Office of Public Accountability
Annual Report

Calendar Year 2012

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Integrity • Independence • Impartiality • Accountability • Transparency
Message from the Public Auditor

My Dear People of Guam:

Un Dangkulu Na Si Yu’os Ma’ase for re-electing me to a fourth term as your Public Auditor. You have again bestowed your trust and confidence in me and I shall endeavor to be worthy of that trust. I also thank God for his blessings and ask God for his continued guidance as we move forward into this fourth term.

My re-election would not have been possible were it not for my hardworking and dedicated staff whose commitment, professionalism and integrity produced quality reports. I want to especially thank our core management staff of four, each of whom have been with me for over nine years.

This is our 12th annual report. Over these past twelve years there has been a sea change in the audit landscape. We were once a Government whose financial audits were behind nearly two years, riddled with opinion qualifications and millions in questioned costs. Performance audits were virtually non-existent.

Today our financial audits are issued timely with unqualified “clean” opinions. Questioned costs are now in the tens of thousands, not millions. But improvements in compliance still await us. I have set the goal for our Government and all its component units to become low risk auditees. Material weaknesses still occur in certain major agencies such as the Guam Memorial Hospital, the Department of Education and the General Fund through its line agencies such as Departments of Public Health and Social Services, Public Works, and Revenue and Taxation. There is only one entity, the Guam Community College, who is a low risk auditee. All entities who receive federal grants should become low risk auditees to give our people and the Federal government confidence in our ability to manage federal funds.

Another goal we have set is for the Government Wide Audit to be issued within six months from fiscal year end rather than the nine months it now takes. And to have the Department of Administration issue the Organic Act required Comprehensive Annual Financial Report (CAFR) with the annual audit. When these accomplishments are achieved our Government will join the nearly 40 states and over 3600 local jurisdictions who receive the Certificate of Excellence from the Government Finance Officers Association for issuing a CAFR and audit in six months. We now have 13 entities who are able to issue financial audits in six months.

Staffing continues to be problematic. We have yet to recover from the loss of three staff in early 2012, which brought our staff complement down to 12. Despite the loss of staff we issued nine performance audits with 25 recommendations that collectively identified $4.3 million in questioned costs and other financial impact.

We administered 19 procurement appeals from which eight decisions were issued, seven were resolved through stipulated agreements, three subsequently withdrawn of which one was after extensive deliberations and hearings, and one dismissed.

I have had the good fortune as a member of Association of Pacific Island Public Auditor s (APIPA) and the Pacific Association of Supreme Audit Institutions (PASAI) to visit other audit offices in the Pacific. With the continuity of leadership OPA has earned a reputation for audit competence among our Pacific colleagues. Our goal is for OPA to become a model robust audit office that helps to promote good governance in our government. Our vision is that Guam is the model for good governance in the Pacific.

I am also pleased to report that OPA will host the 16th PASAI Congress in September 2013. The main delegates, approximately 60, are the Auditor Generals of New Zealand, Australia, Fiji, Tonga, Papua New Guinea and French speaking territories such as New Caledonia and other island countries. We are excited and honored to be the Congress host.

Senseramente,

Doris Flores Brooks, CPA, CGFM
Public Auditor
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.”

On January 7, 2013, Public Auditor Doris Flores Brooks was sworn in for her fourth term at the Supreme Court by Chief Justice F. Phillip Carbullido. She is the only person to have been elected Guam’s Public Auditor and has run unopposed in the last three elections. She is also the longest serving Public Auditor of Guam. The ceremony was held in the Justice Monessa G. Lujan Appellate Courtroom, with Governor Eddie Baza Calvo as the guest speaker.

Pictured from Left to Right: Vice Speaker Benjamin Cruz, Public Auditor Doris Flores Brooks, Governor Eddie Baza Calvo, and Chief Justice F. Phillip Carbullido.
In 2012, OPA continued its commitment and dedication to “Auditing for Better Government” by:

- Issuing nine performance audits that identified over $4.3 million (M) in questioned costs and financial impacts;
- Making 24 recommendations to improve government accountability, effectiveness, and efficiency;
- Providing oversight for the issuance of 22 financial audits;
- Administering 19 procurement appeals; and
- Issuing nine Requests for Proposals (RFP) for financial audit services.

**Performance Audits**

Performance audits are audits that improve the effectiveness and efficiency of government operations. Of the nine performance audits we completed in 2012, we provided:

**Insight Reviews**
1. Guam Veteran Affairs Office’s Non-Appropriated Funds
2. Guam Memorial Hospital Authority Compensation Controls
3. Government of Guam Analysis of Top Ten Vendors
5. Guam Department of Education’s Cash Controls over School Meals Program
6. Government of Guam Payroll-Related Demand Runs and Special Payments

**Oversight Reviews**
1. Government Wide Submission of Citizen-Centric Reports Pursuant to Public Law 31-77
2. Government of Guam Supplemental Appropriations Revenue (SAR) Fund
3. OPA’s Status of Audit Recommendations

**Procurement Appeals**

Nineteen procurement appeals were brought before the Public Auditor in 2012. Of the 19 appeals, eight received decisions, three were withdrawn, one dismissed, and seven were resolved through stipulated agreements. Of the eight decisions, seven decisions were in favor of the government, with one decision partially in favor of the government. Appeals ranged from a myriad of items, including income tax credits, laptops and computers, telecommunication services, structural repairs and landscape maintenance amounting to over $19M in procurement value.

The goal of OPA is to issue timely procurement appeals decisions. Appeals should be resolved within 90 to 120 days of the appeal filing. And correspondingly, decisions should be rendered within 30 to 60 days of the conclusion of appeal hearing. Of the eight decisions issued, they ranged from 15 days to 149 days for an average of 86 days. Two of the decisions were procurements with American Recovery and Reinvestment Act (ARRA) funding that had a 15 day mandated deadline, which were issued within the shortened timeframe.

**Financial Audits**

**Financial Reporting**

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

We continue to see improvements in financial audit reporting. There were 22 financial audits issued in calendar year 2012. Of the 22, 13 agencies issued their reports within six months after year end. Two entities, the Mayors Council of Guam (MCOG) and Liberation Day Committee Fund (LDC) had qualified audit opinions. For MCOG, $205 thousand (K) of deposits and $86K disbursements were not verifiable for FY 2010. Similarly, for 2010 LDC, $49K of deposits and $33K of disbursements were not documented. While this was their first financial audit, previous performance audits by OPA had pointed out similar findings.

The Department of Chamorro Affairs (DCA) also had a qualified opinion on their non-appropriated funds due to lack of documentation and reconciliation of its book inventory.

Compliance

For compliance, there are two types of reports issued. All agencies undergo a report on compliance on internal control over financial reporting. As a result there were 22 compliance reports issued in 2012. In addition, agencies that expend more than $500,000 in federal grants are subject to an A-133 Single Audit.

Findings consist of material weaknesses, significant deficiencies, and management letter comments.

A material weakness is a deficiency, or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than material weakness, yet important enough to merit attention by those charged with governance.

In 2012, there were 30 compliance findings consisting of 18 material weaknesses and 12 significant deficiencies among the following 11 agencies:

1. Government of Guam
2. Guam Department of Education
3. Guam Memorial Hospital Authority
4. Department of Chamorro Affairs
5. Mayors Council of Guam
6. Territorial Highway Fund
7. Liberation Day Committee
8. Guam Housing Corporation
9. Guam Preservation Trust
10. Guam Power Authority
11. Solid Waste Operations Fund

Of the ten agencies subject to an A-133 Single Audit in 2012, 18 compliance report findings (five material weaknesses and 13 significant deficiencies) were issued to the following eight agencies:

1. Government of Guam
2. Guam Department of Education
3. Guam Memorial Hospital Authority
4. University of Guam
5. Guam International Airport Authority
6. Port Authority of Guam
7. Guam Community College
8. Guam Housing and Urban Renewal Authority

For an entity to be considered low-risk, it should have been audited as a major program in at least one of the two most recent audit periods and should have no audit findings. There is only one entity, the Guam Community College, who has met this designation. GCC has been a low-risk auditee for the past twelve years.
Management Letter
Auditors may also issue a Management Letter, which identifies deficiencies related to internal control over financial reporting and other matters. 71 management letter comments were identified for the following agencies:
1. Guam International Airport Authority
2. Port Authority of Guam
3. Guam Housing Corporation
4. PBS Guam
5. Guam Visitors Bureau
6. Guam Preservation Trust
7. Guam Power Authority
8. Guam Memorial Hospital Authority
9. Mayors Council of Guam
10. Guam Waterworks Authority
11. Liberation Day Committee
12. Guam Housing and Urban Renewal Authority
13. Government of Guam
14. Solid Waste Operations Fund

Staff and Time Composition
As of December 31, 2012, OPA had 12 full-time staff. The OPA staff spent most of the 25,728 available hours in 2012 on audits, reviews, legislative mandates, and procurement appeals.

Staff Development
Working with the Department of Interior Office of Insular Affairs (DOI OIA), the OPA received approval for Grant No. TA-Guam-OPA-2012-8 in May 2012. 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. The grant will expire on December 31, 2013.

Staff Recruitment and Retention
OPA continues to face difficulty in recruitment and retention. Through the Department of Administration (DOA) Human Resources (HR), OPA has continuously announced its search for Auditors I, II, and III’s, and Paralegal II since April 2011. Only one new Auditor I was hired in February 2013.

From January to March 2012, OPA lost an Auditor III, an Auditor Supervisor, and its only Procurement Appeals Administrator. Most have resigned to accept higher salaries offered from autonomous agencies. The graph below shows the fluctuation of the number of OPA employees since 2006.

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. Unlike autonomous agencies who have im-
implemented for several years, their version of the Hay Study. OPA’s main challenges to recruitment and retention are:
1. Low pay compensation package; and
2. Bureaucratic and lengthy hiring process.

Who Audits the Auditor?

Government Auditing Standards require an audit organization to undergo a quality control review (peer review) every three years. OPA was audited for the fifth time by the Association of Pacific Islands Public Auditors (APIPA) in October 2011. Additionally, independent auditors Deloitte & Touche annually audit OPA’s financial statements as part of the annual Government-Wide financial audit, and has not issued any management letter comments for the last several years.

FY 2012 Budget Execution

For fiscal year (FY) 2012, OPA’s total appropriation was $1.3M and expenditures were $1.1M. OPA’s expenditures primarily consisted of salaries and benefits (70%), contractual services (15%) and rent (9%). See table below and Appendix 1 for financial statements.

<table>
<thead>
<tr>
<th>Expenses</th>
<th>FY 2012 (Unaudited)</th>
<th>FY 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and Benefits</td>
<td>$ 792,913</td>
<td>$ 867,384</td>
</tr>
<tr>
<td>Rent</td>
<td>$ 102,594</td>
<td>$ 102,594</td>
</tr>
<tr>
<td>Contractual</td>
<td>$ 170,876</td>
<td>$ 79,024</td>
</tr>
<tr>
<td>Training</td>
<td>$ 17,227</td>
<td>$ 58,265</td>
</tr>
<tr>
<td>Equipment</td>
<td>$ 17,223</td>
<td>$ 28,949</td>
</tr>
<tr>
<td>Capital Outlays</td>
<td>$ -</td>
<td>$ 24,929</td>
</tr>
<tr>
<td>Travel</td>
<td>$ 12,487</td>
<td>$ 7,727</td>
</tr>
<tr>
<td>Supplies</td>
<td>$ 7,674</td>
<td>$ 7,214</td>
</tr>
<tr>
<td>Telephone and Utilities</td>
<td>$ 3,174</td>
<td>$ 5,333</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>$ 1,995</td>
<td>$ 4,152</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>$ 1,126,163</strong></td>
<td><strong>$ 1,185,571</strong></td>
</tr>
</tbody>
</table>

BBMR Allotment Control

For the FY 2013 budget appropriation, OPA was the only elected office not exempted from Bureau of Budget Management and Research (BBMR) control. This exemption had been given to OPA during the past 12 fiscal years like other elected offices. The Legislature, the Mayors’ Council, the elected Attorney General, and the Judiciary were all exempted. We ask the Legislature to grant OPA exemption from BBMR allotment control, similar to other elected offices.

Similarly in prior years, OPA was granted authority to carryover unused funds. This again was taken away in the FY 2013 Budget Act. Because of recruitment difficulties, OPA had accumulated personnel lapses of $441K. These personnel lapses, unlike other agencies who fully expend their budgets, contributed to deficit reduction.

OPA’s FY 2013 initial appropriation of $1.3M was adjusted by the Income Tax Refund set aside of $67K and 15% BBMR allotment reserve of $185K, leaving a net authorized budget of $1.05M. This is less than OPA’s FY 2006 budget of $1.07M.

One way to render an audit office ineffective is by lack of adequate funding. For an effective audit office to function independently, it must have the adequate funding, financial autonomy, and staff resources in order to perform the work required.
Inefficiencies found in DOA payroll systems

By Ken Quintanilla
Pacific Daily News
kquintanilla@guampdn.com

The Office of Public Accountability has released a performance audit report of the government of Guam’s Supplemental Appropriations Revenue (SAR) Fund. The audit, conducted by the Office of Public Accountability, was completed in June 2011 through the Supplemental Appropriations Act of 2010. The audit was commissioned by the Guam Public Agency, the Department of Administration, the Office of Planning and Budgeting, and the Office of the Governor.

The audit found that the SAR Fund was not used to its fullest potential due to inefficient and ineffective management. The audit recommended that the SAR Fund be used to fund projects that are in the best interest of the government of Guam.

More accountability needed on GovGuam’s fuel purchases

By Armando Codrera
Pacific Daily News
arcodrera@guampdn.com

The University of Guam didn’t follow procurement procedures in its contract to purchase fuel from the University of Hawaii. The audit found that the University of Guam should have followed the Guam Procurement Code and the Uniform Commercial Code to ensure that the university received the best price for the fuel.

The audit recommended that the University of Guam implement a fuel purchasing policy that is in compliance with the Guam Procurement Code and the Uniform Commercial Code. The audit also recommended that the University of Guam implement a system to monitor the fuel purchases and ensure that the university is getting the best price for the fuel.

Legal action may be sought over audit recommendations

By Armando Codrera
Pacific Daily News
arcodrera@guampdn.com

The Office of the Attorney General has been notified of the audit recommendations and is reviewing them to determine if legal action is warranted. The Office of the Attorney General may seek legal action if the recommendations are not implemented in a timely manner.

The Office of the Attorney General has also been notified of the recommendations of the Office of the Auditor of Guam. The Office of the Auditor of Guam has recommended that the government of Guam implement a system to monitor the fuel purchases and ensure that the government is getting the best price for the fuel.

The Office of the Auditor of Guam has also recommended that the government of Guam implement a system to monitor the fuel purchases and ensure that the government is getting the best price for the fuel.
In 2012, OPA issued nine performance audits that collectively identified over $4.3M in questioned costs and other financial impacts. The following is a synopsis of our completed audits. Refer to table below for our performance audits statistics.

Report No. 12-01: Guam Veterans Affairs Office (VAO) Non-Appropriated Funds

We found the Guam Veterans Commission (Commission) did not perform its fiduciary responsibility to provide oversight or adequately monitor VAO’s finances and operations.

We concluded that it was not possible to completely assess or quantify the extent of:
- loss due to the lack of burial claims submitted by the former Administrator, and
- possible misuse or misappropriation due to poor record keeping.

The Commission’s inability to provide oversight and monitoring over VAO’s finances and operations led to $66K in lost/potential revenues, as well as unallowable and unsupported costs.

We recommended for the Commission to:
1. Immediately discontinue the practice of signing blank checks and require the Administrator to provide supporting documentation prior to all disbursements;
2. Perform monthly bank reconciliations and prepare monthly financial statements to ensure that all cash collected and disbursed is accurately accounted for; and
3. Maintain a list of all claims submitted to the U.S. Department of Veterans Affairs.

Report No. 12-02: Supplemental Appropriations Revenue (SAR) Fund

In June 2011, the Supplemental Appropriations Act of 2011 (P.L. 31-74) established the SAR Fund to ensure that various Gov-Guam agencies “deemed vital” would be funded, despite limited resources available.

<table>
<thead>
<tr>
<th>Report No.</th>
<th>Report Title</th>
<th>Questioned Costs</th>
<th>Other*</th>
<th>Total</th>
<th># of Recommendations</th>
</tr>
</thead>
<tbody>
<tr>
<td>#12-01</td>
<td>Guam Veterans Affairs Office Non-Appropriated Funds</td>
<td>$37,235</td>
<td>$29,217</td>
<td>$66,452</td>
<td>4</td>
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<tr>
<td>#12-02</td>
<td>Supplemental Appropriations Revenue (SAR) Fund</td>
<td>$</td>
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<tr>
<td>#12-03</td>
<td>Government Wide Submission of Citizen-Centric Reports Pursuant to Public Law31-77</td>
<td>$</td>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>#12-04</td>
<td>GMHA Compensation Controls from 2009 to 2011</td>
<td>$205,831</td>
<td></td>
<td>$205,831</td>
<td>6</td>
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<tr>
<td>#12-05</td>
<td>GovGuam Payroll-Related Demand Runs and Special Payments</td>
<td>$3,882</td>
<td></td>
<td>$3,882</td>
<td>5</td>
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<tr>
<td>#12-06</td>
<td>GovGuam Analysis of Top Ten Vendors</td>
<td>$3,671,346</td>
<td></td>
<td>$3,671,346</td>
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<tr>
<td>#12-07</td>
<td>GovGuam Gas Fleet Card Program</td>
<td>$184,312</td>
<td>$166,679</td>
<td>$350,991</td>
<td>4</td>
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<tr>
<td>#12-08</td>
<td>Guam DOE’s Cash Collections over School Meals Program</td>
<td>$</td>
<td>$25,223</td>
<td>$25,223</td>
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<tr>
<td>#12-09</td>
<td>OPA’s Status of Recommendations</td>
<td>$</td>
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<td>0</td>
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<tr>
<td>Totals</td>
<td></td>
<td>$4,102,606</td>
<td>$221,119</td>
<td>$4,323,725</td>
<td>24</td>
</tr>
</tbody>
</table>

*Note for Financial Impact Other: 12-01 No 1099 forms issued, 12-07 Lost Savings, and 12-08 Missing Cash
With the exception of an over-expenditure of $536K, SAR Fund revenues and expenditures were recognized in accordance with law.

While P.L. 31-74 mandated OPA to conduct an annual audit of the SAR Fund, we recommended amending the law to include review of the SAR Fund as part of the annual Government of Guam financial audit.

**Report No. 12-03: Government Wide Submission of Citizen-Centric Reports Pursuant to Public Law 31-77**

A CCR is a condensed four page report to the people of Guam outlining an agency’s mission, goals, accomplishments, challenges and other note worthy achievements. P.L. 31-77 requires an annual development and submission of a CCR.

A total of 59 entities were required to submit and post a CCR on their website. As of October 31, 2012, 53 agencies or 90% submitted a CCR. The remaining six entities who did not submit a CCR for FY 2011 were as follows:

1. Department of Parks and Recreation,
2. Guam Board of Accountancy,
3. Guam Contractors License Board,
4. Guam Memorial Hospital Authority,
5. Veterans Affairs Office, and

Of the 53 agencies that issued a CCR, eight did not post their CCR on their website.

**Report No. 12-04: Guam Memorial Hospital Authority Compensation Controls**

GMHA has weak basic controls to ensure authorized and accurate compensation to personnel who were paid more than $100K annually.

We found that GMHA’s:
- Weak management oversight contributes to potentially excessive compensation and hours worked;
- Timekeeping and payroll controls need strengthening; and
- Complex pay structure contributes to errors.

Questioned costs amounted to $206K for 15 individuals tested in three pay periods. This represents 53% of the $387K in total compensation paid for the three pay periods. Had additional testing been undertaken, questioned costs would likely be significantly higher.

Recommendations included:
1. Enforcement of GMHA’s policy for all employees, particularly physicians, to clock-in electronically,
2. Establishing built-in controls within the payroll system;
3. Implementing compensation threshold policies; and
4. Developing a tracking system to correlate physicians’ hours worked and paid to billings by physicians.

**Report No. 12-05: GovGuam Payroll-Related Demand Runs and Special Payments**

DOA’s processing of payroll-related demand runs and special payments were generally authorized and correctly calculated, but they were not efficiently processed.
We found that demand runs and special payments were processed any day of the week, and occurred an average of 11 work days per month in FY 2011. Processing demand runs and special payments required DOA payroll staff to spend additional time processing these payments.

The top three agencies with the largest and most frequent issuance of demand runs and special payments were the Guam Police Department, Department of Corrections, and Customs and Quarantine Agency, accounting for 14,462 payments totaling $8.6M for the three years.

Additionally, 46 CQA employees routinely received demand runs, averaging 24 checks per year or almost one demand run pay check every other week during the year.

We recommended for DOA to:
1. Develop a policy to limit the number of routinely processed demand runs to once a week on non-payroll weeks or as part of the biweekly payroll run;
2. Create a task force to simplify, consolidate, and review the necessity of having 98 pay codes in the AS400; and
3. Develop a filing system to ensure that all supporting documents are maintained within the Payroll Section.

Report No. 12-06: GovGuam Analysis of Top Ten Vendors

The GovGuam General Fund and its related funds spent $123.8M for goods and services in FY 2009, $165.7M in FY 2010, and another $165.2M in FY 2011, for a total of $454.8M on goods and services. In each of the three years, over 40% of GovGuam’s purchases went to the top ten vendors.

We found deficiencies with the procurements of these ten vendors that amounted to $3.7M in questioned cost:
- Procurement of goods and services with escalating contract costs totaling $1.1M over the original contract amount;
- Two million ($2M) for an award not given to the lowest bidder as well as this bid not being advertised;
- Utilization of sole source procurement without justification totaling $6K; and
- Missing documentation totaling $526K.

There is a lack of due diligence with locally funded procurement compared to federally funded procurement. These conditions occurred because there was no secondary review of locally funded procurement and no standard filing system to ensure proper filing of all procurement documents.

We recommend that General Services Agency follow the Attorney General’s checklist for all procurements and utilize the standard templates for various methods of source selection to ensure compliance with established procurement regulations.

Report No. 12-07: GovGuam Gas Fleet Card Program

In a time of rising costs and minimized budgets, GovGuam agencies should be more mindful of fuel costs. GovGuam should implement more stringent controls over fuel purchases to mitigate the risk of abuse and fraud.
We found $184\text{K} in questioned costs and $167\text{K} in lost savings:

- Nearly 50\% of GovGuam agencies do not reconcile fuel billings to actual fuel receipts in order to ensure accuracy of payment;
- GovGuam, GWA, and UOG paid more per gallon of regular fuel and diesel fuel in FY 2011 compared to GPA, resulting in lost savings of $167\text{K} in FY 2011;
- GovGuam purchased $11\text{K} of unauthorized premium fuel; and
- UOG has an undocumented contract with its current fuel vendor that has been in place for an undetermined period of time, resulting in questioned costs of $174\text{K}.

These conditions occurred because no one at DOA, GSA, or any of the agencies is properly monitoring and analyzing fuel purchases.

We recommend the following:
1. All agencies conduct monthly reconciliation of fuel billings to actual receipts to ensure accuracy of fuel charges;
2. DOA, GSA, GWA, and UOG coordinate with GPA in providing assistance on monitoring fuel prices;
3. DOA and GSA require all agencies to reevaluate and assess the need to purchase premium fuel and work with fuel vendors to improve controls to prevent unauthorized premium fuel purchases; and
4. UOG comply with procurement regulations and issue an Invitation for Bid for fuel immediately.

Report No. 12-08: Guam DOE’s Cash Collections over School Meals Program

There is a risk for theft of cash and underreporting of school meals reimbursement requests made to the U.S. Department of Agriculture.

We found:
- No assurance that meals served were accurately reported and all cash was collected, resulting in questioned costs of $25\text{K};
- No one in charge of the overall program; and
- Fluctuations in cash collections and a decline in the number of meals served.

These conditions occurred due to the lack of oversight and monitoring of meals served at point-of-service in the schools, no established standard operating procedures for meals served and cash collected, and no oversight of the entire school meals program in GDOE.

We recommended for GDOE:
1. Develop an official policy for accounting meals and collecting cash inclusive of standard formal training
2. Require GDOE Business Office and FNSMD to reconcile the Cash Receipts Report and Summary of Monthly Meal Count Reports, and
3. Designate a person to be responsible for the overall school meals program.

Report No. 12-09: OPA’s Status of Recommendations

Between calendar years (CY) 2010 and 2011, the OPA issued 21 audit reports that focused on fund accountability, program efficiency and effectiveness, procurement, personnel, non-appropriated funds, and suspected fraud
and abuse.

The 21 reports collectively identified $33.9M in financial impact, of which $23.6M were questioned costs, $271K were unrealized revenues, and $10M were other financial impact, such as:

- the significant cost of non-productive pay ($6.3M);
- lack of controls over cash receipts ($1.6M);
- inequitable benefits ($845K);
- quarterly reports not reviewed for accuracy and completeness ($619K);
- lost opportunity income and misassessment of fees ($604K) and others.

We made 77 recommendations to help improve the overall operations of the audited entities.

As of September 2012, 27 recommendations (35%) were addressed by agency corrective action plans or otherwise closed by the auditees where 50 recommendations (65%) remain open. This is the third report OPA has issued on OPA recommendations. The U.S. Government Accountability Office found that it takes up to four years for an agency to implement audit recommendations.

2013 Audit Work Plan

OPA annually develops an Audit Work Plan to determine which government entities and programs to review. OPA has implemented a new system of review wherein auditors assess various audit topics and rank each selection on the basis of the following factors:

- Financial Impact (Lost Revenue, Cost Savings)
- Program Risk
- Leadership Interest
- Public Concern and Social Impact
- Known or Reported Problem

Each factor is assigned a weighted percentage, then scored individually by the auditors, and averaged to determine priority ranking. This process ensures objective results and aids OPA in making decisions of where to invest its limited resources.

Our 2013 plan includes:
1. Guam Economic Development Authority’s Qualifying Certificate Program;
2. Department of Revenue and Taxation’s Gross Receipts Tax Exemptions;
3. Department of Revenue and Taxation’s Real Property Tax Comparison;
4. Guam Memorial Hospital Authority’s Personnel Analysis – Part B – Compensation Below $100K; and
5. Government of Guam Merit Bonus

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. We encourage the people of Guam to provide input as to what government agency or program they feel should be audited.

Performance Audit Summary

Since 2001, OPA issued 129 performance audit reports, made 605 recommendations, and identified $147.5 million (M) in financial impacts. Refer to the table below for a summary.

<table>
<thead>
<tr>
<th>Year</th>
<th>Reports Issued</th>
<th>Recommendations Issued</th>
<th>Financial Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>9</td>
<td>24</td>
<td>$4.3M</td>
</tr>
<tr>
<td>2011</td>
<td>12</td>
<td>39</td>
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<td>2007</td>
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<td>19</td>
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<td>49</td>
<td>$6.2M</td>
</tr>
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<td>2004</td>
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</tr>
<tr>
<td>2003</td>
<td>10</td>
<td>77</td>
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<td>2001</td>
<td>3</td>
<td>31</td>
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</tr>
<tr>
<td></td>
<td>129</td>
<td>606</td>
<td>$147.5M</td>
</tr>
</tbody>
</table>
DMR withdraws bid appeal

By Zita Y. Taitano
zita@mvguam.com
Variety News Staff

DATA Management Resources (DMR) LLC has withdrawn its appeal with prejudice against the government of Guam for rejecting its point-of-sale system offer earlier this year.

Taitano Terlaje, in a statement, said her client’s decision to withdraw its appeal was a business decision because “it has lost all faith that this appeal process will resolve the matter expeditiously and without continued protracted litigation.”

The company also didn’t think it was feasible for them to be part of a “The facts are that the government of Guam, vis-a-vis the Department of Administration, had only originally budgeted about $386,000 for this procurement and could not afford DMR’s best and final offer of $467,000.”

OPA upholds DOE decision for A/C repair

By Krystal Paco

Guam - Things will be cooling down in classrooms around the island. The Office of Public Accountability upheld the Department of Education’s decision to award JRN, Inc. the contract for air-conditioning maintenance and repair at 15 public schools.

JRN was, in fact, the lowest bidder at $331,000.

DOE didn't comply with procurement law, says OPA

by Mindy Aguon

Guam - The Public Auditor has affirmed the Department of Education's decision to award the contract for air-conditioning maintenance and repair at 15 public schools to JRN. Auditor Doris Flores Brooks noted that Pacific Energy Services filed the protest, alleging the procurement process was not in compliance with the law. The Auditor said DOE should have waited longer before awarding the contract to JRN.

In protest of the bidding process, DOE said JRN should be disqualified as a “non-responsive bidder” for its alleged failure to submit certifications from the Guam Contractors Licensing Board. But the OPA ruled that JRN's bid complied with the invitation for bid (IFB) requirement to submit valid certificates.
Procurement Appeals Overview

Nineteen procurement appeals were brought before the Public Auditor in 2012. Of the 19 appeals, eight received decisions, three were withdrawn, one dismissed, and seven were resolved through stipulated agreements.

The appeals ranged from low income tax credits to telecommunications, landscaping, laptop computers, internet services, etc. Two appeals were ARRA related and decided within 15 days. Three appeals were withdrawn by the appellants, but it took appellants over 100 days to withdraw. For example, after several days of exhausting testimonies, OPA-PA-12-007, Data Management Resources (DMR) versus GSA, DMR withdrew after 280 days. Of the eight decisions issued, they ranged from 15 days to 149 days for an average of 73 days.

There were two decisions that were time sensitive, with mandated deadlines of 15 days, due to ARRA funding. By applying tremendous staff resources, OPA was able to meet the 15-day deadline.

GSA had the most appeals, a total of 12 out of the 19 filed in 2012, followed by DOE with four appeals.

Summary of Appeals

Eighty-eight appeals have been filed with the OPA since our office was mandated with this responsibility in October 2006. Of the 88 appeals, 46 decisions were issued and 42 were dismissed. Dismissals can range from stipulated agreements, appeals withdrawn, or Public Auditor recusal.

Of the 46 decisions issued, 18 favored the appellant, 22 favored the government, and six were split. Of the 42 dismissals, 17 resulted from mutual agreement between the appellant and purchasing agency, nine from appellant withdrawing the appeal, six from the Public Auditor’s recusal, and six 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 vendor. Refer to the following table below for a summary and Appendix 2 for more details.

---

**APPEALS 2012**

<table>
<thead>
<tr>
<th>DECISIONS</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Denied</td>
<td>7</td>
</tr>
<tr>
<td>Upheld and Denied In Part</td>
<td>1</td>
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<tr>
<td><strong>Subtotal:</strong></td>
<td><strong>8</strong></td>
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<table>
<thead>
<tr>
<th>DISMISSALS</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Appeal withdrawn</td>
<td>3</td>
</tr>
<tr>
<td>No Protest Decision</td>
<td>1</td>
</tr>
<tr>
<td>Stipulation Agreement</td>
<td>7</td>
</tr>
<tr>
<td><strong>Subtotal:</strong></td>
<td><strong>11</strong></td>
</tr>
</tbody>
</table>

**TOTAL APPEALS FILED:** 19

---

Based on issues raised from procurement appeals, the Public Auditor concluded that there is a significant lack of understanding of the procurement process among those charged with procurement responsibilities. More training is needed to ensure compliance with the complicated procurement laws,
rules, and regulations.

Of the 88 appeals filed at OPA, GSA had the most with 24 appeals, followed by DOE with 23 appeals. GMH and Port Authority of Guam had five appeals each, followed by DPW, GHURA, GIAA, GPA, and UOG with four each.

Prior to 2011 and 2012, OPA averaged approximately 12 appeals per year.

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 government agencies for their official use. OPA, DOE, Guam Fire Department, 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, and to hold meetings or civil weddings.

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 procurement and contracting. The Public Auditor or her designee is a member of the Council. The Public Auditor has advocated procurement reform. The council is now the mechanism reviewing comprehensive procurement reform.

Council activities thus far consist of the following:
1. Requested a moratorium on any proposed changes to the Guam Procurement Law and Regulations;
2. Held extensive town hall meetings with government agencies and private contractors to hear concerns regarding Gov-Guam procurement; and
GCC gets unqualified clean opinion audit

Posted: Mar 05, 2012 10:41 AM
Updated: Mar 05, 2012 2:02 PM

by Nick Delgado

Guam - The Guam Public Accountability Office reported the Guam Community College got an unqualified clean opinion by the Office of Public Accountability. The report also found that the college had increased its compliance and improved its internal control. The OPA report also noted that the college had increased its financial reporting and improved its internal controls. The report also highlighted issues with the college's internal controls and recommended improvements.

Guam Preservation Trust didn't curb expenses

Posted: Mar 07, 2012 1:58 PM
Updated: Mar 07, 2012 1:58 PM

by Sabrina Salas Matanane

Guam - Although the Guam Preservation Trust last fiscal year had grant projects over $5,000, the Guam Office of Public Accountability reported that the trust's administration and operating expenses increased by nearly 50% compared to the previous fiscal year. The report highlighted that the trust had a decrease in revenue due to a decrease in grant funding.

GEDA's assets decreased in 2011

Posted: Mar 06, 2012 1:42 PM
Updated: Mar 06, 2012 1:42 PM

by Nick Delgado

Guam - The Guam Economic Development Authority may have received $6.5 million in revenue in fiscal year 2011, but the agency's assets decreased by 5% during the same period. The report highlighted that the agency's expenses increased by nearly 12% compared to the previous year.

Japan visitor arrivals down, but TAF revenues still up

by Janelia Buhain Carrera

GWA additionally reported that the implementation of the leak detection system has also caused a decline in the need to purchase water from the U.S. Navy. One major loss the water agency experienced was in having to pay for interest expenses due to a revenue bond. The interest rate has nearly doubled, going from $4.7 million in interest to $11.4 million.

“Future rate increases will...”

According to GVB, Russian visitors to Guam increased 127 percent in February 2012 compared to the same month last year. A total of 124 more Russian visitors arrived in February this year compared to last year. GVB reported there were 135 arrivals in February 2012 while the same period last year had only 11 arrivals.

A delegation from GVB and the Marinas Visitors Authority recently traveled to Russia to tout the region as the ideal travel destination at the Moscow Travel Market. According to GVB, Russian visitors to Guam increased 127 percent in February 2012 compared to the same month last year. A total of 124 more Russian visitors arrived in February this year compared to last year. GVB reported there were 135 arrivals in February 2012 while the same period last year had only 11 arrivals.

We’re pleased to see a major increase in visitor arrivals from Russia thanks to the visa waiver,” Calvo said. “While the numbers in terms of volume are not that large, the Russian visitors stay longer and spend more, which really boosts our local economy, creating new jobs and opportunities for our people. We’ll continue to develop this new market while we continue to push for the Cambodia visa waiver.”

The governor has also encouraged collaboration between the islands in marketing the region...
Financial Audits Overview

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 monitors and oversees the work of the contracted audit firms to ensure the timely completion of financial audits. In 2012, of the 22 financial audits, 13 were issued within six months after fiscal year end, eight were issued within nine months, and one was issued after 12 months. Refer to the table below for a summary.

In line with OPA’s vision that Guam is the model for good governance in the Pacific, OPA also strives to improve the timely issuance of the government wide financial audit and its component units to six months. GovGuam would join over 40 states and over 3,600 jurisdictions, cities, and counties, who issue their audits within six months after fiscal year end. In addition, OPA has been working with DOA for DOA to issue a Comprehensive Annual Financial Report (CAFR) as required by the Organic Act. Issuing the government audits in six months, and issuing a CAFR, GovGuam would then be eligible to receive a Certificate of Excellence from the Government Finance Officers Association (GFOA).

Over the years, we have seen improvements in most government agencies financial audits. The audits were issued with less questioned costs and management comments.

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. All entities have unqualified or “clean” opinions on the financial statements, except for the Non-Appropriated Funds (NAF) audits of DCA, MCOG, and LDC.

Financial Reporting Compliance

All agencies undergo a review on internal control over financial reporting and compliance and other matters. In 2012, there were
18 material weaknesses and 12 significant deficiencies over financial reporting compliance. The six Agencies identified to have material weakness and/or significant deficiencies over financial reporting and compliance and other matters were as follows:

1. GovGuam had five material weaknesses and one significant deficiency. The material weaknesses pertained to GovGuam’s continued struggle with recording and maintaining fixed assets, inability to close its books timely, and DRT’s inability to determine the amount of income tax liability on a regular basis;
2. DOE had six material weaknesses pertaining to lack of validity of journal vouchers, inappropriate recording of goods and services, general ledger balances not timely reconciled, and lack of evaluation for budgetary accounts carried forward.
3. GMH had three material weaknesses pertaining to lack of action and measures being undertaken to collect and address long outstanding patient receivables, lack of perpetual pharmaceutical inventory, and untimely billing of patient receivables;
4. DCA had two material weakness and two significant deficiencies. The material weaknesses pertained to lack of internal control system for the preparation of financial statements and noncompliance with procurement and travel policy;
5. MCOG had one material weakness and two significant deficiencies. The material weakness pertained to lack of accounting and financial reporting policies and procedures;
6. LDC had one material weakness and one significant deficiency. The material weakness pertained to lack of accounting and financial reporting policies and procedures;

In addition, THF, GHC, GPT, GPA, and SWOF had significant deficiencies.

**Single Audit Compliance**

In addition, agencies that expend more than $500,000 in federal grants are subject to an A-133 Single Audit. For FY 2011, there were ten agencies that had to undergo a Single Audit. Of the ten four entities received qualified opinions due to material weaknesses. The entities with qualified opinions and material weakness and/or significant deficiencies are as follows:

1. GovGuam had three material weaknesses and one significant deficiency. The material weaknesses pertained to lack of reports and physical inventory of equipment. In addition, the Department of Public Health and Social Services not utilizing the Income Eligibility Verification System to determine income and resource eligibility of its welfare program applicants;
2. GMHA had one material weakness pertaining to a contract not being awarded to the lowest and most responsive bidder;
3. UOG had one material weakness pertaining to Student Financial Aid and one significant deficiency; and
4. DOE had one significant deficiency.

Material weaknesses and significant deficiencies can occur in either or both the compliance report over financial reporting or the A-133 Single Audit, or in both.

**Questioned Costs**

Of the 22 financial audits, only three had questioned costs: GIAA ($50K), GMHA ($22K) and GovGuam ($42K). The questioned cost for GIAA was due to the ineligible cost associated with the installation of a new water system. The questioned cost for GMHA was due to contract not awarded to the lowest and most responsive bidder. The questioned cost for GovGuam was due to ineligible welfare program recipients.
OPA works with DOA and the autonomous agencies to resolve questioned costs. In FY 2011, DOA resolved $927K in questioned costs, leaving $1.4M in unresolved costs for the General Fund.

Management Letter
In addition, auditors issued 14 management letters identifying a total of 71 management comments in 2012. GMHA and LDC received the most comments, ten each. GIAA had the next highest total comments of nine, followed by GPA with eight management comments.

Summary of Financial Audits
Since 2001, OPA provided oversight to 222 financial audit reports which identified 1,817 findings and $63.3M 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>2012</td>
<td>22</td>
<td>47</td>
<td>$114K</td>
</tr>
<tr>
<td>2011</td>
<td>19</td>
<td>40</td>
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<td>2010</td>
<td>18</td>
<td>47</td>
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<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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<td>18</td>
<td>188</td>
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<td>26</td>
<td>236</td>
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<td>25</td>
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<td>2001</td>
<td>11</td>
<td>39</td>
<td>$15K</td>
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<tr>
<td>Totals</td>
<td>222</td>
<td>1,817</td>
<td>$63.3M</td>
</tr>
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Procurement of Financial Audits
Title 1 G.C.A. §1908 provides the Public Auditor the authority to acquire the services of independent audit firms 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 2012, OPA issued RFPs for the FY 2011 and FY 2012 financial audits of the:
1. Guam Preservation Trust;
2. Guam Economic Development Authority;
3. Port Authority of Guam;
4. Chamorro Land Trust Commission and Guam Ancestral Lands Commission;
5. University of Guam;
6. GovGuam Retirement Fund;
7. Government of Guam;
8. Department of Chamorro Affairs; and

GovGuam Deficit
GovGuam ended FY 2011 with an operating deficit of $47M: operating revenues were $543M while expenditures totaled $592M. Meanwhile, the cumulative deficit decreased to $303M due to GDOE’s unexpended ARRA funds of $59M and miscellaneous funds of $6M. GDOE’s ARRA funds will be expended for school capital improvement projects in FY 2013. OPA continues to monitor the general fund deficit and through its audits has identified revenue leakage and cost savings.

Deficit spending should come as no surprise as for the past decade, GovGuam has authorized deficit spending. For FY 2011, the authorized deficit was $48.4M.

OPA staff at their 2012 Thanksgiving luncheon.
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 3 for this year’s OPA Website in Review.

OPA uses Google Analytics to gather information of website activity and uses visits instead of hits for a more accurate measurement of website activity. In 2012, the OPA website had 16,734 visits. Refer to the table below for a summary of 2012 website statistics.

<table>
<thead>
<tr>
<th>Months</th>
<th>Visits</th>
<th>Unique Visitors</th>
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<tbody>
<tr>
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<td>714</td>
<td>3,832</td>
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<tr>
<td>February</td>
<td>1,184</td>
<td>620</td>
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<td>March</td>
<td>1,543</td>
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<td>April</td>
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<td>697</td>
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<td>May</td>
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<td>June</td>
<td>1,111</td>
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<td>July</td>
<td>1,573</td>
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<tr>
<td>August</td>
<td>1,397</td>
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<td>September</td>
<td>1,280</td>
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<td>1,693</td>
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<tr>
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<td>1,381</td>
<td>736</td>
<td>4,645</td>
</tr>
<tr>
<td>Totals</td>
<td>16,734</td>
<td>8,370</td>
<td>60,514</td>
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</table>

In September 2012, P.L. 31-233 required “governing Boards and Commissions of all public corporations, and departments of the Government of Guam” to provide audio recording of each monthly Board and Commission meeting to OPA within seven calendar days after the meeting. OPA post audio files on its website upon receipt. Since then, OPA has posted the audio files of 33 Boards and Commissions. Hosting these audio records consumes valuable but limited space on the OPA server. Accordingly, OPA requests the audio files be posted on the website of the agency with the Board or Commission and only a link to the audio to be posted on the OPA website.

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 2012, 105 legislative mandates have expanded the Public Auditor and OPA’s duties and responsibilities. Of the 105 mandates, we have addressed 57 and 48 remain open as recurring mandates. Refer to OPA’s website for complete list of Legislative Mandates.

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.

The OPA staff addressed all 23 hotline tips received in 2012. OPA will continue to address hotline tips as a collateral duty and provide timely responses.

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 5 for more details.
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 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. OPA auditors averaged 124 CPE hours in 2012, which is largely funded by the DOI OIA Training Grant.

**DOI-OIA Training Grant.** Working with DOI-OIA, the OPA received Grant No. TA-Guam-OPA-2012-8 in May 2012, which provided $76K in financial assistance for the professional development of the OPA auditors. The grant expires on December 31, 2013.

The training grant’s primary purpose has been to send auditors to the DOI OIG intern-
ships, and fund local training seminars and certain off-island conferences. The grant funded most training attended by OPA staff in 2012.

Conferences and Trainings Attended. In 2012, 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 February 2, 2012, Auditor III Vincent Duenas became a CGAP. The CGAP is a specialty certification designed for and by public sector internal auditing practitioners and tests the knowledge of the unique features of public-sector internal auditing.

Difficulty in Recruitment and Retention

OPA’s highest staff complement was 18 full-time staff in 2006. As of December 31, 2012, OPA had 12 full-time staff composed of ten auditors, one Administrative Officer, and the Public Auditor. Of the 11 auditors, six are recently hired with an average of less than three years audit experience. The remaining four are senior auditors with an average of nine years audit experience. There is a gap of six years of audit experience between the junior and senior auditors.

From January to March 2012, OPA lost three full-time staff consisting of one Auditor III, one Audit Supervisor, and one Management Analyst III. Overall, OPA faced a 27% reduction in staff from 18 full-time staff in 2006 to 13 full-time staff in 2012.

OPA faces difficulty in recruiting new staff due to the bureaucratic and lengthy hiring process. OPA has continuous announcements for Auditors I, II, and III and Paralegal II since April 2011. However, it was only in February 2013 that OPA hired one new Auditor I.

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.

University of Guam Internship

OPA continued its partnership with the University of Guam Accounting Internship program. The internship program’s purpose is to provide an opportunity for students to gain a better understanding of accounting and audit principles, concepts, procedures, and techniques under the Government Auditing Standards. We encourage accounting students to apply for an internship with the OPA.

In 2012, Ashley Gaerlan, and Michele Brillante completed 150 hours of service with OPA. Ashley assisted with the performance audit of GSA Gas Fleet Card Program and with the OPA FY 2011 Citizen Centric Report. Michele assisted with the DOE Cash Controls over School Meals Program. Rodalyn Gerardo was OPA’s first intern back in 2003, and is now OPA’s senior manager.
PASAI

The Pacific Association of Supreme Audit Institutions (PASAI) is the regional organization of 26 audit institutions in the Pacific. Guam has been a member of PASAI since 2005.

OPA Staff have attended several trainings and workshops sponsored and funded by PASAI. These courses emphasize the skills needed to develop objective, accurate, complete and timely assessments of government entities and programs.

In addition, OPA Staff have participated in working groups aimed at creating guidelines under the Pacific Regional Audit Initiative (PRAI).

In 2012, OPA auditors assisted with the development of the performance audit manual which was adopted and released by PASAI.

Recognizing her abilities, PASAI invited Auditor III Llewelyn Terlaje to be an Instructor for PASAI’s Strategic Management and Operational Guidelines (SMOG) training held in Nadi, Fiji in December 2012. The SMOG will assist audit institutions to develop their strategic, corporate, and business work/plans, and formulate operation rules appropriate to their jurisdictions.

Guam OPA will host the 16th PASAI Congress in September 2013.
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: serving food for the needy twice at the Kusinan Kamalen Karidat, making presentations at the Vicente Benavente Middle School and the Okkodo High School Career Days, running and donating for the Relay for Life, sponsoring two company tours for the University of Guam’s Junior Accountants Society, and bell-ringing for the Salvation Army.

Public Testimonials

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

“I would like to thank you all for a great internship experience. I enjoyed the work environment and I am glad that I was given the opportunity to intern at OPA. It was a pleasure working with you all.”
Office of Public Accountability  
Government of Guam  
Statement of Net Assets  
Years Ended September 30, 2012 and 2011

<table>
<thead>
<tr>
<th></th>
<th>2012 (Unaudited)</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 436,600</td>
<td>$ 395,346</td>
</tr>
<tr>
<td>Receivables, net:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal Agencies</td>
<td>16,554</td>
<td>3,844</td>
</tr>
<tr>
<td>Travel Due from OPA Staff</td>
<td>-</td>
<td>24,520</td>
</tr>
<tr>
<td>Other - DOA Appropriation</td>
<td>-</td>
<td>326,067³</td>
</tr>
<tr>
<td><strong>Total Receivables</strong></td>
<td>16,554</td>
<td>354,431</td>
</tr>
<tr>
<td>Capital Assets</td>
<td>147,549</td>
<td>191,883</td>
</tr>
<tr>
<td>Less Accumulated Depreciation</td>
<td>(130,018)</td>
<td>(146,743)</td>
</tr>
<tr>
<td><strong>Total Capital Assets:</strong></td>
<td>17,530</td>
<td>25,140</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$ 470,684</td>
<td>$ 775,125</td>
</tr>
</tbody>
</table>

| **LIABILITIES AND FUND BALANCES (DEFICIT)** |          |               |
| Accrued Annual and Sick Leave                  | $ 70,102 ² | $ 73,162 ⁴   |
| Payable- Other                                 | 2,029      | 1,924         |
| Deferred Revenue - Appropriation               | -          | 326,067³     |
| **Total Liabilities**                         | 72,131     | 401,153       |
| Fund Balance, End of Quarter                   | 398,554    | 394,625       |
| **Total Liabilities and Fund Balance (Deficit)** | $ 470,685 | $ 795,778     |

Footnotes:

1,3 Personnel Svs  
Operation  
Appropriation Balance  
²,⁴ Accrued Sick Leave  
Accrued Annual Leave  

26
Office of the Public Accountability  
Government of Guam  

Appendix 1: OPA Financial Statements  

Statements of Revenues, Expenses, and Changes in Net Assets  
Years Ended September 30, 2012 and 2011

<table>
<thead>
<tr>
<th></th>
<th>2012 (Unaudited)</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal Grants</td>
<td>$35,106</td>
<td>$42,789</td>
</tr>
<tr>
<td>Interest Income</td>
<td>4,486</td>
<td>5,496</td>
</tr>
<tr>
<td>Other Income</td>
<td>4</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>39,396</td>
<td>48,285</td>
</tr>
<tr>
<td><strong>Expenditures by Object:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries</td>
<td>$586,775</td>
<td>$658,527</td>
</tr>
<tr>
<td>Benefits</td>
<td>209,198</td>
<td>225,441</td>
</tr>
<tr>
<td>Leave Accrued</td>
<td>(3,060)</td>
<td>4,154</td>
</tr>
<tr>
<td><strong>Subtotal:</strong></td>
<td>792,913</td>
<td>888,121</td>
</tr>
<tr>
<td>Rent</td>
<td>102,594</td>
<td>102,594</td>
</tr>
<tr>
<td>Contractual services</td>
<td>167,416</td>
<td>79,024</td>
</tr>
<tr>
<td>Supplies</td>
<td>7,674</td>
<td>7,214</td>
</tr>
<tr>
<td>Utilities and Telephone</td>
<td>2,606</td>
<td>5,333</td>
</tr>
<tr>
<td>Travel</td>
<td>12,487</td>
<td>7,727</td>
</tr>
<tr>
<td>Equipment &amp; Furniture Expensed</td>
<td>8,233</td>
<td>28,949</td>
</tr>
<tr>
<td>Training</td>
<td>17,227</td>
<td>15,088</td>
</tr>
<tr>
<td>Vehicle Expensed</td>
<td>-</td>
<td>24,929</td>
</tr>
<tr>
<td>Depreciation</td>
<td>7,819</td>
<td>9,285</td>
</tr>
<tr>
<td>Other</td>
<td>6,627</td>
<td>4,152</td>
</tr>
<tr>
<td><strong>Total expenditures</strong></td>
<td>1,125,595</td>
<td>1,172,415</td>
</tr>
<tr>
<td>Excess (deficiency) of revenues and appropriations over (under) expenditures</td>
<td>(1,085,995)</td>
<td>(1,124,130)</td>
</tr>
<tr>
<td>Other financing sources (uses):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers In - appropriation received to date</td>
<td>1,125,602</td>
<td>1,182,070</td>
</tr>
<tr>
<td>Federal Grant Expenses - Auditor Technical Assistance</td>
<td>(35,106)</td>
<td>(42,789)</td>
</tr>
<tr>
<td>Net change in fund balance</td>
<td>4,497</td>
<td>15,152</td>
</tr>
<tr>
<td>Fund balance at beginning of year</td>
<td>394,624</td>
<td>379,472</td>
</tr>
<tr>
<td>Fund balance at end of year</td>
<td>$399,122</td>
<td>$394,624</td>
</tr>
</tbody>
</table>

Footnotes:  
1,2 Transfers In from DOA:  
| Personnel Svs - Salaries & Benefits Operations | $795,973 | $883,967 |
|                                              | 329,629 | 298,103 |

Total Transfers In:  
<p>| $1,125,602 | $1,182,070 |</p>
<table>
<thead>
<tr>
<th>Appeal No.</th>
<th>Purchasing Agency</th>
<th>Appellant</th>
<th>Procurement Issue</th>
<th>Dismissal</th>
<th>Appeal Filed</th>
<th>Appeal Closed</th>
<th>Appeal Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>OPA-PA-12-001</td>
<td>GHURA</td>
<td>Medallion Guam, LLC</td>
<td>No protest decision issued by GHURA.</td>
<td>NO PROTEST DECISION.</td>
<td>January 20, 2012</td>
<td>April 20, 2012</td>
<td>73 days</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Medallion was ranked first by the LIHTC Selection Committee on December 14, 2011.</td>
<td>• GHURA did not provide a Decision on Protest of Method, Solicitation or Award, which is required pursuant to 5 GCA §5245(e) and 2 GAR §12201(a).</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• However, the GHURA Board removed Medallion from the list of offerors due to issues with &quot;site control&quot; at its December 27, 2011 Board meeting. It was also announced that negotiations were being made with the fourth and fifth ranked offerors.</td>
<td>• The Appellant did not wait for GHURA to issue a decision.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Medallion submitted protest letter to GHURA on December 28, 2011.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• GHURA responded but has not transmitted a decision to Medallion.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OPA-PA-12-002, 003, 004, 005, 006, and 009</td>
<td>GSA</td>
<td>Pacific Data Systems, Inc (PDS)</td>
<td>RFQ versus small purchase. The services requested in the RFQ have already been bid by GSA in GSA-064-11.</td>
<td>STIPULATION AGREEMENT.</td>
<td>March 28, 2012</td>
<td>May 18, 2012</td>
<td>51 days</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• The total amount of the RFQs exceeds the small purchase procurement threshold of $15K. GSA allegedly artificially divided the procurement.</td>
<td>• On May 3, 2012, the appeals were consolidated.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• On May 18, 2012, a stipulation agreement was reached between the parties. GSA agreed to cancel the RFQs and issue RFQs for small purchases only to cover GovGuam telecommunication needs until the end of FY 2012 or the implementation of service under GSA-064-11.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OPA-PA-12-007</td>
<td>GSA</td>
<td>Data Management Resources, LLC</td>
<td>Good Faith Negotiations and Cancellation. GSA and DOA allegedly failed to evaluate DMR’s best and final offer as “fair and reasonable”, and acted in bad faith during cost negotiations by claim of insufficient funds for such project.</td>
<td>APPELLANT WITHDREW.</td>
<td>April 2, 2012</td>
<td>January 8, 2013</td>
<td>281 days</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• After several days of extensive hearings over several months, the appellant DMR withdrew, and the appeal was dismissed with prejudice.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Appendix 2: Procurement Appeals Synopsis

<table>
<thead>
<tr>
<th>Appeal No.</th>
<th>Procurement Issue</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>OPA-PA-12-008</td>
<td>Offeror responsibility.</td>
<td>STIPULATION AGREEMENT.</td>
</tr>
<tr>
<td>OPA-PA-12-010</td>
<td>Bid responsiveness, Submission of License</td>
<td>DENIED.</td>
</tr>
<tr>
<td>OPA-PA-12-011</td>
<td>Lowest Price with application of local preference</td>
<td>DENIED.</td>
</tr>
</tbody>
</table>

**Appeal No: OPA-PA-12-008**

**Appeal Relative To:** Wireless Consultant Services  
**Purchasing Agency:** DOE  
**Appellant:** E.R. Ilao and Associates, Inc.  
**Appeal Value:** $358K

- **Procurement Issue:** Offeror responsibility.
  - GDOE rejected all proposals after a notice of intent to award was provided.
  - GDOE claimed that it was impossible for any contractor to perform the services required by December 2011, and all the price proposals received may be stale after the extension of ARRA grant period.

- **Dismissal:** STIPULATION AGREEMENT.
  - A stipulation agreement was reached between parties, and the appeal was dismissed with prejudice.

**Appeal Filed:** April 10, 2012  
**Appeal Closed:** May 9, 2012  
**Appeal Duration:** 29 days

**Appeal No: OPA-PA-12-010**

**Appeal Relative To:** Structural Repairs and Roof Coating  
**Purchasing Agency:** DOE  
**Appellant:** Allied Pacific Builders, Inc. (APB)  
**Appeal Value:** $1.3M

- **Procurement Issue:** bid responsiveness, Submission of License.
  - Mega United Corporation and J&B Modern Tech allegedly were not properly licensed to perform the work required by the IFB.
  - Bid Opening was faulty because DOE did not read aloud the qualifications of the bidders.
  - Lowest bid was questioned because the square footage of the bid differed from APB's.

- **Decision:** DENIED.
  - GDOE correctly found that APB's protest had no merit.
  - The IFB did not require bidders to submit specific licenses.
  - GDOE complied with 5 GCA §5211(d) and Chapter III, Section 3.9.12.2, GDOE Procurement Regulations.
  - The sequential design and construction projects solicited by the IFBs allowed bidders to make their own estimates of the work required.

**Appeal Filed:** April 13, 2012  
**Appeal Closed:** July 18, 2012  
**Appeal Duration:** 96 days

**Appeal No: OPA-PA-12-011**

**Appeal Relative To:** Telecommunication Services  
**Purchasing Agency:** GSA  
**Appellant:** PDS  
**Appeal Value:** $779K

- **Procurement Issue:** Lowest Price with application of local preference.
  - GSA awarded Bid Form 10 to GTA without considering the 15% local procurement preference submitted by PDS.
  - GTA did not submit a Local Procurement Preference Application with its bid and therefore, cannot be granted the local procurement preference.

- **Decision:** DENIED.
  - PDS’ protest was timely.
  - The Local Procurement Preference was not a requirement to be qualified for the bid.
  - PDS was not entitled to a 15% adjustment of its bid price due to its submission of a Local Procurement Preference Application.
  - Both PDS and Teleguam Holdings, LLC (GTA), as local companies known to GSA, were entitled to a Local Procurement Preference.

**Appeal Filed:** May 17, 2012  
**Appeal Closed:** September 5, 2012  
**Appeal Duration:** 111 days
### Appendix 2: Procurement Appeals Synopsis

<table>
<thead>
<tr>
<th>APPEAL NO: OPA-PA-12-012</th>
<th>Purchasing Agency: GSA</th>
<th>Appellant: PDS</th>
<th>Appeal Relative To: Telecommunication Services</th>
<th>Appeal Value: $3.4M</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Procurement Issue:</strong> No protest decision issued by GSA.</td>
<td><strong>Decision:</strong> DENIED IN PART, GRANTED IN PART.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- On April 27, 2012, GSA issued a Bid Status related to the awards for GSA-064-11.</td>
<td>- GSA failed to produce a decision on PDS' protest.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- PDS filed two protests on April 30, 2012 and May 9, 2012.</td>
<td>- Pursuant to 5 GCA §5703 and 2 GAR §12103(a), the Public Auditor ordered the GSA Chief Procurement Officer to issue Decisions on PDS' protest and all other pending protests relevant to GSA-064-11, no later than 30 days and submit said decisions to PDS, the other Protestants, and the Public Auditor.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- There were at least three other protests filed by Docomo Pacific, Marianas Cable Vision and IT&amp;E on May 10, 2012.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- GSA had not issued a decision on PDS's second protest and the other pending protests.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Appeal Filed: August 29, 2012</td>
<td>Appeal Closed: September 28, 2012</td>
<td>Appeal Duration: 30 days</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>APPEAL NO: OPA-PA-12-013</th>
<th>Purchasing Agency: DOA</th>
<th>Appellant: Tokio Marine / Calvo's Insurance</th>
<th>Appeal Relative To: FY 2013 Health Insurance</th>
<th>Appeal Value: $ -</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Procurement Issue:</strong> Disqualification of Offerers</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- DOA allowed two of the four offerors to rectify omissions on their proposals after DOA's evaluation of the proposals.</td>
<td><strong>Dismissal:</strong> APPELLANT WITHDREW.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- After receipt of three protests, DOA canceled the RFP due to: (1) failure of GovGuam to determine the responsiveness and qualification of proposals, and (2) release of a draft copy of the Evaluation Memorandum to only two offerors.</td>
<td>- After several mutually agreed upon hearing dates, The appellant together with the interested parties in February 2013 mutually agreed to withdraw the appeal.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Appeal Filed: September 19, 2012</td>
<td>Appeal Closed: February 25, 2013</td>
<td>Appeal Duration: 159 days</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>APPEAL NO: OPA-PA-12-014</th>
<th>Purchasing Agency: DOE</th>
<th>Appellant: PDS</th>
<th>Appeal Relative To: Laptops and Computers</th>
<th>Appeal Value: $2.5M</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Procurement Issue:</strong> Award to another vendor</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- PDS protested directly to OPA of DOE's award to Softchoice as it involved ARRA funds.</td>
<td><strong>Decision:</strong> DENIED.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- PDS properly protested GDOE’s actions pursuant to 5 GCA §5425.1.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- There was nothing in the record that selected vendor Softchoice acted fraudulently or in bad faith in submitting its bid.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- The termination, cancellation, or nullification of GDOE’s award to Softchoice would result in a loss to GDOE of over $2M.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- It is in the best interests of the Territory that the award to Softchoice be ratified and affirmed.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Appeal Filed: September 26, 2012</td>
<td>Appeal Closed: October 11, 2012</td>
<td>Appeal Duration: 15 days</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Appendix 2: Procurement Appeals Synopsis

#### APPEAL NO: OPA-PA-12-015
**Purchasing Agency:** GVB  
**Appellant:** G-Crew Maintenance  
**Appeal Value:** $247K

<table>
<thead>
<tr>
<th>Procurement Issue</th>
<th>Dismissal</th>
</tr>
</thead>
</table>
| Lowest price     | APPELLANT WITHDREW.  
G-Crew appealed GVB’s award to another vendor alleging that G-Crew was the lowest price vendor. |  
- After extensive preparation by OPA staff, the appellant withdrew his appeal during the scheduled formal hearing in January 2013. |

**Appeal Filed:** September 27, 2012  
**Appeal Closed:** January 28, 2013  
**Appeal Duration:** 123 days

#### APPEAL NO: OPA-PA-12-016, 017, and 018
**Purchasing Agency:** GSA  
**Appellants:** GTA and PDS  
**Appeal Value:** $3.4M

<table>
<thead>
<tr>
<th>Procurement Issue</th>
<th>Decision</th>
</tr>
</thead>
</table>
| Lowest price telephone  
12-016 - lowest price telephone  
12-017 - bid responsiveness affidavit of ownership  
12-018 - lowest overall cost  
- The appeals were consolidated because each of the appeals arose from protests pertaining to IFB NO. GSA-064-11  
OPA-PA-12-016. PDS asserted that GSA erroneously:  
- Revised the Bid Status for Bid Forms 2 and 3 when GTA’s bid was compliant with the bid specifications;  
- That GTA submitted multiple price offers for Bid Form 3;  
and  
That PDS was the lowest responsible bidder.  
OPA-PA-12-017. PDS asserted that GSA should have rejected GTA’s bid because:  
- GTA did not submit a valid Affidavit Disclosing Ownership and Commission in compliance with 5 GCA §5233;  
- GTA improperly conditioned its bid by including mandatory terms that were in direct contradiction to the IFB; and  
- It was an improper joint bid submission by Teleguam Holdings, LLC, GTA Telecom, LLC, GTA Services, LLC, and Pulse Mobile, LLC.  
OPA-PA-12-018. GTA asserted that GSA:  
- Incorrectly awarded the 1 Gbps for the dedicated GovGuam Wide Area Network Data Communications Services to PDS; and  
- Failed to apply objectively measurable criteria in evaluating the bid for 10 Gbps. | DENIED.  
OPA-PA-12-016.  
- GSA’s Revised Bid Form (RBF) 3 required phone features with digital display.  
- GTA’s Cisco SPA501G was not compliant with the IFB.  
- PDS’s GPX 2100 was the next lowest priced compliant phone with digital display.  
- GTA’s Cisco SPA501G was not compliant with the IFB.  
OPA-PA-12-017.  
- GTA’s Affidavit Disclosing Ownership and Commission omitted information of its previous ownership.  
- GSA made a written determination prior to award.  
- GTA’s omission was a mistake that did not affect price, delivery, quantity, quality or contractual conditions of the bid.  
- GTA’s additional terms and conditions were not considered by GSA. GTA was bound by the terms and conditions of the IFB.  
OPA-PA-12-018.  
- Only one bidder was to be awarded a contract for RBF 11.  
- GTA’s price for 1,000 MBS was lower, however its price for 10,000 MBS was significantly higher.  
- PDS’ price for 1,000 MBS was higher but its price for 10,000 MBS was lower. When combined, PDS’ total price was lower than GTA’s price.  
- PDS’ total bid price for RBF 11 was the combined lowest. |

**Appeals Filed:** October 8 and 19, 2012, and November 9, 2012  
**Appeal Closed:** March 6, 2013  
**Appeal Duration:** 149 days
### Procurement Issue: Bidder responsiveness - Additional License Submission
- JRN allegedly did not submit the required C13 and C51 certification with its bid.
- J&B claimed that JRN's bid should have been deemed non-responsive and disqualified from consideration for award.

### Decision: DENIED.
- J&B properly filed its protest with the OPA pursuant to Section 8(a), P.L. 31-196 (Effective 03/28/12).
- JRN's bid complied with the IFB because it included JRN's Contractor's License, which indicates that JRN retains the C13 and C51 classifications required by the IFB.
- The IFB did not require bidders to submit a Verification of License or their Contractor’s License and a Verification of License with their bids.
<table>
<thead>
<tr>
<th>Appeal No.</th>
<th>Parties</th>
<th>Procurement</th>
<th>Procurement Value</th>
<th>Status</th>
<th>Action</th>
<th>Date Filed</th>
<th>Date End</th>
<th>Days</th>
</tr>
</thead>
<tbody>
<tr>
<td>OPA-PA-12-001</td>
<td>Medallion/GHURA</td>
<td>Low Income Housing Tax Credit</td>
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<td>01/20/12</td>
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January 1, 2012
Public Auditor Doris Flores Brooks releases her New Years Resolutions for 2012.

January 6, 2012
The Office of Public Accountability released the Decision on Appeal No. OPA-PA-11-026 regarding the General Services Agency’s decision on APH: Guam Medical Referral Services protest concerning OFG-005-11 Medical Referral Services for the Office of the Governor.

January 11, 2012
The Office of Public Accountability (OPA) is soliciting written proposals for On-Call Conflicts Attorney services. You may click the following link to download the Request for Proposal (RFP) or pick-up an the OPA-RFP-12-04 package at:
Office of Public Accountability
Suite 401, DNA Building
238 Archbishop Flores Street
Hagåtña, Guam 96910

January 26, 2012
The Office of Public Accountability released the Guam International Airport Authority’s FY 2011 Financial Statements, Report on Compliance and Internal Controls, Management Letter, and Letter to Those Charged with Governance.

January 30, 2012

February 22, 2012

February 29, 2012
The Office of Public Accountability has released the University of Guam’s FY 2011 Financial Statements, Report on Compliance and Internal Controls, and Letter to Those Charged with Governance.

March 1, 2012

March 2, 2012
The Office of Public Accountability has released the Guam Visitors Bureau (GVB)’s FY 2011 Financial Statements, Report on Compliance and Internal Controls, Management Letter and Letter to Those Charged with Governance.

March 5, 2012
The Office of Public Accountability has released the Guam Community College’s FY 2011 Financial Statements, Report on Compliance and Internal Controls, and Letter to Those Charged with Governance.

March 6, 2012
The Office of Public Accountability has released the Guam Economic Development Authority’s FY 2011 Financial Statements, Report on Compliance and Internal Controls, and Letter to Those Charged with Governance.

Appendix 3: Website in Review
March 7, 2012

* Highlights
  * 2011 Financial Statements
  * 2011 Report on Compliance and Internal Controls
  * 2011 Management Letter
  * 2011 Letter to Those Charged with Governance

March 11, 2012
The Office of Public Accountability has released the Department of Chamorro Affairs’ FY 2011 Financial Statements, Report on Compliance and Internal Controls, and Letter to Those Charged with Governance.

* Highlights
  * 2011 Financial Statements
  * 2011 Report on Compliance and Internal Controls
  * 2011 Letter to Those Charged with Governance

March 22, 2012
The Office of Public Accountability has released OPA Report 12-01, Guam Veterans Affairs Office Non-Appropriated Funds.

* Executive Summary
* Full Report

March 23, 2012
The Office of Public Accountability is soliciting proposals on behalf of the Guam Preservation Trust (GPT) for audit services. You may click the following link to download the Request for Proposal (RFP) or pick-up an RFP package at:

GPT RFP 12-02
Addendum #1

March 27, 2012
The Office of Public Accountability has released the Guam Power Authority (GPA)’s FY 2011 Financial Statements, Report on Compliance and Internal Controls, Management Letter, and Letter to Those Charged with Governance.

* Highlights
  * 2011 Financial Statements
  * 2011 Report on Compliance and Internal Controls
  * 2011 Management Letter
  * 2011 Letter to Those Charged with Governance

March 30, 2012
The Office of Public Accountability is soliciting proposals on behalf of the Guam Economic Development Authority (GEDA) for audit services. You may click the following link to download the Request for Proposal (RFP) or pick-up an RFP package at:

GEDA RFP-12-006
Addendum #1

March 30, 2012
The Office of Public Accountability has released the decision for appeal OPA-PA-11-001 regarding the Department of Education’s denial of InfaTech International, LLC’s protest concerning Invitation for Bids No. O.07-2011, O.08-2011, and O.09-2011 (Structural Repairs and Roof Coating on CODE Buildings).

* Decision for appeal

April 2, 2012
The Office of Public Accountability has released the notice of dismissal for appeal OPA-PA-12-001 regarding the Guam Housing and Urban Renewal Authority’s denial of Medallion Guam, LLC’s protest concerning the 2011 QAP Low Income Housing Tax Credit Program.

* Notice of Dismissal

April 3, 2012
The Office of Public Accountability has released the Tourist Attraction Fund (TAF)’s FY 2011 Financial Statements, Report on Compliance and Internal Controls, and Letter to Those Charged with Governance.

* Highlights
  * 2011 Financial Statements and Report on Compliance and Internal Controls
  * 2011 Letter to Those Charged with Governance

April 4, 2012

* Summary of the Performer
  * Performer and A.F.T.E.R. Analyses

April 10, 2012
The Office of Public Accountability is soliciting proposals on behalf of the Port Authority of Guam (PAG) for audit services. You may click the following link to download the Request for Proposal (RFP) or pick-up an RFP package at:

PAG RFP 12-001
Addendum No. 1
Appendix 3: Website in Review

April 12, 2012
The Office of Public Accountability has released the FY 2010 Mayors' Council of Guam (MCOG)'s Non-Annexed 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 Letters
  - 2010 Letter to Those Charged with Governance

April 13, 2012
The Office of Public Accountability has released the decision for appeals CPA-PA-11-018 regarding the Department of Education's denial of J & B Modern Tech's protest concerning Invitation for Bid No. 044-2012 (Preventative Maintenance and Minor Repairs for Split and Central A/C Equipment).

> Decision for appeal

April 16, 2012
The Office of Public Accountability has released the Territory Highway Fund (THF)'s FY 2011 Financial Statements, Report on Compliance and Internal Controls, and Letter to Those Charged with Governance.

> Highlights
  - 2011 Financial Statements and Report on Compliance and Internal Controls
  - 2011 Letter to Those Charged with Governance

April 23, 2012
The Office of Public Accountability has released the Guam Waterworks Authority (GWA)'s FY 2011 Financial Statements, Report on Compliance and Internal Controls, Management Letter, and Letter to Those Charged with Governance.

> Highlights
  - 2011 Financial Statements
  - 2011 Report on Compliance and Internal Controls
  - 2011 Management Letter
  - 2011 Letter to Those Charged with Governance

April 25, 2012
The Office of Public Accountability has released the 2010 Guam Island Fair/66th Liberation Day Committee Fund audited Statement of Deposits and Disbursements and Charges in Cash, 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

April 27, 2012
The Office of Public Accountability has released its CY 2011 Agency Report.

> Annual Report

April 30, 2012
The Office of Public Accountability is soliciting proposals on behalf of the Chamorro Land Trust Commission (CLTC) for audit services. You may click the following link to download the Request for Proposal (RFP) or pick-up an RFP package at:

Chamorro Land Trust Commission
Main Office
590 S. Marine Corps Drive
Suite 733 ITC Bldg.
Tamuning, Guam 96913.

> CLTC-2012-001

May 7, 2012
The Office of Public Accountability is soliciting proposals on behalf of the University of Guam (UOG) for audit services. You may click the following link to download the Request for Proposal (RFP) or pick-up an RFP package at:

University of Guam
Consolidated Procurement Office
Administration Building
Mangilao, Guam 96913.

> UOG RFP P20-12
> Amendment #1

May 23, 2012
The Office of Public Accountability has released the Guam Memorial Hospital Authority (GMHA)'s FY 2011 Financial Statements to include a Supplemental Schedule of Billings and Collections and Reconciliation of Billings to Gross Patient Revenues. All other information, including the FY 2011 Report on Compliance and Internal Controls, Management Letter, and Letter to Those Charged with Governance issued on March 29, 2012 remained unchanged.

> Highlights
> 2011 Revised Financial Statements

May 24, 2012
The Office of Public Accountability is soliciting proposals on behalf of the Government of Guam Retirement Fund (GGRF) for audit services. You may click the following link to download the Request for Proposal (RFP) or pick-up an RFP package at:

Government of Guam Retirement Fund
Director's Office
424A Route B
Maita, Guam 96910

> GGRF-022-12
> Amendment No. 1

May 30, 2012
The Office of Public Accountability has released CPA Report No. 12-02, Supplemental Appropriations Revenue (SAR) Fund Performance Audit.

> Executive Summary
> Full Report

June 12, 2012
The Office of Public Accountability is seeking applications from qualified persons for Paralegal II.

> Paralegal II
Appendix 3: Website in Review

June 26, 2012

The Office of Public Accountability has released the Guam Housing and Urban Renewal Authority (GHURA)’s FY 2011 Financial Statements, Report on Compliance and Internal Controls, Management Letter, and Letter to Those Charged with Governance.

- Highlights
  - 2011 Financial Statements
  - 2011 Report on Compliance and Internal Controls
  - 2011 Management Letter
  - 2011 Letter to Those Charged with Governance

June 27, 2012

The Office of Public Accountability is seeking applications from qualified persons for Auditor III.

- Auditor III

June 29, 2012

The Office of Public Accountability has released the Department of Education (DOE)’s FY 2011 Financial Statements, Report on Compliance and Internal Controls, and Letter to Those Charged with Governance.

- Highlights
  - 2011 Financial Statements
  - 2011 Report on Compliance and Internal Controls
  - 2011 Letter to Those Charged with Governance

July 3, 2012

The Office of Public Accountability has released the Government of Guam (GovGuam)’s FY 2011 Financial Statements and Letter to Those Charged with Governance.

- Financial Highlights
  - 2011 Financial Statements
  - 2011 Letter to Those Charged with Governance

July 5, 2012

The Office of Public Accountability has released the Government of Guam (GovGuam)’s FY 2011 Single Audit Reports and Management Letter.

- Compliance Highlights
  - 2011 Single Audit Reports
  - 2011 Management Letter

July 6, 2012

The Office of Public Accountability is soliciting proposals on behalf of the Chamorro Land Trust Commission (CLTC) for audit services. You may click the following link to download the Request for Proposal (RFP) or pick-up an RFP package at:

Chamorro Land Trust Commission
Main Office
590 S. Marine Corps Drive
Suite 733 ITC Bldg.
Tamuning, Guam 96913

- CLTC-2012-001

July 9, 2012

The Office of Public Accountability has released a notification to all Line Agencies, Autonomous and Semi-Autonomous agencies, Public Corporations, the Guam Mayors’ Council, the Judiciary of Guam and the Lihueleman Guam with respect to their FY 2011 Citizen-Centric Report required by Public Law 30-117.

Click here for notification

July 18, 2012

The Office of Public Accountability is seeking applications from qualified persons for Auditor I.

- Auditor I

July 18, 2012

The Office of Public Accountability has released the decision for appeals on OPA-PA-12-010 regarding the Guam Department of Education’s denial of Allied Pacific Buildings, Inc.’s protest concerning Invitation for Bid Nos. 038-2011 (Structural Repairs and Roof Coating – Northern A) and 038-2011 (Structural Repairs and Roof Coating – Northern B).

- Decision for appeal

July 19, 2012

Public Auditor Doris Flores Brooks responds to Vice-Speaker Cruz regarding request for Status of Qualifying Certificate Program Audit.

Click here for letter

August 8, 2012

The Office of Public Accountability has released the decision for appeal on OPA-PA-11-002 regarding the Guam Department of Education’s denial of Town House Department Stores, Inc., Dba Island Business Systems & Supplies’ protest concerning Invitation for Bid No. GDOE-IPB-012-2010 (Document Management Services).

- Decision for appeal

August 14, 2012

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

Government of Guam
Department of Administration
Director’s Office
Manuel F.L. Guerrero Bldg.
212 Aspangu Avenue
Hagatna, Guam 96910.

- RFP/DOA/ACCT001
- Amendment No. 1
- Written Questions and Answers

August 17, 2012

The Pacific Association of Supreme Audit Institutions (PASAI) issued the Accountability and Transparency Report of 2011. Guam was one of the six island governments that was studied in-depth as part of the PASAI project.

- PASAI Press Release
Appendix 3: Website in Review

August 20, 2012
The Office of Public Accountability has released its FY2011 Citizen Centric Report pursuant to Public Law 30-127.

→ FY 2011 Citizen Centric Report

August 30, 2012
The Office of Public Accountability is soliciting proposals on behalf of the Department of Chamorro Affairs (DCA) for an audit of its Non-Appropriated Funds (NAF). You may click the following link to download the Request for Proposal (RFP) or pick-up an RFP package at:

Department of Chamorro Affairs
Suite 100, Telaje Professional Building
114 Herman Carbo Avenue
 Hagatna, Guam 96910.

→ DCA-2012-001
→ Written Questions and Answers

September 5, 2012
The Office of Public Accountability has released the decision for appeal on OPA-PA-12-011 regarding the General Services Agency’s partial denial of Pacific Data System’s protest concerning invitation for Bid No. GSA-064-011 (Telecommunication Services).

→ Decision for appeal

September 17, 2012
The Pacific Association of Supreme Audit Institutions (PASAI) issued a press release on its Tier 3 Supervisory Roles in Government Auditing Training from September 3 to 14, 2012. OPA Auditor Llewelyn Telaje was one of the training participants.

→ PASAI Press Release

September 26, 2012
The Office of Public Accountability has issued a memo to all Government of Guam entities relative to Public Law 31-233, Reporting Requirements for Boards and Commissions.

→ Click here for Memo

September 28, 2012
The Office of Public Accountability has released the decision and order for the appeal on OPA-PA-12-012, regarding the General Services Agency’s no decision on Pacific Data System’s May 9, 2011 protest concerning invitation for Bid No. GSA-064-011 (Telecommunication Services).

→ Decision for appeal

October 10, 2012
The Office of Public Accountability is soliciting proposals on behalf of the Department of Administration (DOA) for an audit of the Tourist Attraction Fund and Territorial Highway Fund (TAR/THF). You may click the following link to download the Request for Proposal (RFP) or pick-up an RFP package at:

Government of Guam
Department of Administration
Director’s Office
Manuel F. Guerrero Bldg.
212 Asanbahl Avenue
Hagatna, Guam 96910.

→ RFP/DOA-ACCT-002-13
→ Written Questions and Answers

October 12, 2012
The Office of Public Accountability has released the summary order for OPA-PA-12-016, regarding the protest of Pacific Data System concerning the Guam Department Education’s Invitation for Bid 018-2012 (Student and Teacher laptop computers and related materials and services).

→ Decision for appeal

October 12, 2012
The Pacific Association of Supreme Audit Institutions (PASAI) held its 15th Congress in Naples, New Caledonia from October 2 to 5, 2012. Public Auditor Doris Flores Brooks was among the participants and encourages delegates to come to Guam for the 16th PASAI Congress from September 9 to 13, 2013.

→ PASAI Press Release

October 30, 2012
The Pacific Association of Supreme Audit Institutions (PASAI) issued a press release on its Communicating Effectively Workshop from September 24 to 28, 2012. PASAI Audit Supervisor Rodalyn Honape was among the training participants.

→ PASAI Press Release

November 8, 2012
The Office of Public Accountability has released OPA Report 12-03, Government Wide Submission of Citizen-Centric Reports Pursuant to Public Law 31-77.

→ Full Report

November 13, 2012
The Office of Public Accountability has released OPA Report 12-04, Guam Memorial Hospital Authority Compensation Controls from 2009 to 2011.

→ Executive Summary
→ Full Report

November 21, 2012
The Office of Public Accountability has released the decision for OPA-PA-12-019, regarding the protest of JMB WorldWide Inc. concerning the Guam Department Education’s Invitation for Bid 050-2012 (Portable Maintenance and Minor Repairs for Split and Central A/C Equipment for Thirty-Five (35) Public Schools and All Support Activities).

→ Decision for appeal

November 27, 2012
The Office of Public Accountability is soliciting proposals on behalf of the Chamorro Land Trust Commission (CLTC) and Guam Ancestral Lands Commission (GALC) for an audit of its Non-Appropriated Funds (NAF). You may click the following link to download the Request for Proposal (RFP) or pick-up an RFP package at:

Chamorro Land Trust Commission
Guam Ancestral Lands Commission
390 S. Marine Corp Drive
Suite 733 FTC Bldg
Tamuning, Guam 96913.

→ CLTC/GALC-2012-001
November 28, 2012

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

December 3, 2012


December 4, 2012

The Office of Public Accountability has released OPA Report 12-05, Government of Guam Payroll-Related Demand Runs and Special Payments.

December 17, 2012

The Office of Public Accountability is soliciting requests for proposals from qualified persons or firms to perform financial audit consulting services from fiscal years 2013 to 2015. You may click the following links to download the RFP or pick up an RFP package at:

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

- OPA-RFP-12-05 Announcement
- OPA-RFP-12-05
- Amendment No. 1

December 19, 2012

The Office of Public Accountability is soliciting request for proposals from qualified persons or firms to provide human resources consulting services from fiscal years 2013 to 2015. You may click the following links to download the RFP or pick up an RFP package at:

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

- OPA-RFP-12-06 Announcement
- OPA-RFP-12-06

December 20, 2012

The Office of Public Accountability has released OPA Report No. 12-06, Government of Guam Analysis of Top Ten Vendors.

December 27, 2012


December 28, 2012

The Office of Public Accountability has released OPA Report No. 12-08, Guam Department of Education’s Cash Collections over School Meals Program.

December 31, 2012

The Office of Public Accountability has released OPA Report No. 12-09, Office of Public Accountability’s Status of Audit Recommendations.
### Appendix 4: Hotline Tips Statistics

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Subsequently, an Auditor I was hired in February 2013, and Administrative Officer MH resigned in March 2013.
Office of Public Accountability
2012 Annual Report
May 2013

ACKNOWLEDGEMENTS

Key contributions to this report were made by:
Franklin Cooper-Nurse, Audit Supervisor
Jerrick Hernandez, Auditor-In-Charge
Joy Bulatao, 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            Impartiality
Accountability          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.