collect, operations will continue to need subsidies and tax refund liabilities will continue to grow.

Report No. 11-11: GovGuam Health Benefit Costs Account

GovGuam’s health insurance contribution during FY 2011 totaled $55.1M for approximately 11,174 enrollees.

Of this amount, $31.9M was paid for 3,253 retirees and $23.2M for 7,921 active employees. On average, the contribution per retiree was $9,797 compared to active employees of $2,932. GovGuam pays disproportionately more (334%) for retirees than for active employees.

Since current law prohibits active and retired employees from contributing different amounts for the same health insurance coverage, GovGuam shoulders the carrier’s substantially higher costs for retiree insurance.
Report No. 11-12: GSA Small Purchase Procurement

Small purchase procurement is continually increasing:
- 2,812 POs ($4.9M) in FY 2008;
- 3,770 ($6.9M) in FY 2009; and
- 4,247 ($8.3M) in FY 2010.
This equates to 10,829 POs worth $20.1M in the three fiscal years, purchased without advertisement.

GSA’s failure to plan purchasing for line agencies and consolidate procurement of recurring items led to artificially dividing and/or not consolidating purchases totaling $3.1M that should have been procured through competitive sealed bids.

The top three recurring procurements were for (amounts in FY 2010):
- Office supplies and equipment ($2M);
- Medication, medical supplies, and services ($1.1M); and
- Computers and associated equipment ($975K).

The audit identified $3.4M in questioned costs, including $73K for small purchases in excess of $15K and $81K for IFBs in Lieu of Fleet Vehicle Purchase.

2012 Audit Work Plan

OPA annually develops an Audit Work Plan to determine government entities and programs to review. We anticipate completing seven audits in progress and at least four new audits in 2012. Our 2012 plan includes:
1. GGRF Effect of Non-base Pay on Retirement Contributions;
2. GMHA Control over Overtime of Salaries below $100K;
3. DRT and DOA Qualifying Certificates and Tax Credit; and
4. DRT Comparison of Real Property Tax Rates.

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, and staff availability.

Financial Audits Overview

Since 2001, OPA provided oversight to 200 financial audit reports which identified 1,770 findings; and $63.2M in questioned costs. Refer to the table below for a summary.

<table>
<thead>
<tr>
<th>Calendar Year</th>
<th># of Reports</th>
<th># of Findings</th>
<th>Questioned Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>19</td>
<td>40</td>
<td>$853.8K</td>
</tr>
<tr>
<td>2010</td>
<td>18</td>
<td>47</td>
<td>$204.0K</td>
</tr>
<tr>
<td>2009</td>
<td>18</td>
<td>70</td>
<td>$3.1M</td>
</tr>
<tr>
<td>2008</td>
<td>18</td>
<td>88</td>
<td>$3.3M</td>
</tr>
<tr>
<td>2007</td>
<td>18</td>
<td>136</td>
<td>$4.1M</td>
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<tr>
<td>2001</td>
<td>11</td>
<td>39</td>
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</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>200</strong></td>
<td><strong>1,770</strong></td>
<td><strong>$63.2M</strong></td>
</tr>
</tbody>
</table>

Title 1 G.C.A. §1908 provides the Public Auditor the authority to acquire the services of an independent audit firm to conduct financial audits. OPA procures financial audits through a Request for Proposal (RFP). OPA encourages all Certified Public Accounting (CPA) firms willing and capable of conducting government financial audits to respond to our RFPs by submitting proposals.

In 2011, OPA issued RFPs for the FY 2010 financial audits of the:
1. Guam Memorial Hospital Authority (GMHA);
2. Guam Visitors Bureau (GVB);
3. Mayors’ Council of Guam (MCOG);
4. Guam Community College (GCC);
5. Guam Waterworks Authority (GWA);
6. Department of Education (DOE);
7. A.B. Won Pat International Airport Authority (GIAA);
8. Guam Housing and Urban Renewal Authority (GHURA); and
9. Guam Power Authority (GPA).

Title 1 G.C.A. §1909(a) requires all departments, agencies, and instrumentalities to issue an annual financial audit no later than nine months after the end of the fiscal year (i.e., June 30th). The OPA staff oversees the work of the contracted audit firms to ensure the timely completion of financial audits. All 19 financial audits for FY 2010 were issued timely.

We have seen improvements in all government agencies for their FY 2010 audits. The audits were issued with less audit findings and management comments. All entities have unqualified or “clean” opinions on the financial statements, except for the DCA NAF audit. Refer to the table below for a summary and Appendix 4 for more details.

<table>
<thead>
<tr>
<th>Auditee</th>
<th>Financial Statements Opinion</th>
<th># of Findings</th>
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<tr>
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<td>Unqualified</td>
</tr>
<tr>
<td>3 PAG</td>
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</tr>
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<td>No Opinion</td>
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<td>6 TAF</td>
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</tr>
<tr>
<td>8 LOG</td>
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<td>9 LORF</td>
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<td>$0</td>
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</tr>
<tr>
<td>10 GEDA</td>
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<td>$0</td>
<td>No Opinion</td>
</tr>
<tr>
<td>11 GPA</td>
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<td>12 GHC</td>
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</tr>
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<td>14 ICC</td>
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<td>15 IHE</td>
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</tr>
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<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>40</strong></td>
<td><strong>$854K</strong></td>
<td></td>
</tr>
</tbody>
</table>

In an “unqualified or clean” opinion, the independent auditor states that the financial statements are fairly presented in all material respects in conformity with generally accepted accounting principles (GAAP). Meanwhile, in a “qualified” opinion, the auditor expresses reservations about the fair presentation of the financial statements in conformity with GAAP.

For FY 2010, five entities have qualified opinions in their compliance report due to material weaknesses and/or significant deficiencies. The entities were:
1. Government-Wide;
2. GHURA;
3. GMHA;
4. DOE; and
5. GWA.

A finding can either be a material weakness or a significant deficiency. A “material weakness” is an internal control deficiency, 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. A “significant deficiency” is an internal control deficiency, less severe than a material weakness yet important enough to merit attention by those charged with governance.

Of the 19 financial audits, only two had questioned costs: GMHA ($729K) and DCA ($125K). The questioned cost for GMHA was due to procurement under the Compact Impact Grants ($700K) and under the Bioterrorism Grants ($29K). The questioned cost for DCA was due to noncompliance with procurement policies to obtain bids for services or products and to document reasons for vendor selection ($53K in 2009 and $72K in 2010).

OPA works with DOA and the autonomous
Sixty-nine appeals have been filed with the OPA since our office was mandated with this responsibility in October 2006. Of the 69 appeals, 37 were issued a decision and 32 were dismissed. Of the 37 decisions issued, 16 favored the appellant, 15 favored the government, and six were split. Of the 32 dismissals, 10 resulted from mutual agreement between the appellant and purchasing agency, six from the Public Auditor’s recusal, and four lacked the purchasing agency’s decision on the appellant’s protest. For OPA to review an appeal, the agency must first deny the protest of the appealing vendor. Refer to the following Procurement Appeals Overview.

GovGuam Deficit. The FY 2010 deficit of $71M is the second highest deficit in the past five years. The cumulative deficit now stands at $336M.

GovGuam FY 2010 Financial Audit

GovGuam ended FY 2010 with an operating deficit of $71M: revenues were $491M while expenditures totaled $562M. The $71M shortfall was financed by the non-payment of income tax refunds and originated from the over estimation of revenues of $35M. Over expenditures have gone from a low of $5.8M in FY 2007 to a record high deficit of $111.3M in FY 2009. See graph above.
GSA and DPHSS should conduct an independent analysis to determine specific laws, codes and regulations applicable to Radiology Imaging System equipment and its installation. This analysis is necessary to protect the health and safety of the DPHSS staff and patients who will use the equipment.

OPA-PA-11-002 (Island Business Systems & Supplies (IBSS)/DOE). IBSS after initially filing with OPA subsequently sought a civil action in Superior Court (CV1536). Pursuant to 2 Guam Administrative Rules and Regulations (GAR) §12103(b), the Public Auditor is required to cease all further action on an appeal when either party files in Court. No further action can be taken by OPA on the appeal.

OPA-PA-11-003 (Data Management Resources [DMR] /DOE). DOE violated its own Procurement Regulations when it waived, as a minor formality, Micros Fidelio Micronesia (MFM)’s failure to bid an Internal English Keyboard with Anti-Microbial Protection (Item No. 1), as required by the IFB’s specifications. DOE was ordered to cancel its proposed award of Item No. 1 to MFM and award it to the next lowest responsive and responsible bidder. Accordingly, DMR’s appeal was GRANTED.

OPA-PA-11-004 (DMR/DOE). DMR claimed that MFM’s bid was non-responsive. However, MFM was found to be an authorized manufacturer and seller of computers. DOE violated its own Procurement Regulations when it waived, as a minor formality, the issue of whether MFM complied with the IFB’s requirement that vendors must be manufacturer-authorized resellers. DMR’s appeal is DENIED.

OPA-PA-11-005 (JC Tenorio/GIAA) & OPA-PA-11-006 (JC Tenorio/DPW). Both GIAA & DPW did not render a decision on

Based on the issues raised from procurement appeals, the Public Auditor concluded that understanding of the government procurement process is fragmented and that more training is needed to ensure compliance with procurement laws, rules, and regulations.

**2011 Procurement Appeals**

Twenty-one procurement appeals were brought before the Public Auditor in 2011. Of the 21 appeals, seven received decisions, eight were dismissed, and six were pending decisions as of December 31, 2011. Subsequently, the six received decisions in 2012. Please refer Appendix 5 for more details.

**OPA-PA-11-001 (JMI Edison/GSA).** JMI claimed that Medpharm’s bid was non-responsive. However, Medpharm’s bid was determined to be responsive. Medpharm’s submission of certificates of compliance with various standards and codes with its bid are irrelevant because the IFB did not require submission of such documents. Accordingly, JMI’s appeal is DENIED.
Tenorio’s protest. A copy of the purchasing agency’s protest decision is a required part of the Notice of Appeal (2 GAR §12104(b)(6) and (8)).

However, the Public Auditor has the authority to compel GIAA & DPW to produce the decision on Tenorio’s protest. Both GIAA & DPW were required to render a decision no later than March 31, 2011. OPA did not receive a copy of GIAA’s response and the appellant took no action within the 14 day judicial review period. DPW issued a written response on March 29, 2011. No other action was filed by any party within the 14 day judicial review period.

OPA-PA-11-009 (Hubtec International/DPW). DPW’s termination of Hubtec’s contract was justified due to Hubtec’s substantial contract violations. Hubtec failed to (1) use American made rebar at the Cetti Bay Slide and attempted to conceal the fact; and (2) have erosion control measures at the Cetti Bay and Umatac Baseball Culvert project sites. Hubtec’s appeal was DENIED.

OPA-PA-11-010 (DMR/GSA). DMR’s Notice of Appeal was untimely because it was filed prior to GSA’s decision on protest. DMR’s appeal was not properly before the Public Auditor and was dismissed without prejudice.

OPA-PA-11-011 (Pacific Data Systems/GCC). GCC’s rejection of the bids violates 5 GCA §5225. The rejection was not made by GCC’s Chief Procurement Officer as required by the IFB, and GCC’s President did not make the written determination required by 2 GAR §3115(d)(2)(A)(iv). However, GCC has a cogent and compelling reason to justify rejecting the PDS bid because it exceeds the available funding for the VoIP Telephone System. Accordingly, PDS’ appeal is DENIED in part and GRANTED in part.

OPA-PA-11-012 (Joeten Development Inc.[JDI]/GSA). GSA violated 5 GCA §5225 by cancelling the IFB due to JDI being the only bidder. JDI’s bid price was lower than the monthly rent DRT was currently paying. The Chief Procurement Officer did not make the written determination finding that cancelling the IFB was in the best interest of GovGuam as required by 2 GAR §3115(d)(1)(B). Accordingly, JDI’s appeal is GRANTED.
OPA-PA-11-013 (J&B Modern Tech [J&B]/UOG). Stipulation Agreement was reached and the appeal was resolved between the parties. UOG issued a second corrected bid status letter showing J&B was the lowest bidder in part and UOG issued an intent to award to J&B; UOG also awarded J&B certain site locations as per the bid in the amount of $664K; and appellant provided warranties as stipulated in the agreement.

OPA-PA-11-014 (G-Crew/GHURA). GHURA granted the relief G-Crew sought in the appeal, namely re-bidding of the janitorial services solicitation.

OPA-PA-11-015 (DMR/GCC). The appeal was resolved between parties through a stipulation agreement. GCC agreed to award items No. 1 and 4 to Sanford Technology Group. GCC agreed to re-evaluate the no award of Bid Item No. 3 and issue a decision on item No. 3 within 30 days.

OPA-PA-11-016 (APM Guam Medical Referral Services/GSA). GSA correctly found APM’s bid unacceptable. The opening of APM’s Sealed Price Proposal was an inadvertent mistake having no effect on the procurement process. APM’s appeal is DENIED.

OPA-PA-11-017 (Kim Bros./DOE). It was determined that Kim Bros. filed a formal complaint rather than a formal protest. Since Kim Bros. did not file a protest with DOE, DOE had no protest decision for the Public Auditor to review. However, DOE should have been more proactive in advising Kim Bros., who was not represented by legal counsel at that time, of Kim Bros.’ right to file a protest and the deadline to submit such protest. Kim Bros.’ appeal is DENIED.

OPA-PA-11-018 (J&B Modern Tech/DOE). J&B claimed that the awarded bidder JRN submitted a non-responsive bid. JRN’s modification of its bid was deemed late and should not have been considered by DOE. Additionally, JRN did not have the required two references. J&B’s bid, however, was also found to be non-responsive due to the erroneous submission of the incorrect hourly rate for general helpers. DOE was to either cancel the IFB or revise its solicitation to comply with procurement Law and Regulation.


There was no merit to Infratech’s arguments that the IFB’s drawing and plans were erroneous or confusing. There was no merit to Infratech’s allegations that verifying ceiling spalls, ceiling cracks and beam cracks is impractical. Further, prospective bidders had the opportunity to schedule additional site visits to verify site conditions and prepare their bids. Infratech’s appeal is DENIED.

Multi-Step Bid IFB No. 024-2011. Kim Bros.’ appeal was regarding DOE’s IFB for the renovation of Southern High School Gymnasium.
Decisions Taken to Superior Court

Following the issuance of the Public Auditor’s decision, parties have 14 days to appeal the decision to the Superior Court. To date, seven decisions have been appealed.

OPA-PA-07-002. A judgment was issued for OPA-PA-07-002 in January 2009. In SP 160-07, the Superior Court ruled that OPA’s decision for OPA-PA-07-002 was invalid; the appeal was filed after the deadline. Further, the court ruled that a business license did not have to be submitted since negotiations and acceptance of a price proposal were not finalized.

OPA-PA-09-005. OPA-PA-09-005 was appealed in court in December 2009. The Public Auditor submitted arguments at hearings in February and March 2010. The presiding judge upheld the Public Auditor’s decision in April 2010.

OPA-PA-09-008. On December 31, 2009, Appellee GPA notified OPA that a civil case (CV 1896-09) regarding the appeal was filed in Superior Court. The case was filed before the Public Auditor reached a decision.

Other decisions. The Superior Court cases related to OPA-PA-06-003, 08-11, 10-004, and 10-010 remain in progress.

Procurement Appeals Cost Savings

From FY 2006 to FY 2009, Procurement Appeals was a separate division within OPA and had a separate appropriation. Since FY 2010, the budget for Procurement Appeals became part of OPA’s total budget. The cost savings and other benefits of this budget arrangement include:

- OPA staff provides administrative support, including back-up personnel when on leave, becoming knowledgeable of the appeals process;
- Common use of OPA equipment, telephone and fax numbers, fax and copy machines, and the website;
- OPA audits provide historical perspective of procurement; and
- Use of contracted attorneys on an as-needed basis, with Attorney Anthony R. Camacho serving as OPA’s primary Hearing Officer.

Procurement Appeals Hearing Room

OPA’s Procurement Appeals Hearing Room provides adequate space for OPA to conduct procurement appeal hearings. The Procurement Appeals Hearing Room has also been made available to all government agencies for their official use. OPA, DOE, GFD, Office of Senator Chris Duenas, Education Financial Supervisory Commission (EFSC), and the Parole Board have used the space to conduct training classes or other government-related planning events, or to hold meetings.

Procurement Advisory Council

In September 2011, P.L. 31-93 established the Guam Procurement Advisory Council (Council) to research, evaluate, analyze, review, and make recommendations to improve, address, and modernize government
contracting.

Council membership consists of:
- a senior member of the Governor’s staff;
- the AG or his designee;
- the Public Auditor or her designee;
- the Compiler of Laws;
- the Chief Procurement Officer;
- the Director of Administration;
- the Director of Public Works;
- an attorney in private practice;
- two Guam residents experienced in procurement;
- the Chairman of the Board of Accountancy; and
- the Dean of UOG School of Business and Public Administration.

Legislative Mandates

In addition to financial oversight responsibilities and audit activities, the Public Auditor and the OPA received several requests and legislative mandates to partake in or review other government-related activities.

As of December 2011, 70 legislative mandates have expanded the Public Auditor and OPA’s duties and responsibilities. Of the 68 mandates, we have addressed 37 and 33 remain open as recurring mandates. Refer to Appendix 6 for Legislative Mandates.

OPA Website

Since January 2002, the OPA website (www.guamopa.org) continues to be an important source of reliable transparent information about the financial condition of our government. All OPA audit reports, financial audits, procurement appeals, ARRA guidance, and CCR reporting requirements are posted along with other information about OPA. Refer to Appendix 7 for this year’s OPA Website in Review.

In December 2010, OPA transitioned to a new website contractor and encountered challenges during the transition. OPA’s website activity statistics for 2010 is not available and 2011 is incomplete.

In June 2011, OPA won its second ALGA’s prestigious Silver Award for Best Website. OPA received its first Silver Award in 2009.

Silver Award for Best Website. Public Auditor Doris Flores Brooks accepted the award during ALGA’s annual training conference.

OPA Hotline (47AUDIT; 472-8348)

The OPA Hotline continues to be an effective confidential avenue for citizens to communicate questions and/or concerns about possible government waste, abuse, or fraud. Hotline tips help OPA assess areas of risks in the government and determine where to focus resources. We assure the public that all information provided to us is held in the strictest confidence.

OPA received a total of 1,205 hotline tips since the establishment of the OPA Hotline in 2001. The number of hotline tips received ranged from a high of 177 tips in 2004 to a low of 30 tips in 2011. Refer to Appendix 8 for more details.

The OPA staff addressed 25 out of the 30 hotline tips received in 2011. OPA will con-
continue to address hotline tips as a collateral duty and provide timely responses.

Anyone who wishes to submit a hotline tip or express a concern may do so by:
- Calling the OPA Hotline at 47AUDIT (472-8348);
- Faxing sufficient and relevant information to 472-7951;
- Visiting the OPA website at www.guamopa.org; or
- Contacting any of the OPA staff by phone at 475-0390 or in person.

**Staff & Time Composition**

As of December 31, 2011, OPA had 14 full-time staff and one part-time staff. The staff consists of:
- Public Auditor;
- Two Audit Supervisors;
- Four Auditor III’s;
- Six Auditor I’s;
- One Management Analyst for Procurement Appeals; and
- One Part-time Editor.

Refer to Appendix 9 for OPA’s Organizational Chart.

OPA’s audit staff held the following certifications and degrees, some with two or more:
- Two CPAs;
- One Certified Internal Auditor (CIA);
- Two Certified Government Financial Managers (CGFM);
- Two Certified Government Auditing Professionals (CGAP);
- Two Master’s in Business Administration
- One Master of Public Administration; and
- All staff have a Bachelor’s Degree.

In 2011, the OPA staff spent 11,865 hours or 38% on performance, financial, other audits and reviews. The staff also spent 5,091 hours or 16% attending to legislative mandates and 2,635 hours or 8% on procurement appeals. The remaining hours were spent on staff training, administration, government holidays and leave.

**OPA Staff Hours.** In 2011, the OPA staff had 31,400 available hours.

**Staff Development**

The U.S. Government Accountability Office’s 2011 “Government Auditing Standards” require auditors to complete 80 hours of CPE every two years, of which 24 CPE hours must be related to government auditing or the government environment. CPE hours are mandatory for the maintenance of professional competence. Title 5 G.C.A. §20304 also requires CPE hours for all government auditors and accountants.

Since taking office, the Public Auditor has been a strong proponent for continuing professional development and compliance with the highest standards of the auditing profession. To this end, she has made every effort to secure training opportunities for all staff.
DOI-OIA Training Grant. Working with DOI-OIA, the OPA received Grant No. TA-Guam-OPA-2011-1 in December 2010, which provided $76K in financial assistance for the professional development of the OPA auditors. The grant expired on December 31, 2011.

The training grant’s primary purpose has been to send auditors to the DOI OIG internships, and fund local training seminars and certain off-island conferences. In 2011, four auditors completed a 40-day internship with the DOI-OIG in Washington D.C., Virginia from February to April 2011 and Sacramento, California from September to November 2011.

We thank DOI-OIA for the continued funding and support of the PITI-VITI. We would also like to thank Mr. Rob Knox, Mr. Dean Tsukada, and Mr. Michael Colombo for coordinating the DOI-OIG internships.

Conferences and Trainings Attended. In 2011, the OPA staff attended several trainings sponsored by: the Association of Government Accountants, PASAI, APIPA, Graduate School, ALGA, GFOA, NSAA, and other relevant trainings.

Professional Achievements

On May 6, 2011, Auditor III Vincent Duenas graduated from the Executive Leadership Development Program (ELDP) at the East West Center in Honolulu, Hawaii. Mr. Duenas was among 19 other graduates from throughout Micronesia, including Guam, American Samoa, Commonwealth of the Northern Mariana Islands, Federated States of Micronesia National Government, Chuuk State, Kosrae State, Pohnpei State, Marshall Islands, and Palau.

In August 2011, the Public Auditor and OPA staff held an appreciation luncheon to recognize Catherine Sablan Gault, for five years of dedicated service as OPA’s editor.
Difficulty in Recruitment and Retention

OPA’s highest staff complement was 18 full-time staff in 2006. As of December 31, 2011, OPA had 14 full-time staff composed of 12 auditors, one Management Analyst, and the Public Auditor. Of the 12 auditors, 7 are recently hired with an average of less than 2 years audit experience. The remaining five are senior auditors with an average of seven years audit experience. There is a gap of audit experience between the junior and senior auditors.

From November to December 2011, OPA lost 2 full-time staff consisting of one Administrative Officer and one Auditor III. Overall, OPA faced a 22% reduction in staff from 18 full-time staff in 2006 to 14 full-time staff in 2011.

OPA faces difficulty in recruiting new staff due to the bureaucratic and lengthy hiring process. In April 2011 and through DOA Human Resources (HR), OPA announced its search for Auditor I, II, and III’s. One was hired six months later in October.

OPA faces difficulty in retaining senior staff due to the low pay compensation package. OPA competes with other government agencies, the federal government, and the private sector. However, OPA is unable to offer attractive salaries to retain senior level audit staff.

Public Outreach & Others

Increasing public awareness, improving government efficiency and effectiveness, and promoting better understanding of OPA’s mission, work, and impact are important aspects of our Strategic Plan. We strive to build good relations with those charged with governance.

OPA staff participated in various community and outreach efforts such as: making presentations for the National Teach Children to Save Day; participating in the John F. Kennedy High School Career Day; and sponsoring a company tour for the University of Guam’s Junior Accountants Society.
Appreciation Luncheon for CPA Volunteers.

OPA held an appreciation luncheon to recognize the services of five local CPAs who have served on the RFP selection committees for audit services of autonomous entities during the past ten years.

Recognized for their distinguished professional contributions to our government and our community were:

- Ms. Bobbie Howard, CPA
- Ms. Francis Quinto Baba, CPA
- Mr. Mike Sablan, CPA
- Mr. Tim San Nicolas, CPA
- Ms. Taling Taitano, CPA, CGFM

Public Testimonials

OPA thanks all those who took the initiative to contact our office, share information and compliment us.

“Thanks Ms. Brooks. I voted for you in the last election. I think you are doing an outstanding job, and an asset of the community. Keep up the good work. Keep everybody honest.”

“On behalf of the peer review team, I would like to thank Doris and her staff for helping and facilitating the work of the peer review team. Your assistance helped us tremendously in carrying out our assigned duties.”

“I join the Peer Review Team Leader in conveying the Peer Review Team’s most appreciation to you, Doris and Lou, and the entire Guam OPA Team, for all your assistance throughout the review process. Thank you once again for your warm hospitality.”

“Thank you and the rest of the staff for all your help and hope to see you soon.”

“On behalf of the Junior Accountants Society [JAS] officers and members, I would like to thank you … for organizing the company tour and addressing the topics requested. We thought it was well organized and structured and provided the JAS members with good and relevant information. Overall, the members enjoyed the tour and walked away better informed about Guam OPA. JAS hopes to continue to work with Guam OPA in the near future. Thank you again!”

“During the [Comprehensive Annual Financial Report or CAFR] project, I was delegated the task of creating financial and demographic trends for the Government of Guam’s last ten fiscal years. At first, I did not have any idea on how to create statistical trends but fortunately, we found several CAFR samples on the Internet and our instructor also provided additional resources. Through the help of Guam’s Office of Public Accountability’s website, I was able to acquire the financial statements with ease.”
Dear Governor Calvo:

Attached for your reference is the final report on the Government of Guam’s Office of Public Accountability pursuant to a Peer (Quality Control) Review done by our team of auditors from the Association of Pacific Islands Public Auditors (APIPA). External quality control reviews of all audit offices issuing audit reports guided by government auditing standards (GAS) are required at least every three years. Because of this requirement, your Public Auditor initiated and contracted with APIPA.

Your Public Auditor’s office was determined to be in full compliance with government auditing standards for the period reviewed. Full compliance is the highest of three possible ratings issued in an external quality control review. The report now becomes public information and may be made accessible to any interested person(s). The working papers and other supporting documentation accumulated during our review will be maintained by the Public Auditor’s office.

For your information, the expenses of the Peer (Quality Control) Review were borne by the U.S. Department of Interior’s Office of Insular Affairs.

It was a privilege working with the staff of the Public Auditor’s office, most especially Mrs. Brooks, the Public Auditor. Each member of Mrs. Brooks’ office was most cooperative and helpful to the team and exemplifies the highest standards of the auditing profession.

Respectfully Submitted,

Hasan H. Hainrick,
National Public Auditor
Office of the National Public Auditor
Federated States of Micronesia
Team Leader
APIPA Peer Review Team

Charles W. Hester,
Technical Consultant
APIPA Peer Review Team

Attachment

Cc: Mrs. Doris Flores Brooks
Guam Public Auditor
## General Fund Adjustments

### Statement of Net Assets

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<td>Receivables, net:</td>
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<td>Other - Operations Appropriation from DOA</td>
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<tr>
<td>Capital Assets, net of accumulated depreciation</td>
<td>- 25,348</td>
<td>- 34,633</td>
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<tr>
<td>Total assets</td>
<td>$ 749,776 $</td>
<td>$ 434,705 $</td>
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<table>
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<th>LIABILITIES</th>
<th>2011 (Unaudited)</th>
<th>2010</th>
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<tr>
<td>Accounts payable</td>
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<td>Accrued annual and sick leave</td>
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<td>Deferred Revenue - Appropriation</td>
<td>305,414</td>
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<td>Total liabilities</td>
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<th>FUND BALANCES/ NET ASSETS</th>
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<th>2010</th>
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<tr>
<td>Unreserved</td>
<td>442,438</td>
<td>414,236</td>
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<td>Total fund balances</td>
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<td>Total liabilities and fund balances</td>
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<td>$ 434,705</td>
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Net assets:

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<tr>
<td>Unrestricted</td>
<td>369,276</td>
<td>345,228</td>
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<td>Total net assets</td>
<td>$ 394,624</td>
<td>$ 379,861</td>
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Office of Public Accountability  
Government of Guam  
Governmental Funds Balance Sheet / Statement of Net Assets  
Years Ended September 30, 2011 and 2010
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<th>2010</th>
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<td>Activities</td>
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<td>Activities</td>
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<td>Revenues:</td>
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<td>$ 3,662</td>
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<td>Transfers in from other funds</td>
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<td>$ 1,182,070</td>
<td>$ 1,046,342</td>
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<td>$ (5,535)</td>
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<td>$ 394,624</td>
<td>$ 414,236</td>
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<td>Report No.</td>
<td>Report Title</td>
<td>Date Issued</td>
<td>Questioned Costs</td>
<td>Financial Impact</td>
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<td>-----------</td>
<td>-------------------------------------------------------------------------------</td>
<td>-------------</td>
<td>------------------</td>
<td>------------------</td>
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<tr>
<td>11-01</td>
<td>OPA Austerity Plan and GovGuam Cost Reduction and Revenue Enhancement Recommendations</td>
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<td>$ 3,255,700</td>
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<td>GovGuam Oversight of ARRA Funds</td>
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<td>11-03</td>
<td>GovGuam Liabilities Assessment</td>
<td>04/18/11</td>
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<td>DPW Building Permits and Inspection Section</td>
<td>08/01/11</td>
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<td>$ 875,126</td>
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<td>GFD Non-Productive Pay on Leave and Other Compensation</td>
<td>08/17/11</td>
<td>$ 347,164</td>
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<td>Guam PEALS Board’s Funds and Financial Practices</td>
<td>10/05/11</td>
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<td>GovGuam Annual Leave Lump Sum Payments</td>
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<td>11-10</td>
<td>GovGuam Income Tax Refund Efficient Payment Trust Fund</td>
<td>12/19/11</td>
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<td>11-11</td>
<td>GovGuam Health Benefit Costs Account</td>
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<td>GSA Small Purchase Procurement</td>
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<td>Totals</td>
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### Appendix 4: FY 2010 Financial Audits Statistics

Note: 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).

<table>
<thead>
<tr>
<th>Auditee</th>
<th>Issue Date</th>
<th>Financial Statements Opinion</th>
<th># of Finding(s)</th>
<th># of Material Weaknesses</th>
<th># of Significant Deficiencies</th>
<th>Questioned Costs</th>
<th>Procurement Findings</th>
<th>Procurement Questioned Costs</th>
<th>Management Comment(s)</th>
<th>Compliance Opinion</th>
<th># of Employees</th>
<th>Salaries and Wages</th>
<th>Auditing Firm</th>
<th>Audit Costs</th>
<th>Legal Costs</th>
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<tbody>
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<td>1 GMHA</td>
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<td>4</td>
<td>3</td>
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<td>01/21/11</td>
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<td>0</td>
<td>0</td>
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<td>0</td>
<td>$ -</td>
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<td>0</td>
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<td><strong>TOTAL since 2001</strong></td>
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## Appendix 5: Procurement Appeals Synopsis

<table>
<thead>
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<th>Appeal Date</th>
<th>Appeal Closing Date</th>
<th>Vendor Name</th>
<th>Contract Awarded to</th>
<th>Contract Amount</th>
<th>Contract Duration</th>
<th>Appeal Reason</th>
<th>Resolution</th>
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<tr>
<td>May 19, 2001</td>
<td>May 22, 2001</td>
<td>Acme Inc.</td>
<td>$500,000</td>
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<td>Non-compliance</td>
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<td>July 15, 2001</td>
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<td>Beta Corp.</td>
<td>$750,000</td>
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<td>Fraud</td>
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<td>Gamma Ltd.</td>
<td>$1,000,000</td>
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<td>Delta Co.</td>
<td>$1,250,000</td>
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<td>Price</td>
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**Procurement Issue:** Vendor's non-compliance.

**Resolution:** Denied on all grounds.
Appendix 5: Procurement Appeals Synopsis

<table>
<thead>
<tr>
<th>Procurement Issue</th>
<th>100% Performance Bond Requirement</th>
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<tr>
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<tr>
<td>Purchase Agency: GSA</td>
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<tr>
<td>Procurement Action: OPA-P-A1-1007</td>
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</table>

<table>
<thead>
<tr>
<th>Procurement Issue</th>
<th>GSA, the procuring official has issued the specifications to the contractor, and the contractor has submitted a bid, which is not in accordance with the terms of the specifications.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decision: Appeal Upheld in Part and Denied In Full</td>
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<tr>
<td>Purchase Agency: GSA</td>
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<tr>
<td>Procurement Action: OPA-P-A1-1007</td>
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<table>
<thead>
<tr>
<th>Procurement Issue</th>
<th>Due to C. Ventana's decision, the bid was not accepted.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decision: Appeal Upheld in Part and Denied In Full</td>
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<tr>
<td>Purchase Agency: GSA</td>
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<td>Procurement Action: OPA-P-A1-1007</td>
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<td>Decision: Appeal Upheld in Part and Denied In Full</td>
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<tr>
<td>Purchase Agency: GSA</td>
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</tr>
<tr>
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<th>Procurement Issue</th>
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### Appendix 5: Procurement Appeals Synopsis

<table>
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<tr>
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<td><strong>Appeal Issue: August 22, 2011</strong></td>
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<td></td>
</tr>
<tr>
<td></td>
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</table>

**Appeal Issue:**
- The appeal was dismissed due to lack of jurisdiction.
- The appeal was dismissed due to lack of jurisdiction.
- The appeal was dismissed due to lack of jurisdiction.
- The appeal was dismissed due to lack of jurisdiction.

**Procurement Actions:**
- Dismissal of Appeal
- Dismissal of Appeal
- Dismissal of Appeal
- Dismissal of Appeal

**Decision:**
- Dismissal of Appeal
- Dismissal of Appeal
- Dismissal of Appeal
- Dismissal of Appeal

---

**Appeal Issue: August 29, 2011**
- The appeal was dismissed due to lack of jurisdiction.
- The appeal was dismissed due to lack of jurisdiction.

**Procurement Actions:**
- Dismissal of Appeal
- Dismissal of Appeal

**Decision:**
- Dismissal of Appeal
- Dismissal of Appeal

---

**Appeal Issue: December 23, 2011**
- The appeal was dismissed due to lack of jurisdiction.

**Procurement Actions:**
- Dismissal of Appeal

**Decision:**
- Dismissal of Appeal

---

**Appendix 5: Procurement Appeals Synopsis**
- Appeals are handled through the Office of the Procurement Appeals Board (OPAB) to provide an independent review of procurement decisions.
- Appeals may be filed by contractors, other individuals, or entities involved in the procurement process.
- Appeals are reviewed to ensure that the procurement process was conducted fairly and in accordance with applicable laws and regulations.
- The appeal process allows for the correction of errors or deficiencies in the procurement process.
- Appeals are decided based on the evidence presented and the applicable procurement policies and regulations.
- The appeal decision is final and binding on all parties involved in the procurement process.

---
Appendix 5: Procurement Appeals Synopsis

Appeal File: July 28, 2011
Appeal Duration: 60 days

Specifications:
- DFR claims that STG did not meet all of the PIPs.
- DFR claims that STG is not the lowest responsible bidder according to Section 10.4, which GCC responded by requesting an amendment agreement.

Procurement Issue: Responsibility and Responsible Bidders

Appeal File: July 14, 2011
Appeal Duration: 41 days

Inspection of the solicitation:
- GCC sends the cancellation of the existing PIP and issues a 10% penalty to the responsible bidder because the procurement process was flawed.

Procurement Issue: Bid Specification

Appeal File: August 1, 2011
Appeal Duration: 30 days

Specifications:
- Multiple awards were issued to the lowest bidder.
- GCC notified the lowest bidder to provide the required documents.

Procurement Issue: Implementation of Decision on Appeal

Appeal File: August 15, 2011
Appeal Duration: 39 days

Specifications:
- DFR claims that the low bidder is not in compliance with the bid.
- GCC did not follow the procedures and issued a 10% penalty to the responsible bidder.

Procurement Issue: Implementation of Decision on Appeal

Appeal File: July 7, 2011
Appeal Duration: 32 days

Specifications:
- DFR claims that the low bidder is not in compliance with the bid.
- GCC did not follow the procedures and issued a 10% penalty to the responsible bidder.

Procurement Issue: Implementation of Decision on Appeal

Appeal File: September 27, 2011
Appeal Duration: 8 days

Specifications:
- DFR claims that the low bidder is not in compliance with the bid.
- GCC did not follow the procedures and issued a 10% penalty to the responsible bidder.

Procurement Issue: Implementation of Decision on Appeal

Appendix 5: Procurement Appeals Synopsis
### Appendix 5: Procurement Appeals Synopsis

<table>
<thead>
<tr>
<th>Procurement</th>
<th>Action</th>
<th>Date</th>
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<td>Case 2</td>
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<td>Case 3</td>
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<td>Case 4</td>
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<td>Case 5</td>
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**Office of Federal Procurement Policy**

**GSA** for the Appeal: Approved GSA's Decision

**Procurement**

GSA for the Appeal: Approved GSA’s Decision
<table>
<thead>
<tr>
<th>Appeal No.</th>
<th>Parties</th>
<th>Procurement</th>
<th>Status</th>
<th>Action</th>
<th>Date Filed</th>
<th>Date End</th>
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<td>OPA-PA-06-001</td>
<td>Rex International/GWA</td>
<td>Design &amp; Construction Svcs.</td>
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<td>OPA-PA-06-002</td>
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<td>PAG Cancelled &amp; Re-issued Bid</td>
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<td>Early Warning System</td>
<td>Decision Upheld</td>
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<td>02/19/06</td>
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<td>OPA-PA-07-001</td>
<td>IBSS/UOG</td>
<td>Copier Equipment</td>
<td>Dismissed</td>
<td>UOG Cancelled &amp; Re-issued Bid</td>
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<td>OPA-PA-07-003</td>
<td>Maeda Pacific Corp/GIAA</td>
<td>Demolition &amp; Remediation</td>
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<td>Appellant Withdrew</td>
<td>05/31/07</td>
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<td>OPA-PA-07-004</td>
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<td>Portable X-ray Machine</td>
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<td>01/17/08</td>
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<td>Investment Mgmt. &amp; Plan Admin</td>
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<td>Aircon Maintenance &amp; Repair</td>
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<td>11/16/07</td>
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<td>Removal of Fire Alarm System</td>
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<td>Forklift</td>
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### Appendix 5: Procurement Appeals Synopsis

<table>
<thead>
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<th>Appeal No.</th>
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<td>Appellant Withdrew</td>
<td>01/20/10</td>
<td>01/27/10</td>
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<td>OPA-PA-10-002</td>
<td>GTA/GSA</td>
<td>Telephone Equipment</td>
<td>Dismissed</td>
<td>Public Auditor's Recusal</td>
<td>02/01/10</td>
<td>03/01/10</td>
<td>28</td>
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<td>OPA-PA-10-003</td>
<td>Eons/GSA</td>
<td>Typhoon Shutters</td>
<td>Dismissed</td>
<td>Stipulation Agreement</td>
<td>05/26/10</td>
<td>07/30/10</td>
<td>65</td>
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<tr>
<td>OPA-PA-10-004</td>
<td>Harbor Centre/PAG</td>
<td>Cabras Terminal Operations</td>
<td>Dismissed</td>
<td>Moved to Superior Court</td>
<td>08/31/10</td>
<td>10/18/10</td>
<td>48</td>
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<tr>
<td>OPA-PA-10-005</td>
<td>PDS/GCC</td>
<td>Telephone Equipment</td>
<td>Decision</td>
<td>Upheld</td>
<td>10/12/10</td>
<td>01/12/11</td>
<td>92</td>
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<tr>
<td>OPA-PA-10-006</td>
<td>IBSS/DOE</td>
<td>Small Copiers and Software</td>
<td>Dismissed</td>
<td>No Protest Decision</td>
<td>10/18/10</td>
<td>11/08/10</td>
<td>21</td>
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<tr>
<td>OPA-PA-10-007</td>
<td>JRN/DOE</td>
<td>Aircon Maintenance &amp; Repair</td>
<td>Decision</td>
<td>Upheld</td>
<td>10/28/10</td>
<td>02/11/11</td>
<td>106</td>
</tr>
<tr>
<td>OPA-PA-10-008</td>
<td>JRN/DOE</td>
<td>Aircon Maintenance &amp; Repair</td>
<td>Decision</td>
<td>Upheld</td>
<td>10/28/10</td>
<td>02/17/11</td>
<td>112</td>
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<tr>
<td>OPA-PA-10-009</td>
<td>IBSS/UOG</td>
<td>Multi-function Copiers</td>
<td>Dismissed</td>
<td>Stipulation Agreement</td>
<td>11/05/10</td>
<td>11/22/10</td>
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<td>OPA-PA-10-010</td>
<td>IBSS/DOE</td>
<td>Small Copiers</td>
<td>Decision</td>
<td>Upheld</td>
<td>11/26/10</td>
<td>03/07/11</td>
<td>101</td>
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<td>OPA-PA-11-001</td>
<td>JMI Edison/GSA</td>
<td>Radiology Imaging System</td>
<td>Decision</td>
<td>Denied</td>
<td>01/04/11</td>
<td>04/21/11</td>
<td>107</td>
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<td>OPA-PA-11-002</td>
<td>IBSS/DOE</td>
<td>Document Management Systems</td>
<td>Dismissed</td>
<td>Civil Action at Superior Court</td>
<td>01/27/11</td>
<td>05/13/11</td>
<td>106</td>
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<tr>
<td>OPA-PA-11-003</td>
<td>DMR/DOE</td>
<td>Computer Systems and Multimedia</td>
<td>Decision</td>
<td>Upheld</td>
<td>02/25/11</td>
<td>05/19/11</td>
<td>83</td>
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<td>OPA-PA-11-004</td>
<td>DMR/DOE</td>
<td>Computer Systems</td>
<td>Decision</td>
<td>Denied</td>
<td>02/25/11</td>
<td>05/19/11</td>
<td>83</td>
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<tr>
<td>OPA-PA-11-005</td>
<td>JC Tenorio/GIAA</td>
<td>Construction Management Svcs.</td>
<td>Dismissed</td>
<td>No Protest Decision</td>
<td>03/04/11</td>
<td>03/15/11</td>
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<td>OPA-PA-11-006</td>
<td>JC Tenorio/DPW</td>
<td>Professional Engineering Svcs.</td>
<td>Dismissed</td>
<td>No Protest Decision</td>
<td>03/09/11</td>
<td>03/15/11</td>
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<td>OPA-PA-11-007</td>
<td>IBSS/GSA</td>
<td>Color Multi-function Copier</td>
<td>Dismissed</td>
<td>Stipulated Agreement</td>
<td>03/21/11</td>
<td>04/15/11</td>
<td>25</td>
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<tr>
<td>OPA-PA-11-008</td>
<td>STG/DOE</td>
<td>Laptops and Mobile Computer Labs</td>
<td>Decision</td>
<td>Upheld in part and Denied in part</td>
<td>05/27/11</td>
<td>06/10/11</td>
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<td>OPA-PA-11-009</td>
<td>Hubtec/DPW</td>
<td>Route 2 Culverts and Slide Repair</td>
<td>Decision</td>
<td>Denied</td>
<td>06/24/11</td>
<td>12/23/11</td>
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<td>OPA-PA-11-010</td>
<td>DMR/GSA</td>
<td>Guam Enterprise Email System</td>
<td>Dismissed</td>
<td>Untimely Notice of Appeal</td>
<td>06/28/11</td>
<td>08/29/11</td>
<td>62</td>
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<td>OPA-PA-11-011</td>
<td>PDS/GCC</td>
<td>VOIP Telephone System</td>
<td>Decision</td>
<td>Upheld in part and Denied in part</td>
<td>06/30/11</td>
<td>09/26/11</td>
<td>88</td>
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<td>OPA-PA-11-012</td>
<td>Joeten/GSA</td>
<td>Lease of Office Space</td>
<td>Decision</td>
<td>Upheld</td>
<td>07/06/11</td>
<td>09/27/11</td>
<td>83</td>
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<td>OPA-PA-11-014</td>
<td>G-Crew/GHURA</td>
<td>Janitorial Services</td>
<td>Dismissed</td>
<td>Stipulated Agreement</td>
<td>07/14/11</td>
<td>08/24/11</td>
<td>41</td>
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<tr>
<td>OPA-PA-11-015</td>
<td>DMR/GCC</td>
<td>Information Technology Equipment</td>
<td>Dismissed</td>
<td>Stipulated Agreement</td>
<td>07/28/11</td>
<td>09/12/11</td>
<td>46</td>
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<td>OPA-PA-11-016</td>
<td>APM/GSA</td>
<td>Medical Referral Svcs.</td>
<td>Decision</td>
<td>Denied</td>
<td>08/19/11</td>
<td>01/06/12</td>
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<td>OPA-PA-11-017</td>
<td>KBC/GDOE</td>
<td>Southern High Gymnasium Repairs</td>
<td>Decision</td>
<td>Denied</td>
<td>11/14/11</td>
<td>02/22/12</td>
<td>100</td>
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<td>OPA-PA-11-019</td>
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<td>OPA-PA-11-020</td>
<td>InfraTech/DOE</td>
<td>Structural Repairs and Roof Coating</td>
<td>Decision</td>
<td>Denied</td>
<td>12/14/11</td>
<td>03/29/12</td>
<td>106</td>
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<tr>
<td>OPA-PA-11-021</td>
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Appendix 6: Legislative Mandates

1. P.L. 31-77 required the OPA to conduct a quarterly audit of all reports submitted by insurance carriers by obtaining supporting documents from all agencies and departments, autonomous or otherwise, of the government of Guam to confirm and substantiate reported premium payments.

2. P.L. 31-74 required the OPA to perform a monthly audit on the Income Tax Refund Efficient Payment Trust Fund and compliance of DOA Director with §51102 of Chapter 51 of Title 11, Guam Code Annotated. In addition it required the OPA to conduct a quarterly audit of all reports submitted by insurance carriers.

3. P.L. 30-196 required the OPA to submit the drawdown schedule to the DOA Director no later than October 31, 2010.

4. P.L. 30-126 clarified the restrictions established on the recruitment or compensation of Government of Guam personnel above Step 10 of the compensation schedule, which affected 2 employees of the OPA.

5. P.L. 30-55 required DPR to submit a quarterly report of the expenditures for the maintenance and repair of restroom facilities in public parks island-wide for FY 2010 to the Public Auditor and the Speaker of I Liheslaturan Guahan.

6. P.L. 29-123. Section 20 required OPA to deliver notices to the Legislature of authorized payment of prior years’ obligations.

7. P.L. 29-113 required OPA to conduct an audit of the Meals Reimbursement Program and required the Public Auditor to conduct an audit of the commercial leases of the Chamorro Land Trust Commission.

8. P.L. 29-106 required the Public Auditor to conduct an audit of textbooks.

9. P.L. 29-19 required OPA to: report on the compliance of government entities’ quarterly reporting requirements; oversee the GPSS annual audit; and audit the Recycling Revolving Fund.

10. P.L. 29-02 required: (1) OPA to provide notice to all directors of their responsibility of submitting financial reports three days before the end of each quarter; (2) the Public Auditor be an ex officio member of the Commission on Modernization of the Government of Guam for the 21st Century and Beyond (COM-21); (3) the Public Auditor to be a member of the Special Economic Service work group to discuss and develop recommendations on economic policy, and (4) OPA to track quarterly reports from the Administrator of the Guam Medical Referral Office pertaining to gifts received from donors.

11. P.L. 28-171 required the Director of DPW to transfer from the Recycling Revolving Fund 3% of the total amount collected during that fiscal year (no later than 10 days after the end of each fiscal year), to fund one FTE at Guam Environmental Protection Agency (GEPA). The fund shall be subject to audits by the Public Auditor.

12. P.L. 28-150 required that: (1) Each Mayor shall submit a report to the Public Auditor regarding the receipts, expenditures, and applications of funds; (2) each Guam Medical Referral Office shall provide monthly reports on its activities and expenditures; (3) 56 entities submit at least two types of general reports: the quarterly financial report and monthly staffing pattern reports; (4) the OPA shall examine the appropriate records; and (5) OPA administer the $304,110 appropriated from the General Fund to DOA for the FY 2006 Government of Guam General Purpose Financial Statements and Single Audit Report and to oversee the annual audit.
13. P.L. 28-149 required the Public Auditor to approve the GPSS projected schedules of monthly cash disbursements for each school, division, and program, by expenditure category for the fiscal year and other reviews.

14. P.L. 28-76 required the Public Auditor to develop standards for the “ethics in government program” until the Guam Ethics Commission is appointed and functioning.

15. P.L. 28-68 required the Public Auditor to: (1) conduct the FY 2005 annual audit; (2) receive quarterly financial reports of non-appropriated funds handled by each Mayor; (3) audit the Chamorro Land Trust Operations Fund; (4) receive quarterly reports of the Guam Medical Referral Offices; (5) hear and decide all procurement appeals; and (6) report compliance with the quarterly reporting requirements.


17. P.L. 27-106 required each Mayor to submit a report of receipts, expenditures, and applications of funds to the Public Auditor on the fifth day of the first month of every fiscal quarter.

18. P.L. 27-99 required the Public Auditor to be an observer throughout the procurement of any services, parts, and equipment specified in P.L. 27-99 which discusses the emergency purchase of fire trucks and equipment and the repair of fire trucks and ambulances.

19. P.L. 27-86 required the Public Auditor to receive a detailed report of the authorized expenditures from the Sports Tourism Committee of GVB.

20. P.L. 27-47 required the Public Auditor to receive an expenditure and progress report of all funds appropriated to the Guam System of Care Council (GSOCC) by P.L. 27-47. The GSOCC is mandated to submit reports biannually.

21. P.L. 27-45 required the Public Auditor to receive a detailed report of all transfers, expenditures, and reimbursement directly related to Super typhoon Pongsona.

22. P.L. 27-37 required the Municipal Recycling Program Fund to be annually audited by the Public Auditor.

23. P.L. 27-35 required the Public Auditor to certify $3,323,763, which is to be paid to DOC, DPW, GEPA, and GFD for past due employment compensation. The funding for compensation shall be taken from the Community Advancement Fund.

24. P.L. 27-27 required the Public Auditor to receive an annual financial audit of the “exempted funds” (authorized to be retained by the Guam Baseball Federation, to include stadium sponsorship revenues, and the Municipal Stadium Operations Fund).

25. P.L. 27-22 required expense reports of the $9M appropriation related to Super typhoon Pongsona be submitted to the OPA.

26. P.L. 27-10 appointed the Public Auditor (or designee) as a member of the newly created Cost Reduction Task Force, whose purpose is to determine the most effective means by which to consolidate the purchasing power of the entire government of Guam.

27. P.L. 27-01 authorized the OPA to assess transactions of Typhoon Pongsona-related expenditures incurred by the government of Guam.

28. P.L. 26-170 required the Public Auditor to annually audit Child Mental Health Initiative Grant Fund to meet the requirements
of OMB Circular A-133.

29. P.L. 26-169 required the Public Auditor to be a member of the Advance Federal Funding Work Group.

30. P.L. 26-144 required GWA to outsource the maintenance and operation of water wells, booster pump stations, meters, etc., and the Public Auditor to observe the outsourcing process.


32. P.L. 26-116 opened all records relative to the recovery from Typhoon Chata’an and Typhoon Halong to the Public Auditor for auditing.

33. P.L. 26-85 created a Line of Credit Repayment Fund under the Public Auditor’s purview.

34. P.L. 26-83 required GVB to allow the Public Auditor to audit all the Bureau’s funds and matching cash, and the in-kind contributions of its membership.

35. P.L. 25-164 required an audit of the Village Streets Fund administered by the Mayor’s Council of Guam.

36. P.L. 25-143 required OPA to audit the Guam Educational Radio Foundation (KPRG-FM 89.3). In the absence of audited financial statements, KPRG is to provide a full accounting of the funds appropriated by P.L. 25-143.

37. P.L. 25-119 required the Public Auditor to conduct an annual audit of each municipality’s Municipal Litter and Defacement Fund.

Open OPA Mandates

1. P.L. 31-166 requires an annual audit of the Guam Housing Corporation’s First –time Homeowner Assistance Program to be conducted or cause to be conducted by the OPA and submitted to Maga’lahen Guahan and the Speaker of I Liheslaturan Guahan within ninety (90) days after the end of each fiscal year.

2. P.L. 31-159 established the Guam Film Office and required the Guam Field Office Fund to be subject to audit by the OPA.

3. P.L. 31-135 requires the director of DRT to submit a regular quarterly report to I Maga'lahen Guahan, the Speaker of I Liheslaturan Guahan, and the OPA of additional revenues less additional expenses raised thereof.

4. P.L. 31-131 requires Funds directed from the GPLS, as a result of revenue received from the contract for lease of frontage property, shall be subject to an annual audit by the OPA.

5. P.L. 31-117 requires all government agencies, including the OPA to donate all mileage accrued to the Ayuda Foundation. In addition, it required the OPA to conduct an annual audit of the Medical Referral Mileage Bank Account.

6. P.L. 31-93 establishes the Guam Procurement Advisory Council and requires the Public Auditor or his designee to be a member of the council. In addition, it authorizes the OPA to transfer resources to support the Guam Procurement Advisory Council operations.

7. P.L. 31-85 requires Department of Public Works to submit a report to the Speaker of I Liheslaturan, I Maga'laahi, the Office of Public Accountability, the Office of Finance and Budget, and the Public Utilities Commission of all utility relocation costs that are
authorized or allowed by the grantor of federal funds and allocated by DPW for mitigation and relocation expenses related to highway/road projects.

8. P.L. 31-77 requires the OPA to submit by October 31st of each year to the Speaker of I Liheslaturan Guahan and I Maga'lahen Guahan a complete list of current and outdated CITIZEN-CENTRIC REPORTS submitted by line agencies, autonomous and semi-autonomous agencies, public corporations, the Mayor's Council of Guam, the Judiciary of Guam, and I Liheslaturan Guahan. In addition, it gave OPA oversight of the annual audits of the Government of Guam, Tourist attraction Fund, and Guam Highway Fund. Lastly, it required DPR to submit a report of expenditures for the maintenance and repair of restroom facilities in public parks.

9. P.L. 31-74 requires the OPA to perform an annual audit of the SAR Fund and the compliance of the Director of DOA with the expenditure of such funds within the SAR fund in accordance with the administration and exclusive purpose of this article.

10. P.L. 31-25 authorizes MCOG to appoint and maintain oversight of the Guam Island Fair Committee, which a representative from the OPA should be a member of and states the MCOG shall be subjected to an audit by the Public Auditor in calculating net proceeds from the Liberation Day Festivities.

11. P.L. 31-20 gives the Public Auditor supervision of audits in autonomous agencies and grantees. It also established the Municipal Recycling Proceeds Fund, which is subject to audits by the Public Auditor.

12. P.L. 31-12 establishes Protest Procedure for Procurement Funded with 2009 American Recovery and Reinvestment Act Moneys Allotted to the Guam Department of Education. The protest shall be submitted directly to the Public Auditor who may settle and resolve the protest.

13. P.L. 30-221 established the Guam Beverage Recycling Act and required OPA to audit the program beginning in FY 2012, and for each fiscal year thereafter ending in an even number. The OPA may contract the audit services and costs incurred shall be reimbursed by the Fund.

14. P.L. 30-196 required: (1) the Superintendent of GDOE to submit a report to I Liheslaturan Guahan, I Maga’lahen Guahan and OPA of all local funds expended in FY 2011 for federally-funded programs; and (2) the Department of Parks and Recreation to submit quarterly reports of the expenditures for the maintenance and repair of public restrooms in the sum of $520,166 to the Public Auditor and the Speaker of the Legislature, and post the same on the department’s website.

15. P.L. 30-176 established the Guam Academy Charter Schools Appeals Board, which included the Public Auditor.

16. P.L. 30-165 established the villages of Inarajan and Ordot as the host communities for accommodating the solid waste operations of the Leyon Landfill and Ordot Dump and required OPA to periodically audit the Host Community Fund.

17. P.L. 30-164 established the Guam Department of Education Financial Supervisory Commission composed of five members, which included the Public Auditor. Among the commission’s responsibilities include the review of DOE financial reports for conformity with annual budget objectives and provide recommendations.

18. P.L. 30-127 required all government entities to submit to OPA and the Speaker a Citizen-Centric Report via electronic format and post same on their website no later than 60 calendar days after the independent audit report has been released.

19. P.L. 30-118 required the DPW Director to comply with all ex-
isting reporting requirements by issuing a quarterly accounting of the Building and Design Fee Account to the Legislature, Governor, and OPA.

20. P.L. 30-74 required the OPA perform an annual audit of the SAR Fund.

21. P.L. 30-68 Each mayor’s municipal activities is subject to audit by the Office of Public Accountability.

22. P.L. 30-08 The DOE Superintendent is authorized to establish a public, not-for-profit corporation to accept gifts, donations, endowments, etc. “The Foundation” is subject to audit by the OPA.

23. P.L. 30-05 (b) The Guam Regional Transit Authority Fund shall be audited annually by an independent certified public accountant or by the Office of the Public Auditor.

24. P.L. 29-116 requires the Recycling Revolving Fund to be audited by the Public Auditor.

25. P.L. 28-78 requires the Public Auditor to receive a quarterly report from the Office of Veteran’s Affairs describing the solicitation, acceptance, utilization, and administration of gift, bequests, and donations.


27. P.L. 28-44 requires the Public Auditor to receive an annual report detailing receipts, collections, and amounts of the Commercial Mobile Radio Service accounts and the Enhanced 911 Emergency System surcharges.

28. Executive Order 2003-19 requires the OPA to inspect documentation related to the procurement of legal representation pursuant to the designation of 8,000 acres of federal land.

29. P.L. 27-148 authorizes OPA to audit the Guam Recycling Fund. This fund is administered by the Guam Environmental Protection Agency.

30. P.L. 27-85 requires the Public Auditor to receive an annual copy of the financial statements issued by the Guam Football (Soccer) Association.

31. P.L. 27-58 requires the Public Auditor to receive an annual report of the activities of the Guam Board of Accountancy. This report shall include a listing of all current licensees.

32. P.L. 27-06 requires the Executive Branch to furnish OPA with a written report of General Fund emergency appropriation expenditures.

33. P.L. 26-120 requires the Guam Police Department to furnish the OPA with detailed financial reports of its Asset Forfeiture Fund.
Appendix 7: Website in Review

January 12, 2011
The Office of Public Accountability has released the Guam Memorial Hospital Authority’s FY 2010 Financial Statements, Report on Compliance and Internal Controls, Management Letter, and Letter to Those Charged with Governance.

- Highlights
  - 2010 Financial Statements
  - 2010 Report on Compliance and Internal Controls
  - 2010 Management Letter
  - 2010 Letter to Those Charged with Governance

January 12, 2011
The Office of Public Accountability has released the decision on procurement appeal OPA-PA-10-005, GCC-FB-10-015 Voice-Over Internet Protocol (VoIP) Telephone System Project.

- Click here for Decision

January 19, 2011
The Public Auditor has requested the Attorney General of Guam to reconsider Legal Opinion No. 10-0950

- Click here for letter

January 20, 2011
The Office of Public Accountability has released the Guam International Airport Authority’s FY2010 Financial Statements, Report on Compliance and Internal Controls, Management Letter, and Letter to Those Charged with Governance

- Highlights
  - 2010 Financial Statements
  - 2010 Report on Compliance and Internal Controls
  - 2010 Management Letter
  - 2010 Letter to Those Charged with Governance

January 21, 2011
The Office of Public Accountability has released the Guam Visitors Bureau’s FY2010 Financial Statements, Report on Compliance and Internal Controls, Management Letter, and Letter to Those Charged with Governance

- Highlights
  - Financial Statements & Report on Compliance and Internal Controls
  - Letter to Those Charged with Governance

January 28, 2011
The Office of Public Accountability has released the Guam Preservation Trust FY 2010 Financial Statements, Report on Compliance and Internal Controls, and Letter to Those Charged with Governance

- Highlights
  - Financial Statements & Report on Compliance and Internal Controls
  - Letter to Those Charged with Governance

January 31, 2011
The Public Auditor has submitted testimony on Bill 3-31, an act to create a Guam Commission on fiscal responsibility and reform.

- Click here for testimony
  - Click here for Bill 3-31

January 31, 2011
The Office of Public Accountability has released the Guam Educational Telecommunications Corporation (PBS Guam) FY 2010 Financial Statements, Report on Compliance and Internal Controls, and Letter to Those Charged With Governance

- Highlights
  - 2010 Financial Statements
  - 2010 Report on Compliance and Internal Controls
  - 2010 Letter to Those Charged With Governance

February 1, 2011
The Office of Public Accountability is soliciting bids from qualified persons or businesses to purchase and installation of a computer server and technical support. You may click the following links to download the IFB or pick up an IFB Package at:

- Suite 401, DNA Building
- 238 Archbishop Flores Street
- Hagatna, Guam 96910

- Amendment #1 and Responses to Questions
  - OPA IFB 11-01 Announcement
  - OPA IFB 11-01

February 3, 2011

- Click here for letter to Governor Calvo

February 11, 2011
The Office of Public Accountability has released the Tourist Attraction Fund (TAF) FY 2010 Financial Statements, Report on Compliance and Internal Controls, and Letter to Those Charged with Governance.

- Highlights
  - 2010 Financial Statements & Compliance
  - 2010 Letter to those Charged with Governance

February 14, 2011
The Office of the Attorney General responds to the Public Auditor’s request to reconsider Legal Opinion No. 10-0950.

- Click here for the Response Letter

February 16, 2011
The Office of Public Accountability has released the Guam Preservation Trust FY 2010 Financial Statements, Report on Compliance and Internal Controls, Management Letter, and Letter to Those Charged with Governance

- Highlights
  - 2010 Financial Statements
  - 2010 Report on Compliance and Internal Controls
  - 2010 Management Letter
  - 2010 Letter to Those Charged with Governance
Appendix 7: Website in Review

March 4, 2011


Summary of the Performeter
Performeter and A.F.T.E.R. Analysis

March 4, 2011

The Office of Public Accountability is soliciting proposals on behalf of the Guam Visitors Bureau for audit services. You may click the following links to download the Request for Proposal (RFP) or pick-up an RFP package at:

Guam Visitors Bureau
401 Pale San Vitores Road
Tumon, Guam 96913

GVV-RFP-2011-006 (Announcement)
GVV-RFP-2011-006 (Audit Services)

March 8, 2011

The Office of Public Accountability has released the Guam Power Authority’s FY 2010 Financial Statements, Report on Compliance and Internal Controls, Management Letter, and Letter to Those Charged with Governance.

Highlights
FY 2010 Financial Statements
FY 2010 Report on Compliance and Internal Controls
FY 2010 Management Letter
FY 2010 Letter to Those Charged With Governance

February 17, 2011

The Public Auditor has submitted testimony on Bill 57-31, an act to provide temporary expedited procurement procedures to assist with the disbursement of stimulus funds under the “2009 American Recovery and Reinvestment Act”.

Click here for testimony
Click here for Bill 48-31

February 17, 2011

The Office of Public Accountability has released the decision on procurement appeal OPA-PA-10-008, GDOE IFB-008-2010 Preventive Maintenance & Repair of Split Type AC Equip for All DOE Schools & Support Facilities

Click here for Decision

February 25, 2011

The Office of Public Accountability has released the University of Guam’s FY 2010 Financial Statements, Report on Compliance and Internal Controls, Management Letter, and Letter to Those Charged with Governance.

FY 2010 Highlights
FY 2010 Financial Statements
FY 2010 Report on Compliance and Internal Controls
FY 2010 Management Letter
FY 2010 Letter to Those Charged With Governance

February 28, 2011


FY 2010 Highlights
FY 2010 Financial Statements, Compliance & Internal Controls
FY 2010 Management Letter
FY 2010 Letter to Those Charged with Governance

March 1, 2011

The Office of Public Accountability has released the Guam Economic Development Authority’s FY 2010 Financial Statements, Report on Compliance and Internal Controls, and Letter to Those Charged with Governance.

Highlights
FY 2010 Financial Statements and Report on Compliance and Internal Controls
FY 2010 Letter to Those Charged With Governance

March 2, 2011

The Office of Public Accountability is soliciting proposals on behalf of the Guam Memorial Hospital Authority for audit services. You may click the following links to download the Request for Proposal (RFP) or pick-up an RFP package at:

Guam Memorial Hospital Authority
850 Governor Carlos Carcamo Road
Oka, Tamuning, Guam 96913

GMH-RFP-003-2011 Announcement
GMH-RFP-003-2011 (Audit Services)
Amendment #1
Amendment #2

March 8, 2011

The Office of Public Accountability has released the Guam Power Authority’s FY 2010 Financial Statements, Report on Compliance and Internal Controls, Management Letter, and Letter to Those Charged with Governance.

Highlights
FY 2010 Financial Statements
FY 2010 Report on Compliance and Internal Controls
FY 2010 Management Letter
FY 2010 Letter to Those Charged With Governance

March 11, 2011

The Office of Public Accountability is soliciting proposals from qualified persons or businesses for CPA consulting services for FY 2012 through FY 2014. You may click the following links to download the RFP or pick up an RFP package at:

Suite 401, DNA Building
238 Archbishop Flores Street
 Hagatna, Guam 96910

OPA – RFP – 11 – 01 (Announcement)
OPA – RFP – 11 – 01 (CPA Consulting Services)
OPA – RFP – 11 – 01 (OPA Responses to Questions)

March 15, 2011

The Public Auditor has submitted testimony on Bill 57-31, an act to amend §1013 of Chapter 10 of Title 1 of the Guam Code Annotated.

Click here for testimony
Click here for Bill 57-31
Appendix 7: Website in Review

April 19, 2011

The Office of Public Accountability has released the Territorial Highway Fund FY 2010 Financial Statements, Management Letter, and Letter to Those Charged with Governance.

>Highlights
>2010 Financial Statements
>2010 Management Letter
>2010 Letter to Those Charged with Governance

April 19, 2011

The Office of Public Accountability is seeking applications from qualified persons for the positions of:

> Auditor I
> Auditor II
> Auditor III

April 21, 2011

The Office of Public Accountability has released the decision on procurement appeal OPA-PA-11-001, IFB GSA-105-10 Radiology Imaging System Marked for DPHSS.

>Decision

April 22, 2011


>Highlights
>2010 Financial Statements
>2010 Report on Compliance and Internal Controls
>2010 Management Letter
>2010 Letter to Those Charged with Governance

April 27, 2011

The Office of Public Accountability has released a notification to all elected and appointed officials, and members of boards or commissions with respect to their responsibility to attend an ethics in government program required by Public Law 28-76.

>Click here for the notification

April 28, 2011

The Public Auditor has submitted testimony on Bills 159-31 and 160-31, acts to establish the Guam Procurement Advisory Council and amend sections of the Guam Code Annotated relative to Government of Guam Procurement.

>Click here for testimony
>Click here for Bill 159-31
>Click here for Bill 160-31

May 4, 2011

The Office of Public Accountability has released the Guam Housing and Urban Renewal Authority’s FY 2010 Financial Statements, Report on Compliance and Internal Controls, Management Letter, Letter to Those Charged with Governance.

>Financial Highlights
>2010 Financial Statements
>2010 Report on Compliance and Internal Controls
>2010 Management Letter
>2010 Letter to Those Charged with Governance
Appendix 7: Website in Review

June 10, 2011
The Office of Public Accountability has released the decision on procurement protest OPA-PP-11-008, Invitation for Bid No. DOE IFB-006-2011 for Laptops and Mobile Computer Labs.

June 10, 2011
The Office of Public Accountability has issued a Memo to all government of Guam entities relative to Public Law 30-127, Citizen Centric Report.

June 15, 2011
The Office of Public Accountability is soliciting proposals on behalf of the Guam Department of Education (GDOE) for audit services. You may click the following links to download the Request for Proposal (RFP) or pick-up an RFP package at:

Guam Department of Education
Office of Supply Management, Suite B-220
Manuel F. L. Guerrero Building
312 Agapito Avenue,
Hagatna, Guam 96910

GDOE RFP-016-2011
Amendment #1
Amendment #2

June 16, 2011
The Office of Public Accountability is soliciting proposals on behalf of the A.B. Won Pat International Airport Authority for audit services. You may click the following links to download the Request for Proposal (RFP) or pick-up an RFP package at:

A.B. Won Pat International Airport Authority's Executive Offices, Main Terminal, 3rd Floor
Tamuning, Guam 96931

GIAA RFP – 006 –FY11
Amendment #1

June 17, 2011
The Office of Public Accountability is soliciting proposals on behalf of the Guam Housing and Urban Renewal Authority (GHURA) for audit services. You may click the following links to download the Request for Proposal (RFP) or pick-up an RFP package at:

Guam Housing and Urban Renewal Authority
Main Office Front Desk
117 Bien Venida Ave
Sinajana, Guam 96910

RFP-GHURA-COCC-011-002
Questions and Responses
Appendix 7: Website in Review

June 24, 2011

June 28, 2011
The Guam Office of Public Accountability is proud to announce that its website, www.guamopa.org, has won the Association of Local Government Auditors’ (ALGA) prestigious Silver Award for Best Website.

June 29, 2011
The Office of Public Accountability has released its CY 2010 Annual Report.

July 1, 2011
The Office of Public Accountability has released the Government of Guam’s FY 2010 Financial Statements and Letter to Those Charged with Governance.

July 5, 2011
The Office of Public Accountability has released the Government of Guam’s FY 2010 Single Audit Reports and Management Letter.

July 15, 2011
The Office of Public Accountability is soliciting proposals on behalf of the Guam Power Authority for audit services for fiscal years 2011, 2012, 2013. You may view the RFP at our website, www.guamopa.org or pick up an RFP Package at:
Guam Power Authority
1911 Army Dr.
OPA Procurement Office – 1st Floor
Tamuning, Guam 96913-1255

August 1, 2011
The Office of Public Accountability has released OPA Report 11-05, Department of Public Works’ Building Permits and Inspection Section.

August 4, 2011
The Office of Public Accountability has released its FY2010 Citizen Centric Report pursuant to Public Law 30-127.

August 17, 2011
The Office of Public Accountability has released OPA Report 11-06, Guam Fire Department Non-Productive Pay on Leave and Other Compensation.

August 31, 2011
The Office of Public Accountability has issued a news release on the recognition for Independent Certified Public Accountant Volunteers.

August 31, 2011
The Office of Public Accountability has issued a news release on the recognition for OPA’s editor, Catherine Sablan Gault for Five Years of Service.

September 7, 2011
Pursuant to Section 6205 of Title 4, Guam Code Annotated, the Office of Public Accountability is petitioning to recruit above the minimum step for an Auditor I position.

September 20, 2011
The Office of Public Accountability has issued a news release announcing OPA Auditors selected for on-the-job training with U.S. Department of Interior, Office of Inspector General.
September 26, 2011
The Office of Public Accountability has released the decision for appeal OPA-PA-11-011 regarding the Guam Community College, Government of Guam’s denial of Pacific Data Systems’ protest concerning Invitation for Bid No. GCC-PB-10-015 (Voice Over-Internet Protocol).

September 27, 2011
The Office of Public Accountability has released the decision for appeal OPA-PA-11-012 regarding the General Services Agency, Government of Guam’s denial of protest by Joeten Development, Inc. concerning Invitation for Bid No. GSA-047-11 (Lease of Office Space).

September 29, 2011
The Office of Public Accountability (OPA) is soliciting written proposals for Certified Public Accountant (CPA) Consulting Services. You may click the following link to download the Request for Proposal (RFP) or pick-up an RFP package at:

Office of Public Accountability
Suite 401, DNA Building
238 Archbishop Flores Street
Hagatna, Guam 96910

October 5, 2011
The Office of Public Accountability has released OPA Report 11-07, Guam Professional Engineers, Architects and Land Surveyors Board’s Funds and Financial Practices.

October 28, 2011
The Office of Public Accountability has released OPA Report 11-08, Government of Guam Annual Leave Lump Sum Payments.

October 31, 2011
The Office of Public Accountability has released OPA Report 11-09, Government Wide Submission of Citizen-Centric Reports Pursuant to Public Law 31-77.

November 4, 2011
The Public Auditor provided remarks as the Key Speaker for the Department of Education’s “Transparency and Accountability of Federal Funds” training at the Hotel Nikko Guam.

November 16, 2011
The Office of Public Accountability has received a full compliance rating for its 2011 Quality Control Review.

November 17, 2011
The Office of Public Accountability has released OPA Report 10-08, Guam Fire Department Payroll & Special Payments Analysis.

December 19, 2011

December 23, 2011
The Office of Public Accountability released the Decision for Appeal OPA-PA-11-009 regarding the Department of Public Works’ decision to terminate Hubtec International Corporation’s contract concerning GU-NH-0002(104) re-construction of Route 2 Culverts and Slide Repair.

December 29, 2011

December 30, 2011
The Office of Public Accountability released OPA Report 11-12, General Services Agency Small Purchase Procurement.

Executive Summary
Full Report
Executive Summary
Full Report
Executive Summary
Full Report
Executive Summary
Full Report
Executive Summary
Full Report
Executive Summary
Full Report
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Note: Auditor III GR and Audit Supervisor LP subsequently resigned in 2012.
ACKNOWLEDGEMENTS

Key contributions to this report were made by:
Rodalyn Marquez, CIA, CGFM, CPA, CGAP, Audit Supervisor
Joy Bulatao, Auditor-In-Charge
Jerrick Hernandez, Audit Staff
Doris Flores Brooks, CPA, CGFM, Public Auditor

MISSION STATEMENT

To improve the public trust, we audit, assess, analyze, and make recommendations for accountability, transparency, effectiveness, efficiency, and economy of the government of Guam independently, impartially, and with integrity.

VISION

Guam is the model for good governance in the Pacific.

CORE VALUES

Independence

Accountability

Impartiality

Transparency

REPORTING FRAUD, WASTE, AND ABUSE

- Call our HOTLINE at 47AUDIT (472-8348)
- Visit our website at www.guamopa.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.