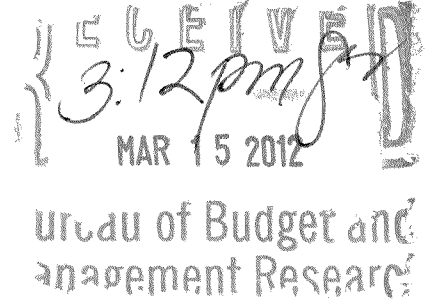




OFFICE OF PUBLIC ACCOUNTABILITY
Doris Flores Brooks, CPA, CGFM
Public Auditor

March 15, 2012

Honorable Vicente C. Pangelinan
Chairman
Committee on Appropriations, Taxation,
Public Debt, Banking, Insurance, Retirement, and Land
31st Guam Legislature
155 Hesler Place
Hagatna, Guam 96910



Subject: FY 2013 Budget Request

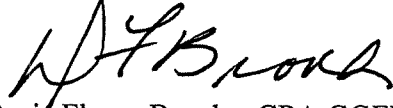
Dear Senator Pangelinan and Committee Members,

The Office of Public Accountability (OPA) is pleased to present our FY 2013 budget request of \$1,375,533. Our office did factor the Government of Guam's mounting deficit as our budget request is a nominal 9% increase from our FY 2012 appropriation and slightly more than our 2008 appropriation of \$1,350,432. The increase is mainly attributed to the higher health insurance premiums and retirement contributions.

The attached power point presentation provides the details of OPA's accomplishments for this past year and outlines OPA's audit and procurement appeals plans to achieve our future outlook goals.

We respectfully request authorization to carry over personnel lapses to our FY 2013 budget. Please allow OPA the same flexibility to carryover unobligated funds which has been accorded to other agencies such as the Mayors' Council, the Attorney General's Office, the University of Guam, the Guam Community College, the Judiciary and the Legislature.

Thank you and senseramente,


Doris Flores Brooks, CPA CGFM
Public Auditor



Suite 401, DNA Building
238 Archbishop Flores Street, Hagåtña, Guam 96910
Tel (671) 475-0390 • Fax (671) 472-7951
www.guamopa.org • Hotline: 47AUDIT (472-8348)


**Government of Guam
Fiscal Year 2013**

Agency Budget Certification

Agency: Office of Public Accountability

Agency Head: Doris Flores Brooks, CPA, CGFM
Guam Public Auditor

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

Agency Head:  Date: 3/15/12
(Signature)

**BUREAU OF BUDGET AND MANAGEMENT RESEARCH
FISCAL YEAR 2013
BUDGET DOCUMENT CHECKLIST**

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

	Department/Agency		BBMR	
	Yes	No	Yes	No
General				
Is the department/agency request within the Governor's established ceiling?	x			
Is the summary digest consistent with detail pages?	x			
Are the required budget forms attached?	x			
a. Agency Budget Certification [BBMR ABC]	x			
b. Agency Narrative Form [BBMR AN-N1] (Powerpoint Presentation)	x			
c. Decision Package [BBMR DP-1]	x			
d. Program Budget Digest Forms [BBMR BD-1, BBMR TA-1, BBMR 96A]	x			
e. FY 2013 (Proposed) Agency Staffing Pattern [BBMR SP-1] - All Fund Sources	x			
f. FY 2012 (Current) Agency Staffing Pattern [BBMR SP-1] - All Fund Sources	x			
g. Federal Program Inventory Form [BBMR FP-1]	x			
h. Equipment/Capital Listing & Space Requirement Form [BBMR EL-1]	x			
i. Prior Year Obligation		NA		
I. Agency Budget Certification [BBMR ABC]				
1. Is the budget certified as to its accuracy and BBMR requirements.	x			
II. Agency Narrative Form [BBMR AN-N1]				
1. Is the mission statement correct and consistent with the department/agency's enabling act?	x			
2. Are the goals and objectives correct and consistent with the department/agency's mission?	x			
III. Decision Package [BBMR DP-1]				
1. Is activity description correct?	x			
2. Is major objective correct?	x			
3. Are short term goals correct?	x			
4. Is workload output reflected correctly? (See Powerpoint Presentation)	x			
IV. Program Budget Digest Forms [BBMR BD-1, BBMR TA-1, BBMR 96A]				
A.) [BBMR BD-1]				
<u>Personnel Services</u>				
1. Are figures reflected consistent with the attached staffing pattern(s)?	x			
2. Are amounts reflected in each column accurate?	x			
3. Are computations correct?	x			
<u>Operations</u>				
1. Are the amounts reflected under columns, "Governor's Request", for each object category consistent with respective schedules (Schedule A - E) as detailed in the budget digest subforms (BBMR TA-1 & BBMR 96A)?	x			
2. Are amounts reflected in each column accurate?	x			
3. Are computations correct?	x			
<u>Utilities</u>				
Are amounts reflected in each column correct?	x			
<u>Capital Outlay</u>				
Are amounts reflected under columns, "Governor's Request", consistent with schedule F as detailed in the budget digest subform, [BBMR 96A]?	x			
<u>Full Time Equivalencies (FTEs)</u>				
Are the number of FTEs for both "Unclassified" and "Classified" accurately reflected under each column?	x			
B.) [BBMR TA-1]				
1. Is the purpose/justification for travel defined?	x			
2. Is/Are the travel date(s) and number of travelers reflected?	x			
3. Is/Are the position title(s) of the traveler(s) reflected?	x			
4. Are all columns (Air Fare, Per Diem, Registration, and Total Cost) accurate?	x			
C.) [BBMR 96A]				
1. Are "Items" under schedules B - F listed in detail?	x			
2. Is the "Quantity" under schedules B - F reflected for respective items?	x			
3. Is the "Unit Price" and "Total Price" accurate for each item under schedules B - F?	x			
V. Agency Staffing Pattern Forms [BBMR SP-1]				
1. Are position titles correct?	x			
2. Are position numbers reflected?	x			
3. Are the salary levels consistent with the Civil Service Commission, Classification and Pay Plan?	x			
4. Are filled positions funded?	x			
5. Are increment amounts reflected (should be no per Public Law)?		x		
6. Are rates reflected under "Benefits" correct?	x			
7. Are computations correct?	x			
VI. Federal Program Inventory Form [BBMR FP-1]				
Is the form complete and accurate?	x			
VII. Equipment/Capital Listing & Space Requirement Form [BBMR EL-1]				
1. Is the description of the equipment and/or capital item(s) detail?	x			
2. Is the "quantity" and "percentage of use" reflected?	x			
3. Are space requirements descriptive and total space reflected and accurate?	x			
VIII. Prior Year Obligation [BBMR PYO-1]				
		N/A		

DEPARTMENT: Office of Public Accountability (OPA)
 Prepared By: Anne Camacho
 February 2012

Approved By: [Signature]
 (Signature of Dept/Agency Head)
 3/15/12
 Date

BBMR ACTION:
 Recommendation
 Approval
 Disapproval

Analyst _____
 Date _____

**Government of Guam
Fiscal Year 2013 Budget
Department / Agency Narrative**

FUNCTION: Office of Public Accountability

DEPT. / AGENCY: Office of Public Accountability

****See Power Point Presentation for Complete Narrative Details****

MISSION STATEMENT:

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

VISION STATEMENT:

Guam is the model for good governance in the Pacific.

CORE VALUES:

- Integrity
- Independence
- Impartiality
- Accountability
- Transparency

GOALS AND OBJECTIVES:

- 1) Maintain the independence of the Office of Public Accountability.
 - 2) Deliver timely, reliable, and quality reports.
 - 3) Re-growth of OPA staff due to loss of senior staff.
 - 4) Increase public knowledge of OPA's mission, work, and impact.
 - 5) Strengthen working relationship with audited entities.
-

Government of Guam
Fiscal Year 2013
Budget Digest

[BBMR BD-1]

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

AS400 Account Code	Appropriation Classification	GENERAL FUND			SPECIAL FUND 1/			FEDERAL MATCH			GRAND TOTAL (ALL FUNDS)		
		FY 2011 Expenditures & Encumbrances	FY 2012 Authorized Level	FY 2013 Governor's Request	FY 2011 Expenditures & Encumbrances	FY 2012 Authorized Level	FY 2013 Governor's Request	FY 2011 Expenditures & Encumbrances	FY 2012 Authorized Level	FY 2013 Governor's Request	FY 2011 Expenditures & Encumbrances (A + D + G)	FY 2012 Authorized Level (B + E + H)	FY 2013 Governor's Request (C + F + I)
PERSONNEL SERVICES													
111	Regular Salaries/Increments/Special Pay:	658,527	681,473	730,606	0	0	0	0	0	0	658,527	681,473	730,606
112	Overtime:	0	0	0	0	0	0	0	0	0	0	0	0
113	Benefits:	229,595	249,405	242,689	0	0	0	0	0	0	229,595	249,405	242,689
114	Insurance Benefits (Medical / Dental / Life):		0	57,244	0	0	0	0	0	0	0	0	57,244
	TOTAL PERSONNEL SERVICES	\$888,122	\$930,878	\$1,030,539	\$0	\$0	\$0	\$0	\$0	\$0	\$888,122	\$930,878	\$1,030,539
OPERATIONS													
220	TRAVEL- Off-Island/Local Mileage Reimburs:	7,727	0	13,000	0	0	0	0	0	0	7,727	0	13,000
230	CONTRACTUAL SERVICES:	94,112	198,385	180,500	0	0	0	0	0	0	94,112	198,385	180,500
233	OFFICE SPACE RENTAL:	102,594	102,594	102,594	0	0	0	0	0	0	102,594	102,594	102,594
240	SUPPLIES & MATERIALS:	7,214	8,400	7,200	0	0	0	0	0	0	7,214	8,400	7,200
250	EQUIPMENT:	28,949	9,450	21,100	0	0	0	0	0	0	28,949	9,450	21,100
270	WORKERS COMPENSATION:	0	0	0	0	0	0	0	0	0	0	0	0
271	DRUG TESTING:	0	0	0	0	0	0	0	0	0	0	0	0
280	SUB-RECIPIENT/SUBGRANT:	0	0	0	0	0	0	0	0	0	0	0	0
290	MISCELLANEOUS:	4,152	3,800	13,600	0	0	0	0	0	0	4,152	3,800	13,600
	TOTAL OPERATIONS	\$244,748	\$322,629	\$337,994	\$0	\$0	\$0	\$0	\$0	\$0	\$244,748	\$322,629	\$337,994
UTILITIES													
361	Power:	0	0	0	0	0	0	0	0	0	0	0	0
362	Water/ Sewer:	0	0	0	0	0	0	0	0	0	0	0	0
363	Telephone/ Toll:	5,333	7,000	7,000	0	0	0	0	0	0	5,333	7,000	7,000
	TOTAL UTILITIES	\$5,333	\$7,000	\$7,000	\$0	\$0	\$0	\$0	\$0	\$0	\$5,333	\$7,000	\$7,000
450	CAPITAL OUTLAY	24,929	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$24,929	\$0	\$0
	TOTAL APPROPRIATIONS	\$1,163,132	\$1,260,507	\$1,375,533	\$0	\$0	\$0	\$0	\$0	\$0	\$1,163,132	\$1,260,507	\$1,375,533
	1/ Specify Fund Source	General Fund	General Fund	General Fund									
FULL TIME EQUIVALENCIES (FTEs)													
	UNCLASSIFIED:	0	0	0	0	0	0	0	0	0	0	0	0
	CLASSIFIED:	14	14	17	0	0	0	0	0	0	14	14	17
	TOTAL FTEs	19.00	19.00	19.00	0.00	0.00	0.00	0.00	0.00	0.00	14.00	14.00	17.00

Schedule A - Off-Island Travel

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

Purpose / Justification for Travel				
To attend National State Auditor Association (NSAA) Annual Conference and Association of Local Government Auditors (ALGA) Annual Conference held in the summer of each year.				
Travel Date: Summer 2013		No. of Travelers: 1 1/		
Position Title of Traveler(s)	Air Fare	Per diem	Registration	Total Cost
Public Auditor (NSAA) & (ALGA)	\$ 1,800.00	\$ 1,600.00	\$ 800.00	\$ 4,200.00
				\$ -

Purpose / Justification for Travel				
To attend the Association of Government Accountants (AGA) Annual Professional Development Conference (PDC) and the Government Finance Officers Association Conference (GFOA) held in the summer of each year.				
Travel Date: Summer 2013		No. of Travelers: 1 1/		
Position Title of Traveler(s)	Air Fare	Per diem	Registration	Total Cost
Public Auditor (PDC)	\$ 2,000.00	\$ 1,600.00	\$ 800.00	\$ 4,400.00
Public Auditor (GFOA)	\$ 2,000.00	\$ 1,600.00	\$ 800.00	\$ 4,400.00

Purpose / Justification for Travel				
Position Title of Traveler(s)	Air Fare	Per diem	Registration	Total Cost
	\$ -	\$ -	\$ -	\$ -

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

Total \$ 13,000.00

1/ Provide justification for multiple travelers attending the same conference / training / etc.
 2/ Rates must be consistent with Title 5 GCA, Div.2, Ch.23, §23104 and federal Joint Travel Regulations

Schedule B- Contractual

Item	Quantity	Unit Price	Total Price	Funded in FY 2012?	
				Yes	No
Website Hosting/Maintenance	12	980	\$ 11,760	X	
CPA Consulting Services	12	900	\$ 10,800	X	
Audit Manual Update & Trainings	1	12000	\$ 12,000		X
MCOG NAF Attestation SVC (FY10, FY11 Rpts)	1	30000	\$ 30,000	X	
OPA Legal Services	12	1000	\$ 12,000	X	
Hearing Officers	12	7000	\$ 84,000	X	
OPA Leased Copier + Addtl Copy Usage	12	600	\$ 7,200	X	
Professional Publications & Subscriptions	3	250	\$ 750	X	
Juris Pacific	12	220	\$ 2,640		
Professional Assn. Membership	17	550	\$ 9,350	X	
Total Contractual			\$ 180,500		

Item	Quantity	Unit Price	Total Price	Funded in FY 2012?	
				Yes	No
General Office Supplies	12	600	\$ 7,200.00	X	
			\$ -		
			\$ -		
			\$ -		
			\$ -		
			\$ -		
Total Supplies & Materials			\$ 7,200.00		

Schedule D - Equipment

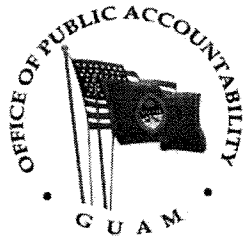
Item	Quantity	Unit Price	Total Price	Funded in FY 2012?	
				Yes	No
Software Upgrade	1	10000	\$ 10,000.00		X
Laptop Computers	3	1500	\$ 4,500.00		X
Desktop Computers	3	1300	\$ 3,900.00		X
Printers	3	900	\$ 2,700.00		X
			\$ -		
			\$ -		
Total Equipment			\$ 21,100.00		

Schedule E - Miscellaneous

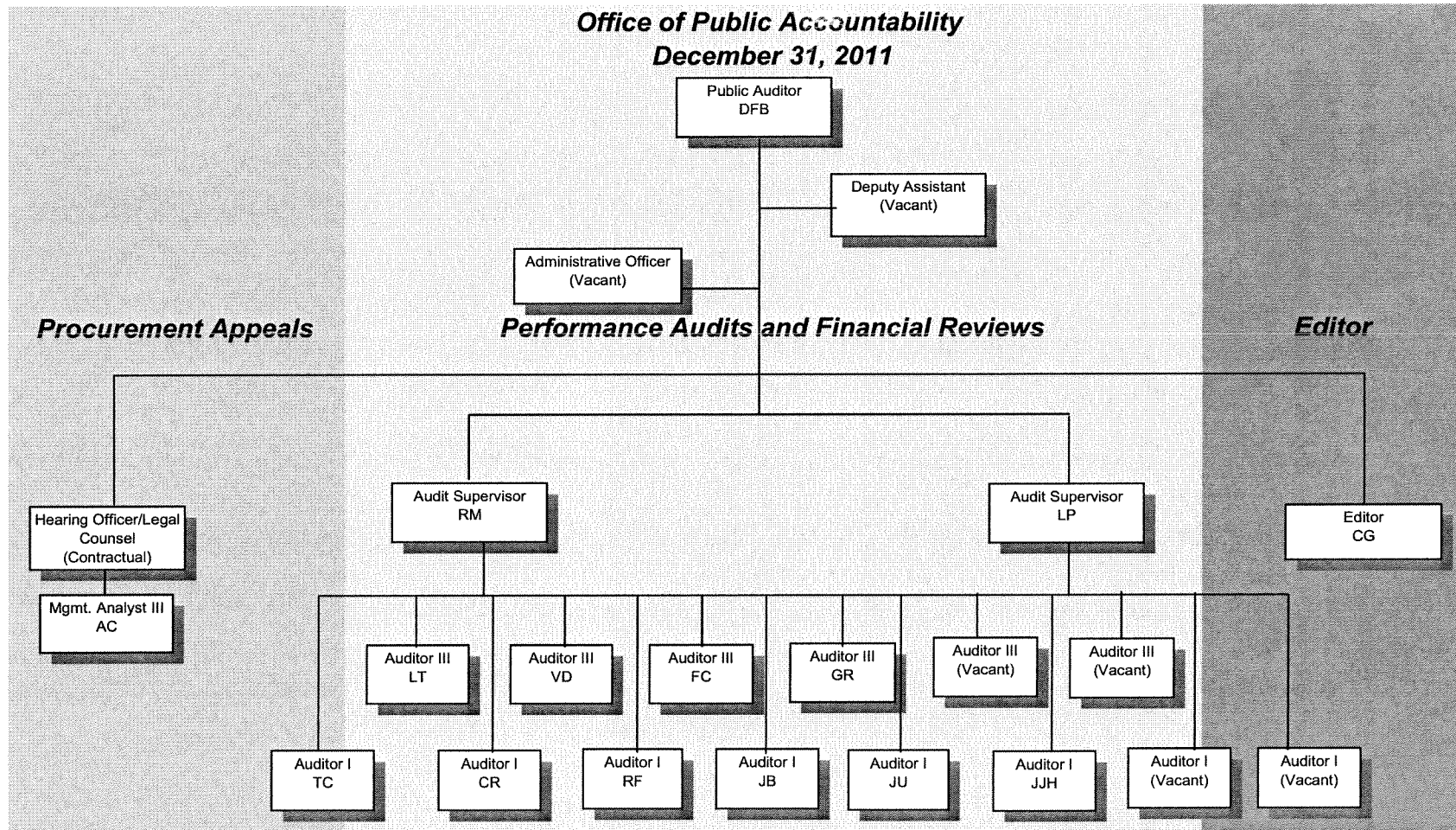
Item	Quantity	Unit Price	Total Price	Funded in FY 2012?	
				Yes	No
Print Advertising	3	600	\$ 1,800.00		
Recruitment related expenses (testing)	12	150	\$ 1,800.00		
Host expenses re PASAI Conference	1	10000	\$ 10,000.00		
			\$ -		
			\$ -		
			\$ -		
Total Miscellaneous			\$ 13,600.00		

Schedule F - Capital Outlay

Item	Quantity	Unit Price	Total Price	Funded in FY 2012?	
				Yes	No
			\$ -		
			\$ -		
			\$ -		
			\$ -		
			\$ -		
			\$ -		
Total Capital Outlay			\$ -		



Organizational Chart



Note: Audit Supervisor LP and Auditor III GR subsequently resigned on February 2012.

March 15, 2012

Government of Guam
Fiscal Year 2013
Agency Staffing Pattern
(PROPOSED)

[BBMR SP-1]

FUNCTIONAL AREA: Office of Public Accountability

DEPARTMENT/AGENCY: Office of Public Accountability

PROGRAM: SUMMARY

FUND: 5100A139959CT001.111.113

Input by Department										Input by Department									
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)		(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)	(R)	(S)
No.	Position Number	Position Title	Name of Incumbent	Grade/ Step	Salary	Overtime	Special*	Increment		(E+F+G+I) Subtotal	Benefits					Medical (Premium)	Dental (Premium)	Total Benefits (K thru Q)	(J + R) TOTAL
								Date	Amt.		Retirement (J * 30.09%) 1/	Retire (DDI) (\$19.02*26PP) 2/	Social Security (6.2% * J)	Medicare (1.45% * J)	Life 3/				
1	1	Public Auditor	Doris Flores Brooks		\$100,000	\$0	\$0		\$0	\$100,000	\$30,090	0		\$1,450	\$153	\$2,401	\$226	\$34,320	\$134,320
2	2	Administrative Officer	Vacant (100% of \$26,520)	L-1 (100%)	26,520	0	0		0	26,520	7,980	495		\$385	153	2,401	226	11,639	38,159
3	3	Chief Auditor/Audit Supervisor	Rodalyn May G. Marquez	O-12	54,329	0	0	16-Mar-2014	1,902	56,231	16,920	495		\$815	153	0	0	18,383	74,614
4	4	Auditor I	Jerrick J. J. G. Hernandez	K-08	34,518	0	0	3-Oct-2013	1,233	35,751	10,757	495		\$518	153	2,401	226	14,550	50,301
5	5	Deputy Asst. PA	Vacant	L-01	0	0	0		0	0	0	0		\$0	0	0	0	0	0
6	6	Auditor I	Clariza Mae G. Roque	K-08	34,518	0	0	30-Sep-2013	1,233	35,751	10,757	495		\$518	153	2,401	226	14,550	50,301
7	7	Auditor III	Vacant (25% of \$35,848)	M-5 (25%)	8,962	0	0		0	8,962	2,697	495		\$130	153	2,401	226	6,102	15,064
8	8	Auditor III	Franklin J. T. Cooper-Nurse	M-13	47,695	0	0	1-Sep-2014	1,669	49,364	14,854	495		\$716	153	2,401	226	18,844	68,208
9	9	Auditor I	Rachel Field	K-08	34,518	0	0	30-Sep-2013	1,233	35,751	10,757	495		\$518	153	2,401	226	14,550	50,301
10	10	Auditor III	Vincent Jon Duenas	M-13	47,695	0	0	1-Sep-2014	1,669	49,364	14,854	495		\$716	153	6,517	375	23,109	72,473
11	11	Management Analyst III	Anne T. S. Camacho	M-13	47,695	0	0	1-Dec-2014	1,669	49,364	14,854	495		\$716	153	2,401	226	18,844	68,208
12	12	Auditor I	Jocelyn B. Untalan	K-07	33,286	0	0	17-May-2013	1,232	34,518	10,386	495		\$501	153	2,401	226	14,161	48,679
13	13	Auditor II	Vacant (25% of \$33,150)	L-5 (25%)	8,288	0	0		0	8,288	2,494	495		\$120	153	2,401	226	5,889	14,177
14	14	Auditor I	Joy V. Bulatao	K-07	33,286	0	0	13-May-2013	1,232	34,518	10,386	495		\$501	153	2,401	226	14,161	48,679
15	15	Auditor III	Llewelyn R. Terlaje	M-13	47,695	0	0	1-Sep-2014	1,613	49,308	14,837	495		\$715	153	2,401	226	18,826	68,134
16	16	Management Analyst IV	Lourdes R. Perez	N-14	53,470	0	0	13-Nov-2014	1,871	55,341	16,652	495		\$802	153	6,517	375	24,995	80,336
17	17	Special Projects Coordinator	Catherine S. Gault	M-10 (20%)	8,604	0	0		0	8,604	2,589	495		\$125	0	0	0	3,208	11,812
18	18	Auditor III	Vacant (25% of \$35,848)	M-5 (25%)	8,962	0	0		0	8,962	2,697	495		\$130	153	2,401	226	6,102	15,064
19	19	Auditor III	Gopinath Ramakrishnan	M-09	41,584	0	0	21-Apr-2013	1,434	43,018	12,944	495		\$624	153	3,781	224	18,221	61,239
20	20	Auditor I	Travis Lee Carbon	K-6	32,053	0	0	24-Oct-2012	1,233	33,286	10,016	495		\$483	153	2,401	226	13,773	47,059
21	21	Auditor I	Vacant (25% of \$30,820)	K-5 (25%)	7,705	0	0		0	7,705	2,318	495		\$112	153	2,401	226	5,705	13,410
Grand Total:					\$711,383	\$0	\$0		\$19,223	\$730,606	\$219,839	\$9,399	\$0	\$10,594	\$2,907	\$52,830	\$4,364	\$299,933	\$1,030,539

Government of Guam
 Fiscal Year 2012
 Agency Staffing Pattern
 (CURRENT)
 As of December 31, 2011

FUNCTIONAL AREA: Office of Public Accountability Office of Public Accountability
 DEPARTMENT/AGENCY: Office of Public Accountability Office of Public Accountability
 PROGRAM: SUMMARY 5100A129959CT001.111.113
 FUND: 5100A12CT001.111.113

Input by Department																Input by Department				
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)		(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)	(R)	(S)	
No.	Position Number	Position Title	Name of Incumbent	Grade/ Step	Salary	Overtime	Special*	Increment		(E+F+G+I) Subtotal	Retirement (J * 28.30%)	Retire (DDI) (\$19.02*26PP)	Social Security (6.2% * J)	Benefits			Medical (Premium)	Dental (Premium)	Total Benefits (K thru Q)	(J + R) TOTAL
								Date	Amt.					Medicare (1.45% * J)	Life I/					
1	1	Public Auditor	Dores Flores Brooks		\$100,000	\$0	\$0		\$0	\$100,000	\$28,300	\$495	\$0	\$1,450	\$174	\$2,064	\$192	\$32,675	\$132,675	
2	2	Administrative Officer	Vacant	L-1	0	0	0		0	0	0	0	0	0	0	0	0	0	0	
3	3	Chief Auditor/Audit Supervisor	Rodalyn May G. Marquez	O-11	52,492	0	0	16-Mar-2013	1,775	54,267	15,358	495	0	787	174	2,064	192	19,069	73,336	
4	4	Auditor I	Jerrick J. J. G. Hernandez	K-07	33,286	0	0	3-Oct-2013	1,233	34,519	9,769	495	0	501	174	2,064	192	13,194	47,713	
5	5	Deputy (Assistant) Public Auditor	Vacant	L-01	0	0	0		0	0	0	0	0	0	0	0	0	0	0	
6	6	Auditor I	Clariza Mae G. Roque	K-07	33,286	0	0	30-Sep-2012	1,233	34,519	9,769	495	0	501	174	2,064	192	13,194	47,713	
7	7	Auditor III	Vacant	M-05	0	0	0		0	0	0	0	0	0	0	0	0	0	0	
8	8	Auditor III	Franklin J. T. Cooper-Nurse	M-12	46,082	0	0	1-Sep-2013	1,613	47,695	13,498	495	0	692	174	2,496	209	17,563	65,258	
9	9	Auditor I	Rachel Field	K-07	33,286	0	0	30-Sep-2012	1,233	34,519	9,769	495	0	501	174	2,064	192	13,194	47,713	
10	10	Auditor III	Vincent Jon Duenas	M-12	46,082	0	0	1-Sep-2013	1,613	47,695	13,498	495	0	692	174	4,366	407	19,631	67,326	
11	11	Management Analyst III	Anne T. S. Camacho	M-12	46,082	0	0	1-Dec-2013	1,613	47,695	13,498	495	0	692	174	2,503	192	17,553	65,248	
12	12	Auditor I	Jocelyn B. Untalan	K-06	32,053	0	0	17-May-2012	1,233	33,286	9,420	495	0	483	174	2,064	192	12,827	46,113	
13	13	Auditor II	Vacant	L-05	0	0	0		0	0	0	0	0	0	0	0	0	0	0	
14	14	Auditor I	Joy V. Bolatao	K-06	32,053	0	0	13-May-2012	1,233	33,286	9,420	495	0	483	174	2,064	192	12,827	46,113	
15	15	Auditor III	Llewelyn R. Terlaje	M-12	46,082	0	0	1-Sep-2013	1,613	47,695	13,498	495	0	692	174	2,064	192	17,114	64,809	
16	16	Management Analyst IV	Lourdes R. Perez	N-13	51,662	0	0	13-Nov-2012	1,808	53,470	15,132	495	0	775	174	4,366	407	21,349	74,819	
17	17	Special Projects Coordinator	Catherine S. Gault	M-10 (20%)	8,604	0	0		0	8,604	2,435	495	0	125	174	2,064	192	5,484	14,088	
18	18	Auditor III	Vacant	M-5	0	0	0		0	0	0	0	0	0	0	0	0	0	0	
19	19	Auditor III	Gopinath Ramakrishnan	M-08	40,150	0	0	21-Apr-2012	1,434	41,584	11,768	495	0	603	174	4,157	349	17,546	59,130	
20	20	Auditor I	Travis Lee Carbon	K-5	30,820	0	0	11-Oct-2012	1,233	32,053	9,071	495	0	465	174	2,064	192	12,460	44,513	
21	21	Auditor I	Vacant	K-5	0	0	0		0	0	0	0	0	0	0	0	0	0	0	
NOTE: L. Perez (Position No. 16) transferred to DOE in February 2012 and G. Ramakrishnan (Position No. 19) resigned in January 2012.																			0	0
Grand Total:				---	\$632,020	\$0	\$0		\$18,867	\$650,887	\$184,201	\$7,418	\$0	\$9,438	\$2,610	\$38,528	\$3,484	\$245,679	\$896,566	

A Transaction/ Obligation Date	B Transaction Type	C Vendor	D General Fund (\$)	E Special Fund (\$)	F Federal Fund (\$)	G Reasons for Nonsubmittal or Nonpayment
No Prior Year Obligations for OPA						
Total			\$0.00	\$0.00	\$0.00	

Note:
 Column A: Completion date of transaction or event prior to October 1, 2011.
 Column B: Transaction Type such as personnel action, contracts, etc.
 Column C: Vendor or Party owed
 Column D, E, & F: Identify funding source and dollar amount inclusive of associated penalties or fees; if more than one transaction, need to total all transactions.
 Column G: Note item of concern.



Office of Public Accountability

FY 2013 – Budget Presentation



Overview of Agency Mandate

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



Motto, Mission & Vision

- **Motto:** *“Auditing for Better Government”*
- **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.
- **Vision:** “Guam is the model for good governance in the Pacific.”



Goals & Objectives

To improve the audited entity's effectiveness, efficiency, and economy, and promote good governance, we will:

- Maintain the independence of OPA;
- Deliver timely, reliable and nonpartisan reports;
- Advance staff competence;
- Increase public knowledge of OPA's mission and work;
and
- Build and improve relations with government entities.



Core Values

- Independence
- Accountability
- Integrity
- Transparency
- Impartiality



1 GCA §1908

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



1 GCA §1909

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



OPA's Stakeholders

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

The OPA serves the public interest by providing reliable and dependable information, unbiased analysis, and objective recommendations.



Future Outlook & Goals

- Continue professional growth and development of OPA's staff to rebuild staff levels comparative to 18 staff in 2006.
- Issue performance audits to improve the accountability, transparency, effectiveness, efficiency, and economy of government programs and agencies.
- Monitor the General Fund deficit and find ways to address revenue leakage, enhance revenue collections, and identify cost savings.
- Provide oversight in the timely issuance of GovGuam financial statements and those of its component units.
- Issue timely procurement appeals decisions.
- Advocate comprehensive procurement reform through legislation and use of technology.
- Work with government counterparts as Guam addresses the challenges of the scaled down version of the military buildup.



How OPA Supports its Mission

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



Staffing Levels & Challenges

- OPA staff recruitment, compensation, promotion, and retention continue to be among our primary concerns after eleven years.
- OPA operations have been hindered largely due to the shortage of staff. OPA's full-time staff declined by 39% from 18 in 2006 to 12 in 2012.
- From November 2011 to February 2012, OPA lost 4 key personnel consisting of 1 Administrative Officer, 2 Auditor III's and 1 Audit Supervisor. Retention of senior-level staff remains problematic due to existing low salary inequities and the ability of autonomous agencies to pay market rates.
- Currently, OPA has 8 vacancies. Recruitment remains slow and protracted due to low compensation package and lengthy hiring process through the Department of Administration (DOA).
- Executive Order 2011-14 froze salary increments for all classified employees and raises for unclassified employees effective October 2011.
- DOA has not implemented salary increment of 1 staff whose increment was due in December 2011. The matter is being reviewed by OPA's legal counsel.



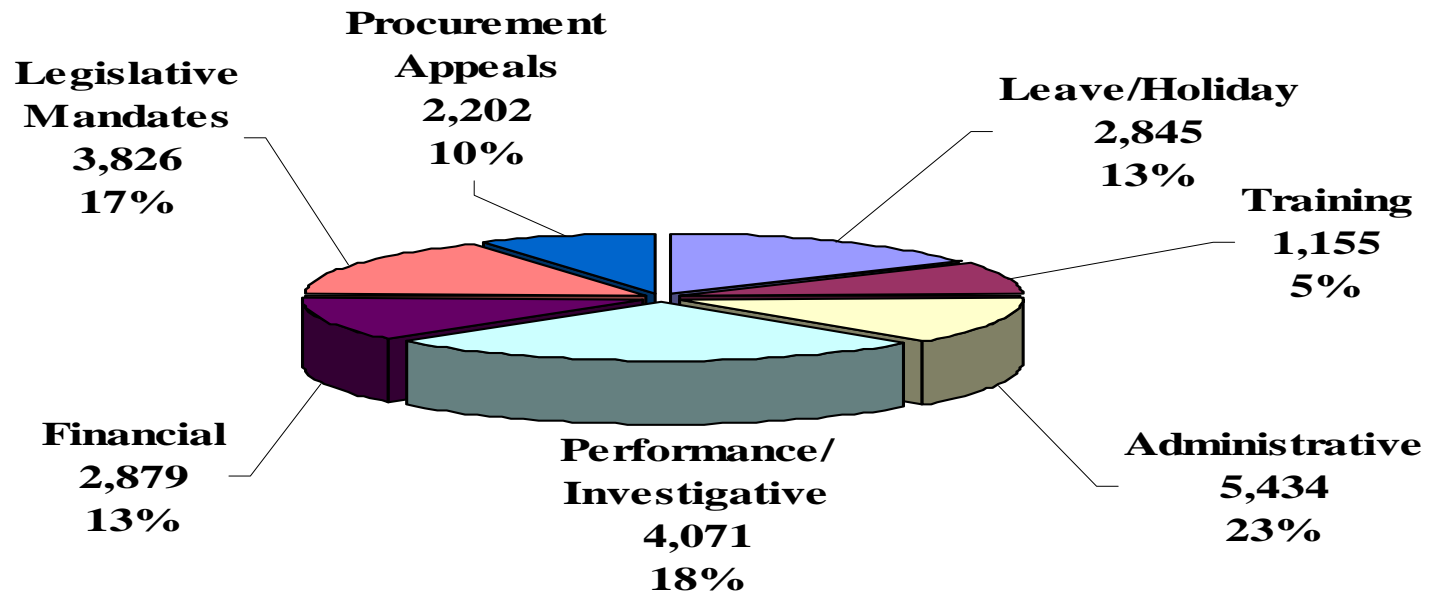
2011 – Year in Review

- Despite these challenges, OPA continued its commitment and dedication to “**Auditing for Better Government**” by:
 - Issuing 12 performance audits that collectively identified over \$14.5M in questioned costs and other financial impacts;
 - Making 39 recommendations to the audited government entities to improve accountability and operational effectiveness and efficiency;
 - Monitoring and providing oversight in the issuance of 19 GovGuam financial audits and its component units; and
 - Administering 21 procurement appeals (highest number of appeals in six years).



2011 Staff Hours Distribution

- As of December 31, 2011, OPA had 14 full-time and 1 part-time staff.
- Total hours expended was 31,400. The chart below illustrates the composition of hours.





Audits Completed in 2011

1. OPA Austerity Plan and GovGuam Cost Reduction and Revenue Enhancement Recommendations
2. GovGuam Oversight of ARRA Funds
3. GovGuam Liabilities Assessment
4. GPD Review of Bid No.GSA-081-10 Police Patrol Vehicles
5. DPW Building Permits and Inspection Section
6. GFD Non-Productive Pay on Leave and Other Compensation
7. Guam PEALS Board's Funds and Financial Practices
8. GovGuam Annual Leave Lump Sum Payments
9. Government-Wide Submission of Citizen-Centric Reports Pursuant to P.L. 31-77
10. GovGuam Income Tax Refund Efficient Payment Trust Fund
11. GovGuam Health Benefit Costs Account
12. GSA Small Purchase Procurement



Audits Completed in 2011

- Government auditing continues to evolve. It has become a more comprehensive activity involving **Oversight**, **Insight**, and **Foresight**. The 12 performance audits are classified as follows:
- OPA completed 6 **oversight** reviews:
 - GovGuam Oversight of American Recovery and Reinvestment Act (ARRA) Funds
 - GovGuam Liabilities Assessment
 - GovGuam Annual Leave Lump Sum Payments
 - Government-Wide Submission of Citizen-Centric Reports (CCR) Pursuant to P.L. 31-77
 - GovGuam Income Tax Refund Efficient Payment Trust Fund Pursuant to P.L. 31-74
 - GovGuam Health Benefit Costs Account Pursuant to P.L. 31-74
- 4 offered **insight**:
 - Guam Police Department (GPD) Review of Bid No.GSA-081-10 Police Patrol Vehicles
 - Department of Public Works' (DPW) Building Permits and Inspection Section
 - Guam Professional Engineers, Architects and Land Surveyors (PEALS) Board's Funds and Financial Practices
 - General Services Agency (GSA) Small Purchase Procurement
- 2 provided **insight** as well as **foresight**:
 - OPA Austerity Plan and GovGuam Cost Reduction and Revenue Enhancement Recommendations
 - Guam Fire Department (GFD) Non-Productive Pay on Leave and Other Compensation



Audits Completed in 2011

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

- Based on audits previously completed, OPA identified cost containment measures that could lead to potential cost savings of \$4.3M. For example:
 - Eliminate GFD's Non-Productive Pay (\$1.6M);
 - Reduce Overtime by 10% (\$660K);
 - Reassess the Costs for the Wellness Benefits (\$658K); and
 - Eliminate Lifetime Annuity for the Governor and Lt. Governor (\$88K annually).
- OPA also identified revenue enhancement initiatives. For example:
 - Collection of Bounced Checks (\$513K);
 - Repayment of Debt Forgiveness by GHC (unknown);
 - Moratorium on Tax Credits (unknown); and
 - Reassess the rate of Property Tax (unknown).



Audits Completed in 2011

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

- The Bureau of Budget and Management Research (BBMR) limits its role to ensuring compliance with reporting deadlines and Section 1512 reporting, and not necessarily with overseeing the appropriate use of ARRA funds.
- BBMR's consolidated quarterly reports did not reconcile to the Federal Recovery Website. There were variances of \$663K and \$1.9M in the total amounts awarded and expended for 4 entities that we reviewed.
- The Guam Recovery Website lacked adequate information to track or review the status of projects and activities of the primary recipients, sub-recipients, vendors, and contractors. Review findings on ARRA grant use and management plans to address them are not posted.



Audits Completed in 2011

Report No. 11-03: GovGuam Liabilities Assessment

- Consistent with prior years, GovGuam continues to spend more than it takes in. The preliminary over expenditure for FY 2010 was \$83.6M, bringing the cumulative deficit to \$349M. Among the factors contributing to the deficit are the over estimation of revenues by \$40.4M and unbudgeted recurring items totaling \$13.7M.
- The deficit was expected to increase by \$23.7M to \$34.1M due to the permanent injunction against the Department of Mental Health and Substance Abuse (DMHSA) to pay \$14M and the unbudgeted increases in health insurance premiums ranging from \$9.7M to \$20.1M.
- GovGuam Retirement Fund (GGRF) received an unintended windfall ranging from \$14.8M to \$18.1M for lost opportunity income or interest-only payments.
- Audited FY 2010 over expenditures were \$71.1M with the cumulative General Fund deficit at \$336.4M.



Audits Completed in 2011

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

- This procurement bypassed the AG's review because the initial requisition of \$515,940 was subsequently lowered to \$490,000.
- The bid was amended five times to change the bid opening date; one amendment changed 10 bid specifications to make the requisition less restrictive as the initial bid was brand-specific.
- GSA awarded the bid to a vendor whose Certificate of Authority was expired at bid opening and as such was non-responsive. However, GSA did not determine this bidder to be an unqualified bidder and awarded the bid to this vendor.
- The 14 police patrol vehicles which met the bid requirements were received on December 30, 2010.



Audits Completed in 2011

Report No. 11-05: DPW Building Permits and Inspection (BP&I) Section

- DPW BP&I Section continues to process and issue building permits manually, and does not effectively supervise, monitor or collect building permit and plan checking fees.
- We found:
 - Inconsistencies in the assessment and application of fees, resulting in lost revenues of \$200K;
 - Over assessment of \$56K in construction project fees due to the utilization of the wrong fee schedule;
 - Instances where fees were partially or entirely waived without explanation or acknowledgment from management resulting in lost revenues of \$71K;
 - Lack of independent verification on the value of the construction projects submitted by applicants and resulting in \$548K in lost opportunity;
 - A significant decline of \$903K in building permit and plan checking fees in FY 2010;
 - No link to DRT to ensure the update of real property tax values; and
 - No fees or other benefits from military-related construction activities due to DPW's lack of oversight jurisdiction.
- Lack of supervisory review and ineffective monitoring resulted in \$271K of lost revenues.



Audits Completed in 2011

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

- By law, GFD uniformed personnel receive pay and leave benefits surpassing those of all other GovGuam employees.
- Firefighters work five 24-hour shifts or 120 hours over a two-week pay period. Since firefighters are only assessed 106 hours per pay period, firefighters receive 14 hours of automatic overtime.
- While on leave for two weeks, GFD uniformed personnel are assessed only 45 leave hours, but get paid for 106 hours. The difference of 61 hours is given to fire personnel free. This difference is known as “non-productive pay”.
- Non-productive pay on leave cost GovGuam \$6.3M over the last four fiscal years, an average of \$1.6M annually, and the top 10 recipients received amounts ranging from \$63K to \$125K.
- The automatic 14 hours of overtime, mandated 106-hour pay period, non-productive pay on leave, and nine-hour-a-day/five day cap on leave provide firefighters with an average of 73% over base salaries.
 - In 2010, the top 25 GFD firefighter W-2 earnings ranged from a low of \$95K to a high of \$114K; and
 - In 2009, the top 25 GFD firefighter W-2 earnings ranged from a low of \$87K to a high of \$143K.
- The audit identified \$347K in questioned costs and \$6.3M in potential savings.



Audits Completed in 2011

Report No. 11-07: Guam PEALS Board's Funds and Financial Practices

- PEALS Board did not provide oversight or adequately monitor its finances, operations or the actions of its employees, relying instead on the former Chairperson and Administrator, whose actions were found to be questionable.
- Board members were unaware of the rollercoaster fluctuations in PEALS Fund revenues from FY 2006 to 2010 and did not investigate the causes. The PEALS Fund revenue trend is as follows: \$211K in FY 2006, \$163K in FY 2007, \$231K in FY 2008, \$161K in FY 2009, and \$316K in FY 2010.
- Our revenue analysis showed shortages from October 2008 through November 2009 in the amount of \$13K.
- Although the Board was authorized a Revolving Fund in 1998, a separate checking account was not opened until March 2008 with only the former Chairperson and Administrator as signatories. Other Board members were not aware of the account and did not establish governing procedures for it. Our audit revealed unauthorized Revolving Fund disbursements totaling \$13K that were not reported to the Board until September 2010.
- Without full Board knowledge and approval, a “private organization” was granted a \$300 loan from the Revolving Fund and opened a checking account under the name “PEALS Board”.
- The audit identified questioned costs of \$22K and \$69K associated with the findings.



Audits Completed in 2011

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

- PL 27-106 imposed a 320-hour cap on the lump sum payment of annual leave; many employees used existing policy to salvage their excess leave hours by “resigning artificially.”
- We found that 51 employees drew 65 lump sum payments totaling \$302K under questionable circumstances.
 - 29 classified employees drew 41 lump sum payments totaling \$166K from 12 agencies
 - 22 unclassified employees drew 24 lump sum payments totaling \$136K from 7 agencies
- Since the merit process applies to classified positions, those 29 employees who resigned temporarily should not have been able to do so without higher endorsement.
- The 22 unclassified employees were cabinet level employees whose entitlement to, requests for, and amounts of lump sum payments were issued beyond the changes in administration and mayors.



Audits Completed in 2011

Report No. 11-09: Government-Wide Submission of Citizen-Centric Report (CCR)

- A total of 58 entities were required to submit and post a CCR on their website based on P.L. 30-127.
- As of October 31, 2011, 54 agencies or 93% submitted a CCR and posted on their entity website.
- Subsequently, three of the four remaining agencies submitted their CCRs:
 - Guam Election Commission and Office of the Chief Medical Examiner on November 28, 2011; and
 - Public Utilities Commission on December 9, 2011
- The Guam Board of Accountancy did not submit a CCR.



Audits Completed in 2011

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

- Income tax revenues for FY 2011 totaled \$363.8M, of which \$93.1M (25.6%) should have been deposited into the Trust Fund. Of the total, \$50.3M was paid out in prior year refunds and \$41M was used to fund government operations. \$1.8M remain in the Trust Fund as of 9/30/2011.
- Contrary to law, income tax collections were comingled in the General Fund. DOA did not procedurally comply with directly depositing the set-aside amounts into the Trust Fund for subsequent transfer to the Income Tax Reserve Fund to pay tax refunds. Although some tax refunds were paid, \$41M was not deposited due to GovGuam's ongoing cash deficiency and inability to reduce expenditures in light of declining revenues.
- The FY 2011 deficit of \$336M has been funded primarily by the non-payment of tax refunds.
- In December 2011, through the issuance of \$235M in Business Privilege Tax Bond Series A, \$198M was paid out in tax refunds.



Audits Completed in 2011

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

- GovGuam's health insurance contribution during FY 2011 totaled \$55.1M for approximately 11,174 enrollees.
- Of this amount, \$31.9M was paid for 3,253 retirees and \$23.2M for 7,921 active employees. On average, the contribution per retiree was \$9,797, compared to active employees of \$2,932. GovGuam pays disproportionately more (334%) for retirees than for active employees.
- Since current law prohibits active and retired employees from contributing different amounts for the same health insurance coverage, GovGuam shoulders the carrier's substantially higher costs for retiree insurance.



Audits Completed in 2011

Report No. 11-12: GSA Small Purchase Procurement

- Small purchase procurement is continually increasing:
 - 2,812 POs (\$4.9M) in FY 2008;
 - 3,770 (\$6.9M) in FY 2009; and
 - 4,247 (\$8.3M) in FY 2010.

This equates to 10,829 POs worth \$20.1M in the three fiscal years, purchased without advertisement.
- GSA's failure to plan purchasing for line agencies and consolidate procurement of recurring items led to artificially dividing and/or not consolidating purchases totaling \$3.1M that should have been procured through competitive sealed bids.
- The top three recurring procurements were for (amounts in FY 2010) :
 - office supplies and equipment (\$2M);
 - medication, medical supplies and services (\$1.1M); and
 - computers and associated equipment (\$975K).
- The audit identified \$3.4M in questioned costs associated with the findings, including \$73,111 for small purchases in excess of \$15,000 and \$81K for Invitation for Bid (IFB)s in Lieu of Fleet Vehicle Purchase.



Summary of Audit Focus

- In 2011, we conducted performance audits based on requests, mandates, and OPA's 2011 audit plan.
- Of the 12 reports issued, 5 or 41% were requested by the Legislature, Governor and federal government.
- Moving forward, the OPA looks to provide continued **oversight, insight, and foresight** for our government. Our audits will continue to focus on economy, efficiency, accountability, and transparency of all instrumentalities of GovGuam.



High Risk Audit Areas

- When conducting audits, we apply a risk-based approach to audit selection; identifying those areas that have the highest risk of loss or possible mismanagement of funds.
- High risk audit areas have been widespread among various government entities and programs, particularly those operating their own checking accounts, and those agencies that have not undergone a financial audit. OPA audits of these entities have consistently shown:
 - Lack of understanding of the importance of internal controls (checks, and balances);
 - Lack of monitoring and oversight by Boards;
 - Improper procurement; and
 - Lack of financial reporting.



OPA Identified Financial Impact

OPA issued 12 reports and made 39 recommendations, that identified \$14.5M in financial impact to our government in 2011.

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

Reports Issued	Recommendations Issued	Financial Impact
12	39	\$14.5M
9	37	\$22.6M
7	6	\$ 1.2M
10	28	\$ 9.6M
18	45	\$33.3M
19	76	\$20.9M
9	19	\$ 6.2M
14	91	\$16.4M
11	77	\$26.8M
13	127	\$ 3.8M
122	545	\$155.3M

Post Adjustment Figures. Financial Impact was adjusted to exclude double-counting of \$1.6M of GFD Non-Productive Pay identified in both OPA Report Nos. 11-01 and 11-06.



Financial Impact Identified in 2011

Report No.	Report Title	Questioned Costs	Financial Impact		# of Recommendations
			Other	Total	
#11-01	OPA Austerity Plan and GovGuam Cost Reduction and Revenue Enhancement Recommendations	\$ -	\$ 3,255,700	\$ 3,255,700	0
#11-02	GovGuam Oversight of ARRA Funds	\$ -	\$ -	\$ -	2
#11-03	GovGuam Liabilities Assessment	\$ -	\$ -	\$ -	10
#11-04	GPD Review of Bid No.GSA-081-10 Police Patrol Vehicles	\$ -	\$ -	\$ -	1
#11-05	DPW' Building Permits and Inspection Section	\$ -	\$ 875,126	\$ 875,126	7
#11-06	GFD Non-Productive Pay on Leave and Other Compensation	\$ 347,164	\$ 6,321,331	\$ 6,668,495	4
#11-07	Guam PEALS Board's Funds and Financial Practices	\$ 22,045	\$ 69,316	\$ 91,361	6
#11-08	GovGuam Annual Leave Lump Sum Payments	\$ 302,280	\$ -	\$ 302,280	0
#11-09	Government-Wide Submission of CCR (PL 31-77)	\$ -	\$ -	\$ -	0
#11-10	GovGuam Income Tax Refund Efficient Payment Trust Fund	\$ -	\$ -	\$ -	2
#11-11	GovGuam Health Benefit Costs Account	\$ -	\$ -	\$ -	1
#11-12	GSA Small Purchase Procurement	\$ 3,350,278	\$ -	\$ 3,350,278	6
Totals		\$ 4,021,767	\$ 10,521,473	\$ 14,543,240	39

Post Adjustment Figures. Financial Impact was adjusted to exclude double-counting of \$1.6M of GFD Non-Productive Pay identified in both OPA Report Nos. 11-01 and 11-06.



Audits in Progress in 2012

1. Veterans' Affairs NAF
2. (P.L. 31-74) Annual SAR Fund
3. Guam Memorial Hospital Authority (GMHA)
Highly Compensated Personnel (\$100K+) Analysis
4. DOA Payroll Review of Special Payments
5. Guam Department of Education (GDOE) Cash
Controls Over School Meals
6. Department of Labor's Enforcement of Labor Laws
7. GovGuam Gas Consumption / Fleet Card Analysis
& Collection
8. GovGuam Top 10 Vendors Analysis



2012 Audit Work Plan

- Through extensive deliberations with staff and audit requests from stakeholders, OPA established the 2012 Audit Work Plan with 9,000 available audit hours for the year.
- Based on an audit staff of 10 (1 Audit Supervisor, 3 Auditor III's and 6 Auditor I's) and coupled with staff development, OPA anticipates completing at least 5 new audits in 2012 in addition to the completion of 8 audits in progress.
- The 2012 Audit Work Plan includes:
 1. GGRF - effect of non-base pay on retirement contributions
 2. GMHA - control over overtime (below \$100K)
 3. DRT/DOA - Qualifying certificates and tax credit
 4. DRT - comparison of real property tax rates
- Our Work Plan is a guide and not necessarily limited to the aforementioned audits. We have allowed for flexibility and may initiate other audits based on priority, requests from elected officials, and staff availability.



Financial Audits Issued in 2011

- 1 GCA §1909(a) and the Federal Single Audit Act require all financial audits to be issued by June 30 (9 months after year end).
- OPA's goal is to issue financial audits no later than 6 months after year end, rather than 9 months.
- In FY 2010, all financial audits were issued timely. Of the 19 financial audits, 14 were issued within 6 months and 5 were issued within 9 months.



Financial Audits Issued in 2011

- We supervised, reviewed, and analyzed 19 financial audits of autonomous agencies and the General Fund, which identified \$854K in questioned costs for FY 2010.
- Total questioned costs was the second lowest since FY 2001, an indication that improvements have been made.
- Only 2 of the 19 entities had questioned costs:
 - GMHA (\$729K)
 - Department of Chamorro Affairs (DCA) (\$125K)
- OPA works with DOA and the autonomous entities to resolve questioned costs for line agencies.
- In FY 2010, DOA resolved \$2.3M in questioned costs, leaving \$2.3M in unresolved costs for the General Fund.



Financial Audits Issued in 2011

- GMHA had questioned costs of \$729K
 - Although GMHA received a clean opinion on its financial statements, it received a qualified opinion on its compliance report due to material weaknesses in patient receivables (\$0), pharmaceutical department inventory (\$0), and procurement (\$729K).
 - GMHA's operating expenses also continued to grow faster than its revenues. GMHA incurred an operating loss of \$21.1M and a \$12.4M decrease in net assets in FY 2010.
 - Cumulative unresolved questioned costs since 2003 totaled \$1.3M
- DCA had questioned costs of \$125K
 - DCA was found noncompliant with procurement policies to obtain bids for services or products purchased and to document reasons for vendor selection. Questioned costs amounted to \$125K, of which \$53K was in 2009 and \$72K was in 2010.
 - DCA also received a qualified opinion on the financial statements of its Non-Appropriated Funds (NAF)



Financial Audits Issued in 2011

- We have seen improvements in all government agencies for their FY 2010 audits.
- The FY 2010 audits were issued with less audit findings and management comments.
- All entities have unqualified or “clean” opinions on the financial statements, with the exception of DCA NAF audit.
- 5 entities have qualified opinions in their compliance report due to material weaknesses and/or significant deficiencies. The entities were: Government-Wide, Guam Housing and Urban Renewal Authority (GHURA), GMHA, GDOE, and Guam Waterworks Authority (GWA).



Financial Audit Definitions

- GFOA Elected Officials Guide to Auditing states:
 - **Unqualified or “Clean” Opinion** is one in which the independent auditor can state, without reservation, that the financial statements are fairly presented in all material respects in conformity with generally accepted accounting principles or GAAP (pg. 31).
 - **Qualified Opinion** is one in which the auditor expresses reservations about the fair presentation of the financial statements in conformity with GAAP (pg. 32).
- Statement on Auditing Standards No. 115 states:
 - **Significant Deficiency** is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.
 - **Material Weakness** is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.



FY 2010 Financial Audits

Auditee	Issue Date	Financial Statements Opinion	# of Findings	# of Material Weaknesses	# of Significant Deficiencies	Questioned Costs	Procurement Findings	Procurement Questioned Costs	Management Comments	Compliance Opinion
1 GMHA	01/12/11	Unqualified	4	3	1	\$ 729,013	2	\$ 729,013	7	Qualified
2 GIAA	01/20/11	Unqualified	2	0	2	\$ -	0	\$ -	4	Unqualified
3 PAG	01/21/11	Unqualified	0	0	0	\$ -	0	\$ -	4	Unqualified
4 GVB	01/28/11	Unqualified	0	0	0	\$ -	0	\$ -	0	No Opinion
5 KTGF (PBS Guam)	01/31/11	Unqualified	0	0	0	\$ -	0	\$ -	2	No Opinion
6 TAF	02/11/11	Unqualified	0	0	0	\$ -	0	\$ -	0	No Opinion
7 GPT	02/16/11	Unqualified	1	0	1	\$ -	0	\$ -	1	No Opinion
8 UOG	02/25/11	Unqualified	2	0	2	\$ -	0	\$ -	3	Unqualified
9 GGRF	02/28/11	Unqualified	0	0	0	\$ -	0	\$ -	3	No Opinion
10 GEDA	03/01/11	Unqualified	0	0	0	\$ -	0	\$ -	0	No Opinion
11 GPA	03/08/11	Unqualified	1	0	1	\$ -	0	\$ -	11	No Opinion
12 GHC	03/22/11	Unqualified	5	2	3	\$ -	0	\$ -	5	No Opinion
13 GWA	03/22/11	Unqualified	1	0	1	\$ -	0	\$ -	3	Qualified
14 GCC	03/30/11	Unqualified	0	0	0	\$ -	0	\$ -	3	Unqualified
15 THF	04/19/11	Unqualified	0	0	0	\$ -	0	\$ -	2	No Opinion
16 GDOE	04/22/11	Unqualified	7	5	2	\$ -	2	\$ -	6	Qualified
17 GHURA	05/04/11	Unqualified	2	2	0	\$ -	0	\$ -	3	Qualified
18 DCA	06/24/11	Qualified	6	6	0	\$ 124,811	1	\$ 124,811	5	No Opinion
19 GovGuam	07/01/11; 07/05/11	Unqualified	9	7	2	\$ -	1	\$ -	12	Qualified
TOTAL			40	25	15	\$ 853,824	6	\$ 853,824	74	
TOTAL since 2001			1,770			\$ 63,182,612	16	\$ 1,042,080	464	

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



Financial Audit Statistics

The OPA tracks financial audit information based on the audits completed during a calendar year. From calendar years 2001 to 2011, a total of 1,770 findings were identified, with over \$63.2M in questioned costs.

Calendar Year	# of Reports	F/S Opinion		# of Findings	Financial Impact	Management Comments	Compliance Opinion		
		Unqualified	Qualified				Unqualified	Qualified	None
2011	19	18	1	40	\$ 853,824	74	4	5	10
2010	18	18	0	47	\$ 203,965	85			
2009	18	18	0	70	\$ 3,090,559	83			
2008	18	18	0	88	\$ 3,312,358	77			
2007	18	16	2	136	\$ 4,057,666	66			
2006	18	16	2	188	\$ 4,443,204	79			
2005	26			236	\$ 2,112,369				
2004	25			485	\$ 13,073,265				
2003	15			260	\$ 21,957,785				
2002	14			181	\$ 10,062,663				
2001	11			39	\$ 14,954				
Totals	200	104	5	1,770	\$ 63,182,612	464	4	5	10



General Fund Deficit

- The General Fund ended FY 2010 with a deficit of \$71.1M, bringing the cumulative deficit to \$336.4M.
- The increase was due to an overestimation of budget to actual revenues of \$34.5M, expenditures over revenues of \$71.1M, \$13M in prior year expenditures, and \$18M in recurring unbudgeted expenditures.
- The deficit was funded by delaying income tax refunds to taxpayers.



General Fund Deficit

- Guam has experienced a downward economy for the past three years, from revenues of \$514.8M in FY 2007 to \$491M in FY 2010.
 - Although revenues increased slightly from FY 2009 to FY 2010 (from \$483.2M to \$491M), actual collections were \$34.5M less than budgeted revenues of \$525.5M.
 - Section 30 revenues increased by \$302K, from \$40.5M the prior year to \$40.8M.
 - Taxes increased by \$3.5M, from \$427.9M in FY 2009 to \$431.4M in FY 2010.



General Fund Deficit

- GovGuam continues to spend more than it takes in. Expenditures of the Executive Branch, the Legislature, and the Judiciary, and subsidies to autonomous entities totaled \$562M.
 - Expenditures exceeded actual revenues of \$491M by \$71.1M and increased the cumulative General Fund deficit, as of September 30, 2010, to \$336.4M.
 - DOA expenses increased due to increases in health and life insurance benefits and utilities.
 - As a result of the permanent injunction against DMHSA and the appointment of a Federal Management Team to force compliance, the agency's expenses increased by \$1.4M to \$11.8M.
 - Department of Public Health and Social Services (DPHSS)' expenses increased by \$1.7M to \$5.3M due to carry-over of lapses from the prior year.



General Fund Deficit

- GovGuam received \$67.5M for the Make Work Pay Tax Credit. However, GovGuam spent \$62M of the credit advance to fund General Fund daily operations and pay some tax refunds.
- In January 2011, the incoming Calvo Administration instructed line agencies to provide DOA with outstanding invoices for (1) goods and services received in FY 2009 and prior, and (2) employee back pay due. Upon validation that such invoices were due and payable, \$13M in unrecorded prior year obligations were recognized as liabilities contributing to the increase of the FY 2010 deficit.
- DOA also transferred \$50.4M from other funds to the General Fund to fund daily operations
- As of September 2010, GovGuam had \$723.1M in long-term liabilities comprised of general obligation bonds (\$443M), limited obligation bonds (\$258.8M), and short-term loans (\$21.3M). GovGuam paid \$74.5M in annual debt service for these obligations during the year.



2011 Financial Audit RFPs

OPA, together with the entities, issued the following audit services Request for Proposals in 2011:

1. GMHA, March 2011
2. Guam Visitors Bureau, March 2011
3. Guam Community College (GCC), June 2011
4. GWA, June 2011
5. GDOE, June 2011
6. A.B. Won Pat International Airport Authority (GIAA), June 2011
7. GHURA, June 2011
8. Guam Power Authority (GPA), July 2011



Procurement Appeals

- Procurement Appeals became fully operational and OPA began accepting appeals in October 2006, when the rules of procedures were promulgated through the AAA.
- The designation of OPA as the hearing authority for Procurement Appeals indicates trust and confidence in OPA. We appreciate the Legislature's trust and confidence, and will continue to ensure fair and balanced procedures for all procurement appeals.



Procurement Appeals Savings

- Prior to FY 2010, Procurement Appeals was a separate division and had a separate appropriation. Beginning October 1, 2009, Procurement Appeals is 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; and
 - OPA audits provide historical perspective of procurement



Procurement Appeals Savings

- Cost savings have also been realized through hiring contractual attorneys on an as-needed basis vs. a full-time attorney.
 - In FY 2011, two attorneys \$38,000;
 - In FY 2010, two attorneys \$71,000;
 - In FY 2009, three attorneys \$50,000;
 - In FY 2008, two attorneys just under \$69,000; and
 - In FY 2007, a full-time attorney's salary of \$80,000 plus benefits of \$21,900.



Procurement Appeals Hearing Room

- After four years of hearing procurement appeals by borrowing space from other agencies, OPA now has a Procurement Appeals Hearing Room located on the 9th Floor of the DNA Building.
- The lease space of approximately 800 square feet is the result of an IFB issued by OPA for a facility to conduct procurement appeal public hearings.
- Prior to the commencement of the lease, OPA worked with Department of Integrated Services for Individuals with Disabilities (DISID) and Department of Corrections (DOC) (both tenants in the DNA Building) to schedule public hearings on an “as needed” arrangement.
- This method proved to be cumbersome and often ineffective because OPA was only allowed to use their hearing rooms when they were not in use.
- This method limited OPA’s ability to effectively plan hearing schedules in advance because DISID and DOC use their rooms frequently to carry out their own mandated missions.



Procurement Appeals Hearing Room

- OPA's Procurement Appeals Hearing Room provides adequate space for OPA to conduct procurement appeal hearings as appeals are filed.
- The new hearing room allows OPA to better plan and coordinate hearings to meet an internal target of hearing and closing appeals within 90 to 120 days of the appeals filing date.
- The Procurement Appeals Hearing Room has also been made available to all government agencies for their official use, such as trainings, meetings, etc.
- Both OPA and other agencies, such as GDOE, GFD, BBMR, Education Financial Supervisory Commission (EFSC), and the Parole Board, have used the space to conduct training classes or other government-related planning events, or to hold meetings.



Procurement Appeals

Since OPA first accepted appeals in October 2006, 69 appeals have been filed.

APPEALS	2006	2007	2008	2009	2010	2011	Totals	% Subtotal	% Total
DECISIONS									
Upheld	1	3	5	1	4	2	16	48%	23%
Denied		2	1	4		5	12	36%	17%
Upheld and Denied In Part		2	1			2	5	15%	7%
Subtotal:	1	7	7	5	4	9	33	100%	48%
DISMISSALS									
Appeal withdrawn	1	1			1		3	9%	4%
PA Recusal		1	3	1	1		6	19%	9%
Untimely Notice of Appeal						1	1	25%	1%
No Protest Decision			1	1	1	1	4	13%	6%
Purchasing Agency Withrew						1	1	25%	1%
Stipulation Agreement	1	1	1	2	2	3	10	31%	14%
Cancel/Re-issue Bid		1		1		1	3	9%	4%
Protest Decision Released				1			1	3%	1%
Moved to Superior Court				1	1	1	3	9%	4%
Subtotal:	2	4	5	7	6	8	32	100%	46%
DECISIONS PENDING AS OF 12/31/11						4	4		
TOTAL APPEALS FILED:	3	11	12	12	10	21	69	100%	100%



Procurement Appeals

- During 2011, OPA addressed 21 appeals:
 - 9 received Decisions
 - 4 were Dismissed after Appellant and Purchasing Agency's resolution
 - 1 was Dismissed due to the Appellant's untimely Notice of Appeal
 - 1 was Dismissed because the Appellee did not render a decision on the Appellant's protest
 - 1 was Dismissed to grant the Purchasing Agency's motion to withdraw
 - 1 was Dismissed due to a civil action at the Superior Court
 - 4 are pending Decisions as of 12/31/11
- The OPA again requests that the Legislature amend the law to allow OPA staff to hear appeals in the event the Public Auditor has a conflict of interest and must recuse herself.
- The OPA has senior staff level expertise who are qualified to work together with the Hearing Officers to hear appeals in the absence of the Public Auditor.



Procurement Appeals

- With 21 appeals filed in 2011, the most ever, having only one primary hearing officer resulted in less efficient and less effective closing out of pending appeals.
- Conflict checks were closely tracked and monitored to avoid conflicts of interest with a specific appellant or appellee involved in an appeal.
- As we have gained knowledge and experience, the Procurement Appeals' goal is to issue a decision within 90 to 120 days.
- OPA advertised an RFP to secure an On-call Conflicts Attorney and to relieve the primary hearing officer when appeals increase.
- A Year in Review follows...



Procurement Appeals in 2011

Appeal No.	Parties	Status	Action	Days
OPA-PA-11-021	InfraTech/DOE	Ongoing	Pending Decision	
OPA-PA-11-020	InfraTech/DOE	Ongoing	Pending Decision	
OPA-PA-11-019	InfraTech/DOE	Ongoing	Pending Decision	
OPA-PA-11-018	J&B Modern Tech/DOE	Ongoing	Pending Decision	
OPA-PA-11-017	KBCC/DOE	Decision	Denied	100
OPA-PA-11-016	APM/GSA	Decision	Denied	140
OPA-PA-11-015	DMR/GCC	Dismissed	Stipulated Agreement	46
OPA-PA-11-014	G-Crew/GHURA	Dismissed	Stipulated Agreement	41
OPA-PA-11-013	J&B Modern Tech/UOG	Dismissed	Stipulated Agreement	39
OPA-PA-11-012	Joeten/GSA	Decision	Upheld	83
OPA-PA-11-011	PDS/GCC	Decision	Upheld in part and Denied in part	88
OPA-PA-11-010	DMR/GSA	Dismissed	Untimely Notice of Appeal	62
OPA-PA-11-009	Hubtec/DPW	Decision	Denied	182
OPA-PA-11-008	STG/DOE	Decision	Upheld in part and Denied in part	14
OPA-PA-11-007	IBSS/GSA	Dismissed	Stipulated Agreement	25
OPA-PA-11-006	JC Tenorio/DPW	Dismissed	No Protest Decision	6
OPA-PA-11-005	JC Tenorio/GIAA	Dismissed	Purchasing Agency Withdrew	11
OPA-PA-11-004	DMR/DOE	Decision	Denied	83
OPA-PA-11-003	DMR/DOE	Decision	Upheld	83
OPA-PA-11-002	IBSS/DOE	Dismissed	Civil Action at Superior Court	106
OPA-PA-11-001	JMI Edison/GSA	Decision	Denied	107



Appeals Addressed in 2011

- **11-001 (JMI Edison/GSA)**
 - The Public Auditor determined that:
 - Medpharm's Bid was responsive.
 - Medpharm's submission of certificates of compliance with various standards and codes with its bid are irrelevant because the IFB did not require submission of such documents.
 - GSA and DPHSS should conduct an independent analysis to determine specific laws, codes and regulations applicable to Radiology Imaging System equipment and its installation. This analysis is necessary to protect the health and safety of the DPHSS staff and patients who will use the equipment.
 - Accordingly, JMI's appeal is DENIED.
 - The Appeal was filed on 01/04/11. The Decision was issued on 04/21/11. The Appeal duration was 107 days.



Appeals Addressed in 2011

- **11-002 (Island Business Systems & Supplies (IBSS)/GDOE)**
 - The appellant sought a civil action in Superior Court (CV1536) that is the subject of this appeal.
 - Pursuant to 2 Guam Administrative Rules and Regulations (GAR) §12103(b), the Public Auditor is required to cease all further action due to Superior Court's judicial involvement and dismissed the case.
- OPA request a change in law to prevent the agency or the appellant from going to Superior Court during the middle of an appeal until OPA has rendered a decision.
- This proposed change in law would ensure that all administrative remedies are exhausted before an appeal goes to the Superior Court.



Appeals Addressed in 2011

- **11-003 (Data Management Resources/GDOE)**
 - The Public Auditor determined that:
 - GDOE violated GDOE Procurement Regulations by determining that it could waive, as a minor formality, Micros Fidelio Micronesia (MFM)'s failure to bid an Internal English Keyboard with Anti-Microbial Protection (Item No. 1), as required by the IFB's specifications.
 - GDOE must cancel its proposed award of Item No. 1 to MFM and award it to the next lowest responsive and responsible bidder.
 - Accordingly, DMR's appeal was **GRANTED**.
 - The Appeal was filed on 02/25/11. The Decision was issued on 05/19/11. The Appeal duration was 83 days.



Appeals Addressed in 2011

- **11-004 (Data Management Resources/GDOE)**
 - The Public Auditor determined that:
 - MFM is a manufacturer and authorized seller of the computers it bid in response to the IFB.
 - GDOE violated GDOE Procurement Regulations by determining that it could waive, as a minor formality, the issue of whether MFM complied with the IFB's requirement that vendors must be manufacturer-authorized resellers of the fully assembled equipment/hardware.
 - GDOE's violation did not warrant vacating GDOE's proposed award to MFM because said violation only concerns GDOE's reason to deny DMR's protest and did not concern GDOE's proposed award to MFM.
 - Accordingly, DMR's appeal is DENIED.
 - The Appeal was filed on 02/25/11. The Decision was issued on 05/19/11. The Appeal duration was 83 days.



Appeals Addressed in 2011

- **11-005 (JC Tenorio/GIAA) & 11-006 (JC Tenorio/DPW)**
 - Both GIAA & DPW did not render a decision on Tenorio's protest.
 - A copy of the purchasing agency's protest decision is a required part of the Notice of Appeal and an appeal lacking the protest decision being appealed is subject to dismissal (2 GAR §12104(b)(6) and (8)).
 - However, the Public Auditor has the authority to compel GIAA & DPW to produce the decision on Tenorio's protest.
 - Both GIAA & DPW were required to render a decision no later than 03/31/11.
 - OPA did not receive a copy of GIAA's response and the appellant took no action within the 14 day judicial review period.
 - Meanwhile, DPW issued a written response on March 29, 2011. No other action was filed by any party within the 14 day judicial review period.
- OPA requests a change in law to require agencies to respond timely to vendor protests. Presently, there is no time limitation upon which the agency must respond.



Appeals Addressed in 2011

- **11-007 (IBSS/GSA)**
 - Stipulation Agreement was reached and the appeal was resolved between parties.



Appeals Addressed in 2011

- **11-008 (Sanford Technology Group/GDOE)**
 - The Public Auditor determined that:
 - GDOE violated 5 GCA §5212(g) by requiring the bidder awarded the contract to furnish a performance bond for 100% of the contract prices as security for the faithful performance and proper fulfillment of the contract.
 - STG and GDOE's proposed mutual agreement is unacceptable because it removes the IFB's requirement for a bid security in violation of 5 GCA §5212(b).
 - GDOE must amend the IFB to comply with Guam Procurement Law.
 - Accordingly, STG's protest is **GRANTED**, and STG and GDOE's proposed mutual agreement is **DENIED**.
 - Since the appeal involved ARRA funding, the Public Auditor shall issue a decision no more than 10 working days of receipt of the protest. The Appeal was filed on 05/27/11. The Decision was issued on 06/10/11. The Appeal duration was 6 days.



Appeals Addressed in 2011

- **11-009 (Hubtec International/DPW)**
 - The Public Auditor determined that DPW's termination of Hubtec's contract was justified due to Hubtec's substantial contract violations. Hubtec failed to:
 - Use American made rebar at the Cetti Bay Slide and attempted to conceal the fact.
 - Have erosion control measures at the Cetti Bay and Umatac Baseball Culvert project sites.
 - Accordingly, Hubtec's appeal was DENIED.
 - The Appeal was filed on 06/24/11. The Decision was issued on 12/23/11. The Appeal duration was 182 days.



Appeals Addressed in 2011

- **11-010 (DMR/GSA)**

- The purchasing agency issued its decision denying the appellant's protest 20 days after the appellant's Notice of Appeal.
- Such decisions are required if the protest is not resolved by mutual agreement, are made in writing, state the reasons for the action taken, and inform the protestant of its right to administrative and judicial relief (5 GCA §5425(c)).
- The Public Auditor is limited to reviewing protest decisions issued by a purchasing agency.
- Another example to amend the law to require a purchasing agency to issue a protest decision within a reasonable time. If no protest decision is issued by the purchasing agency within 30 to 60 days, it should be deemed as a denial decision.



Appeals Addressed in 2011

- **11-011 (Pacific Data Systems/GCC)**
 - The Public Auditor determined that:
 - GCC's rejection of the remaining bids violates 5 GCA §5225 because it was not made by GCC's Chief Procurement Officer as required by the IFB, and GCC's President did not make the written determination required by 2 GAR §3115(d)(2)(A)(iv).
 - GCC has a cogent and compelling reason to justify rejecting the PDS bid because it exceeds the available funding for the VoIP Telephone System.
 - Accordingly, PDS' appeal is DENIED in part and GRANTED in part.
 - The Appeal was filed on 06/30/11. The Decision was issued on 09/26/11. The Appeal duration was 88 days.



Appeals Addressed in 2011

- **11-012 (Joeten Development Inc./GSA)**
 - The Public Auditor determined that:
 - GSA's cancellation of the IFB violates 5 GCA §5225 because:
 - GSA violated the terms of the IFB by cancelling the IFB when such act was not in the public interest due to JDI's bid price being lower than the monthly rent DRT is currently paying;
 - Cancellation of an IFB can only occur prior to the opening of the bids as required by 2 GAR §3115(d)(1)(B); and
 - The Chief Procurement Officer did not make the written determination finding that cancelling the IFB was in the best interest of GovGuam as required by 2 GAR §3115(d)(1)(B).
 - Accordingly, JDI's appeal is **GRANTED**.
 - The Appeal was filed on 07/06/11. The Decision was issued on 09/27/11. The Appeal duration was 83 days.



Appeals Addressed in 2011

- **11-013 (J&B Modern Tech/UOG)**
 - Stipulation Agreement was reached and the appeal was resolved between parties.
- **11-014 (G-Crew/GHURA)**
 - The Purchasing Agency granted the relief the appellant sought in the appeal.
- **11-015 (DMR/GCC)**
 - Stipulation Agreement was reached and the appeal was resolved between parties.



Appeals Addressed in 2011

- **11-016 (APM Guam Medical Referral Services/GSA)**
 - The Public Auditor determined that:
 - GSA correctly found APM's bid unacceptable;
 - The opening of APM's Sealed Price Proposal was an inadvertent mistake having no effect on the procurement process; and
 - GSA was seeking the AG's approval of the contract.
 - Accordingly, APM's appeal is DENIED.
 - The Appeal was filed on 08/19/11. The Decision was issued on 01/06/12. The Appeal duration was 140 days.



Appeals Addressed in 2011

- **11-017 (Kim Bros./GDOE)**
 - The Public Auditor determined that:
 - The appellant filed a formal complaint rather a formal appeal.
 - Since the appellant did not file a protest with GDOE, GDOE has no protest decision for the Public Auditor to review.
 - However, GDOE should have been more proactive in advising the appellant, who was not represented by legal counsel at that time, of the appellant's right to file a protest and the deadline to submit such protest.
 - Accordingly, Kim Bros.' appeal is DENIED.
 - The Appeal was filed on 11/14/11. The Decision was issued on 02/22/12. The Appeal duration was 100 days.



Appeals in Progress

- Four appeals filed in 2011 remain open:
 - **11-018 (J&B Modern Tech/GDOE)**
 - The Appeal was filed on 12/13/11.
 - The Appeal was made from a decision on protest of method, solicitation or award to a non-responsive and non-responsible bidder.
 - A formal hearing was held on 03/01/12.
 - The Decision is pending.
 - **11-019, 11-020, 11-021 (InfraTech International/GDOE)**
 - All three appeals were filed on 12/14/11
 - All three appeals were made from a decision on protest of method, solicitation or award.
 - A formal hearing for all three appeals was held on 02/21/12 to 02/22/12.
 - The three appeals were consolidated on 02/03/12 in response to GDOE's motion.
 - The Decision is pending.



2012 Appeals in Progress

- **12-001 (Medallion Guam/GHURA)**
 - The Appeal was filed on 01/20/12.
 - Primary Hearing Officer recused himself.
 - OPA issued RFP 12-04 for an On-call Conflicts Attorney on 01/11/12.
 - Two Conflicts Attorneys have been added.
 - A Hearing Officer was assigned on 02/28/12.



FY2013 Budget Request Procurement Appeals

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

- (1) be readily available to handle the time-sensitive appeals, considering potential conflicts, and time constraints; and
- (2) resolve filed appeals within a 90 to 120-day time frame and to issue a decision from 30 to 60 days from the date of the final hearing.



Temporary Expedited Procurement Protest Procedures

- P.L. 31-40 was introduced to provide temporary expedited procurement protest procedures to assist with GDOE's disbursement of stimulus funds under the "2009 ARRA" by adding a new section, §5425A, to the Guam Code Annotated.
- The section reads:
 - If an actual or non-selected vendor, contractor, or service provider is aggrieved by an award or a contract funded by the funds allotted to GDOE from the 2009 ARRA, the protest shall be submitted to the Public Auditor who may settle and resolve a protest.
 - If the protest is not resolved by mutual agreement, the Public Auditor shall issue a decision, in writing, within no more than 10 working days of receipt of the protest.
 - The determination of facts and decision by the Public Auditor for the resolution of protests of ARRA funded procurements shall be final and conclusive with no right of appeal or judicial review.



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.
- Council membership consists of:
 - a senior member of the Governor’s staff;
 - the AG or his designee;
 - the Public Auditor or her designee;
 - the Compiler of Laws;
 - the Chief Procurement Officer;
 - the Director of Administration;
 - the Director of Public Works;
 - an attorney in private practice;
 - two Guam residents experienced in procurement;
 - the Chairman of the Board of Accountancy; and
 - the Dean of UOG School of Business and Public Administration.
- Unfortunately, the Council has not been convened by the Governor.



Proposed Amendments to Procurement Law & Regulations

- OPA will again request amendments to law with the Legislature; followed by the Administrative Adjudication Act (AAA) for proposed rule changes.
- Amending the Procurement Law will save OPA and government agencies the legal and administrative cost of pursuing the cases concurrently through the administrative hearing process and the judiciary.
- Procurement matters brought before the Superior Court of Guam have taken a year or more for final disposition, impacting upon the availability of annual appropriations and federal grants.
- The OPA procurement appeals process attempts to resolve appeals within 90 to 120 days of the filing of procurement appeals.



Proposed Amendments to Guam Procurement Law

- Amend the law to:
 - Authorize the Public Auditor to delegate her authority to hear procurement appeals and other procurement matters; and
 - Clarify when a party can file suit in the Superior Court of Guam for judicial review of a decision by the OPA concerning a procurement appeal or other procurement matter.

- Sections affected are as follows:
 - 1 GCA §1909 (k);
 - 5 GCA §5425 (c), (e), (f), (g)(3) and (h)(2);
 - 5 GCA §5426 (e);
 - 5 GCA §5427 and §5427 (e);
 - 5 GCA §5480; and
 - 5 GCA §5701 to §5709.



Proposed Amendments to Guam Procurement Law

- Disqualification of the Public Auditor
 - Amend to allow for other OPA officers to hear appeals should the Public Auditor be disqualified rather than have appeals be taken to Superior Court, provided the delegated officials are not in conflict (5 GCA §5703 and §5709, and 2 GAR §12601).
- Decisions of the Public Auditor
 - Amend to allow for other OPA officers to hear appeals should the Public Auditor be disqualified rather than have appeals be taken to Superior Court, provided the delegated officials are not in conflict (1 GCA §1909(k), 5 GCA §5425(c) and (e), and §5702).
- Exhaustion of Remedies
 - Amend to prevent an agency or appellant from going to Superior Court until OPA has rendered its decision. This prevents forum shopping and ensures administrative remedies are exhausted (5 GCA §5708 and §5703).
- Decision by Agency
 - Amend to require an agency to render a protest decision to the vendor within a reasonable time period of approximately 30 to 60 days (5 GCA §5707).



Corresponding Changes to the Guam Procurement Regulations

- Form and Filing of Appeal
 - Amend to remove the seven-day deadline requiring parties to file their motion to object to the Public Auditor hearing an appeal (2 GAR §12103(b) and §12104(c)(9)).



OPA Website

- To ensure public accountability and enhance transparency in our government, all OPA audit reports, financial audits of government entities, procurement appeals, ARRA guidance, and CCR reporting requirements are among the reports and information posted on OPA's website, www.guamopa.org.
- In addition, the OPA website also contains budget, expenditure, and staffing patterns required by the various Budget Acts.
- The OPA website continues to be an important source of reliable transparent information about the financial condition of our government.



OPA Website Carrier Switch

- In September 2010, OPA issued an RFP for Website Hosting and Maintenance Services due to the expiration of the contract with OPA's former carrier.
- The transition from OPA's former website contractor to the new contractor has encountered challenges.
 - The number of website hits for 2010 is not available due to the carrier transition.
 - During the transition, we found that OPA does not own the rights to www.guamopa.org, which can be detrimental to OPA's website.
- As suggested by our new carrier, we are now using website visits instead of hits, a more accurate measurement of our website's popularity.



OPA Website Hits vs. Visits

- Hit. A hit is a request for a file from a Web server. This includes every item on a Web page including graphics. A single web page can generate dozens or hundreds of hits to the server. As such, it is a bad metric to use for evaluating Web page popularity (About.com, Website Design/HTML Glossary).
- Visit/Session. A visit is an interaction, by an individual, with a website. If an individual has not taken another action on the site within a specified time period, the visit session will terminate (Web Analytics Association, 2007).
- In 2011, the OPA website had 18,123 visits.



2011 OPA Website Activity

Month	Visits	Visitors	Pages Viewed
January	1,574	623	4,949
February	1,711	680	5,372
March	2,106	898	6,793
April	1,725	706	5,565
May	1,443		
June	1,689		
July	1,424		
August	1,812		
September	1,253	706	4,089
October	1,418	789	4,923
November	1,051	613	3,513
December	917	575	2,654
Total	18,123	5,590	37,858

OPA now uses Google Analytics to gather information about OPA's website activity. From May to August 2011, Google Analytics experienced a script error and was not able to capture data except for the OPA website's number of visits.



OPA Received Silver Award for Best Website

- In June 2011, OPA won its second Association of Local Government Auditors' (ALGA) prestigious Silver Award for Best Website.
- Websites were judged in four categories: usability, accessibility, design, and uniqueness.
- Additionally, a wildcard for extras or exceptional areas was also considered.
- Judges found the website provided current and easily accessible information, demonstrated an excellent use of graphics, and its sections (ethics, hotline, FAQs and contact us) were among other areas that caused it to stand out. All in all, it is an exceptional website. As one judge commented, "**It's slick.**"



Hotline Tips

- The OPA HOTLINE provides the public with the means to pass on questions and concerns about our government.
- HOTLINE tips are investigated and addressed accordingly.
- During the first year (2001), we received 163 tips.
- Our highest number of tips was 177 in 2004 and our lowest number of tips was 30 in 2011.



Hotline Tips

- In addition to audit duties, audit staff are assigned to handle HOTLINE tips and to follow-up and coordinate with the AG's Office for indictment and prosecution.
- Responding to citizen concerns requires time and effort as it entails research, interviews, and follow-up in order to provide an answer. Given OPA's reduction in staff, OPA will continue to be more timely in responding.
- Despite this, OPA staff addressed 25 of the 30, or 83% of the hotline tips received in 2011. Of the 30 tips received: 17 were hotlines and 13 were citizen concerns.



Hotline Statistics 2001 - 2011

Agencies or Programs	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	TOTAL
Guam International Airport Authority	0	2	0	0	3	5	2	10	13	12	22	69
Department of Education	3	1	18	9	46	17	14	9	11	13	13	154
Department of Public Works	2	1	0	6	15	9	3	3	10	11	14	74
Guam Power Authority	1	0	1	2	7	6	4	5	6	12	4	48
Department of Corrections	2	3	2	5	1	1	2	2	2	11	10	41
Guam Memorial Hospital Authority	1	4	2	2	2	1	7	4	1	11	8	43
Government of Guam Retirement Fund	0	1	0	0	3	3	1	15	1	6	0	30
Department of Administration	2	5	0	0	3	1	2	4	5	6	5	33
Mayors Council of Guam	1	2	0	5	11	8	9	4	6	2	7	55
Guam Housing and Urban Renewal Authority	0	0	0	0	2	1	6	10	3	2	3	27
Guam Waterworks Authority	0	0	1	0	7	5	12	4	7	4	3	43
Guam Fire Department	0	2	0	3	1	2	1	6	4	3	4	26
Guam Mass Transit Authority	0	0	0	0	0	0	1	3	5	5	4	18
Department of Public Health and Social Services	1	1	2	2	0	1	4	5	0	4	8	28
Guam Telephone Authority	0	0	0	0	0	0	1	9	3	3	1	17
Office of the Attorney General	1	2	0	1	1	3	3	4	9	1	0	25
Guam Police Department	1	0	1	0	2	1	0	2	3	3	5	18
Guam Visitors Bureau	0	0	0	1	2	0	3	5	1	1	5	18
Superior Court of Guam	0	0	3	0	3	2	4	4	2	4	2	24
University of Guam	0	1	1	2	2	1	0	4	3	3	2	19
Port Authority of Guam	1	0	0	0	0	1	3	3	4	1	3	16
Department of Land Management	0	0	0	0	0	0	1	3	0	1	4	9
Office of the Governor	0	2	2	5	0	1	0	4	3	1	0	18
Department of Parks & Recreation	0	1	0	1	7	4	1	1	1	1	5	22
Department of Labor	0	0	1	0	0	0	0	2	3	2	1	9
Guam Economic Development and Commerce Authority	1	0	1	0	0	0	0	2	4	0	1	9
General Services Agency	1	1	0	0	2	2	3	3	3	0	1	16
Other Agencies and Programs	12	13	19	18	40	37	29	47	31	22	28	296
Total	30	42	54	62	160	112	116	177	144	145	163	1205

March 2012



Technology Roadmap

- OPA utilizes information technology to improve the economy, efficiency, and effectiveness of audit and procurement work.
- OPA has transitioned to a more automated audit process, utilizing various data mining and Microsoft applications. Our office also has remote access to DOA's AS/400 system.
- Our website serves as a portal for government financial information, and our hotline provides an outlet for audit requests and tips.
- Filings of procurement appeals are also posted in real time on the web.
- The audio of all procurement hearings are posted on our website.
- We upgraded our website, with new search features that will allow users access to audits and other government financial information at a click of the mouse.
- We also upgraded our phone system, which will improve communications, as well as provide multi-user conferencing.

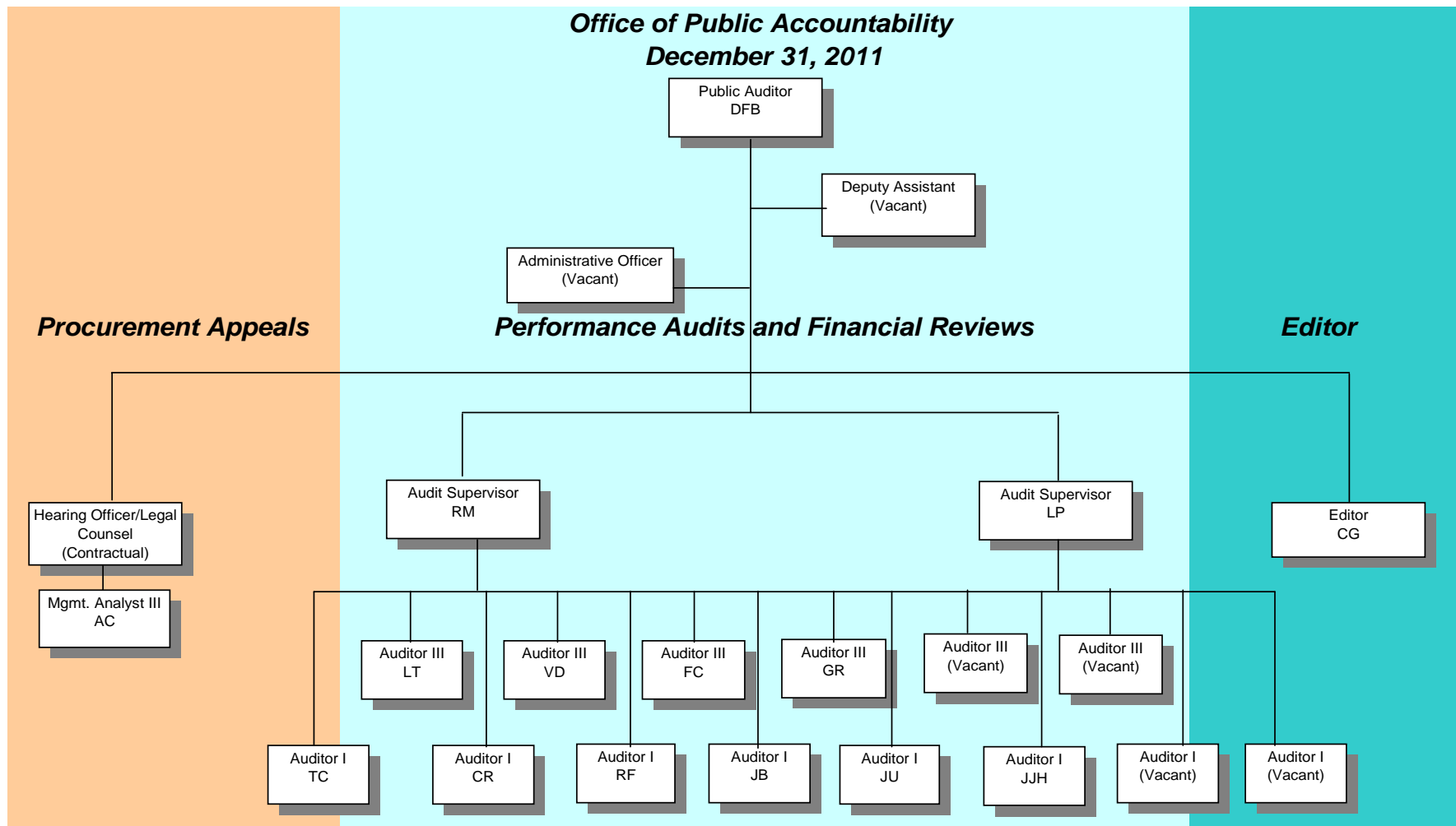


OPA Staff Composition

- As of March 1, 2012, the current OPA staff is a complement of 12 full-time employees and 1 part-time.
 - Public Auditor
 - Audit Supervisor
 - 3 Senior Auditors
 - 6 Junior Auditors
 - 1 Management Analyst for Procurement Appeals
 - 1 Part-time Editor
- In addition, OPA contracts 1 primary Hearing Officer and 3 Conflicts Attorneys for Procurement Appeals on an as needed basis.



Organizational Chart



Note: Audit Supervisor LP and Auditor III GR subsequently resigned on February 2012.

March 2012



Staff Certifications

For a staff of 12, OPA collectively have the following degrees and certifications (some staff hold 2 or more certifications):

- 2 Certified Public Accountants (CPA)
- 1 Certified Internal Auditor (CIA)
- 2 Certified Government Financial Managers (CGFM)
- 3 Certified Government Auditing Professionals (CGAP)
- 2 Master of Business Administration
- 1 Master of Public Administration
- All staff have a Bachelor's Degree



DOI OIA Training Grant

- Working with the Department of the Interior's Office of Insular Affairs (DOI OIA) Technical Assistance Division, the OPA received approval for the following:

Technical Assistance Grant No. TA-Guam-OPA-2011-1

Grant Amount	Date Approved	Grant Period
\$ 76,000	December 9, 2010	December 22, 2010 to December 31, 2011

- Approved for Professional Training and Development of Auditors /Investigators Only.
- Eligible expenses include Airfare, Per Diem, Ground Transportation, Conference Fee, Data Mining, and Library Resources.
- OPA will be working with DOI OIA to secure a new training grant for 2012.



DOI OIA Training Grant

- The primary purpose of the training grant has been to send auditors to the DOI Office of Inspector General (DOI OIG) Internships, fund local training seminars and certain off-island conferences.
- 2 auditors recently completed a 40-day On-The-Job (OJT) internship training with the DOI OIG in Sacramento, California.
- 2 other auditors completed the 40-day DOI OIG OJT internship training in Reston, Virginia.
- Staff attended the following training:
 - High-Impact Audit Planning, Mapping Programs and Developing Audit Objectives
 - 2011 Government Auditing Standards
 - Government Accounting Standards Update
 - Performance-Based Management and Budget
 - Ethics Update
 - Peer Review of the American Samoa, Palau, and CNMI audit offices as observers



Loss of Key Staff

- OPA's highest staff complement was 18 full-time staff in 2006. As of March 1, 2012, OPA has 12 full-time staff composed of 10 auditors, 1 management analyst and the Public Auditor.
- Of the 10 auditors, 6 are recently hired with an average of less than 2 years audit experience. The remaining four are senior auditors with an average of eight years audit experience. There is a gap of audit experience between the junior and senior auditors.
- Over the last four months, OPA lost 4 full-time staff consisting of one Administrative Officer, two Auditor III's, and one Audit Supervisor. Most have resigned to accept higher salaries offered by government agencies.
- Overall, OPA faced a 33% reduction in staff from 18 full-time staff in 2006 to 12 full-time staff in 2012.



Difficulty in Recruiting and Retaining

- OPA faces difficulty in recruiting new staff.
 - In April 2011 and through DOA Human Resources (HR), OPA announced its search for Auditor I, II, and III's. Only five applicants were deemed eligible by DOA HR.
 - Of all the applicants in 2011, one was hired 7 months later in October. In 2010, two staff was hired within 4 months.
- OPA faces difficulty in retaining senior staff.
 - Low salaries continue to impact OPA's plan to recruit, hire and retain senior audit staff.
 - 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.
 - Autonomous agencies continue to implement their own version of the Hay Study as well as increments.
 - Superior Court Judges continue to earn annual increases, from \$104K in FY 2008 to \$122K in FY 2012.



OPA Staff Recruited to Autonomous Entities

- Since 2006, OPA lost 14 professional staff. Nearly all the 14 individuals left because of significantly higher salaries.
- An Audit Supervisor earning \$51,662 (N-13) was recently hired by GDOE for a salary of \$56,231 (O-13).
- An Auditor III earning \$44,524 (M-11) was hired by GPA for a salary of \$64,667 (M-06A).
- The Deputy Public Auditor earning \$60,528 was hired by GWA for \$73,596 (M9B).
- An Auditor II earning \$39,780 was hired by GPA for \$62,765 (M-05B).
- An Audit Supervisor earning \$71,541 was hired by UOG for \$85,500.



OPA Hiring Difficulties

The two main reasons why
OPA is unable to recruit new staff:

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



OPA Personnel Lapses

- We thank the Legislature for allowing us to carry over personnel lapses to the next fiscal year.
 - In FY 2011, OPA had personnel lapses of \$305K.
 - In FY 2010, OPA had personnel lapses of \$182K.
 - In FY 2009, OPA had personnel lapses of \$253K.
- With the loss of 4 staff, OPA anticipates personnel lapses for FY 2012 before any carry over funds.
- We ask the Legislature's approval to carry over personnel lapses from FY 2012 into the FY 2013 budget appropriation.



Appropriation History

Fiscal Year	OPA	Procurement Appeals	Total Appropriation (A)
2012	\$ 1,260,507	\$ -	\$1,260,507
2011	\$ 1,263,867	\$ -	\$ 1,263,867
2010	\$ 1,226,349	\$ -	\$ 1,226,349
2009	\$ 1,108,676	\$ 163,106	\$ 1,271,782
2008	\$ 1,177,239	\$ 173,193	\$ 1,350,432
2007	\$ 1,102,731	\$ 134,014	\$ 1,236,745
2006	\$ 950,000	\$ 100,000	\$ 1,050,000

(A) The FY 2010 appropriation was a combination of OPA and Proc. Appeals amounts. In prior fiscal years, there were separate budgets for OPA and Proc. Appeals. For comparison, we combined the OPA and Proc. Appeals appropriations and adjustments for FY 2006 – FY 2009.



Appropriation History

Fiscal Year	OPA	Procurement Appeals	Total Appropriation (A)	Adjustment	Final Budget
2012	\$ 1,260,507	\$ -	\$ 1,260,507	\$ 305,613 (E)	\$ 1,566,120
2011	\$ 1,263,867	\$ -	\$ 1,263,867	\$ 181,691 (E) \$ 59,014 (F) \$ (305,613) (B)	\$ 1,504,572
2010	\$ 1,226,349	\$ -	\$ 1,226,349	\$ (181,691) (B)	\$ 1,044,658
2009	\$ 1,108,676	\$ 163,106	\$ 1,271,782	\$ (253,037) (B)	\$ 1,018,745
2008	\$ 1,177,239	\$ 173,193	\$ 1,350,432	\$ (320,692) (C)	\$ 1,029,740
2007	\$ 1,102,731	\$ 134,014	\$ 1,236,745	\$ (162,225) (D)	\$ 1,074,520
2006	\$ 950,000	\$ 100,000	\$ 1,050,000	\$ 22,395 (E)	\$ 1,072,395

(A) The FY 2010 appropriation was a combination of OPA and Proc. Appeals amounts. In prior fiscal years, there were separate budgets for OPA and Proc. Appeals. For comparison, we combined the OPA and Proc. Appeals appropriations and adjustments for FY 2006 – FY 2009.

(B) Personnel lapses due to recruitment difficulties.

(C) Governor's Transfer Authority (TR-2008-01).

(D) Pursuant to P.L. 29-02.

(E) Carryover Authorization.

(F) Hay Study Implementation Allotment.



GovGuam Audit Spending

- Two critical aspects can be considered in assessing OPA's performance:
 - The first aspect is the Budget Execution Process. In FY 2010, GovGuam spent \$2.2M on audits or less than one-half cent of every dollar of General Fund revenues of \$491M. The \$2.2M is comprised of \$1.1M in financial audits and \$1.1M in OPA expenditures.
 - With an operational budget of \$1.3M, the OPA completed 12 audits, analyses, and reports that identified \$14.5M in questioned cost and other financial impact; supervised 19 financial audits that identified \$854K in questioned costs; and administered 21 procurement appeals in 2011. This equates to a return on investment of 1,405% for every dollar appropriated.
 - The second aspect is OPA's quality of work. Government Auditing Standards require audit organizations to undergo a quality control review, or peer review, every three years. In 2011, OPA received its fourth consecutive "Full Compliance" peer review rating since 2002 and the first time no management letter was issued.



FY 2013 Budget Request

Salaries	\$ 730,606
Benefits	\$ 242,689
Insurance Benefits (M/D/L)	\$ 57,244
Subtotal	\$ 1,030,539
Travel	\$ 13,000
Contractual	\$ 180,500
Rent	\$ 102,594
Supplies	\$ 7,200
Equipment	\$ 21,100
Miscellaneous	\$ 13,600
Telephone	\$ 7,000
FY 2013 Total Budget Request	\$ 1,375,533



Status Quo Budget Request

- Given the mounting deficit of \$336M as of FY 2010 and an expected increase in the deficit for FY 2011, OPA submits a nominal increase of 9% to \$1,375,533 over its FY 2012 budget appropriation of \$1,260,507.
- This request is before any lapses. From FY 2009 to FY 2011, OPA accumulated \$738,458 in personnel lapses.
- The increase is primarily attributed to the increase in benefits, of which nearly 2% is for retirement fund contribution and the increase in health care insurance premiums.
- In FY 2010, total benefits represented 28% of salaries. In FY 2011, total benefits increased to 34% of salaries. In FY 2012, total benefits again increased to 37% of salaries. For FY 2013 based on the BBMR budget formulas and information, total benefits represent 41% of salaries.
- Such increases in benefits from increased health insurance premiums and increased retirement contributions is becoming unsustainable at the General Fund level.



15% Reserve

- The Governor has issued a call that all agencies have a 15% reserve placed on their 2013 appropriations.
- Based on FY 2012 appropriation of \$1,260,507, OPA's 15% reserve is \$189,076. This reserve is easily met because of OPA's on-going recruitment challenges i.e., difficulty in recruiting and retaining staff.
- OPA again respectfully requests that personnel lapses after the 15% reserve be carried forward into FY 2013.



Budget Request

- The OPA currently has 8 vacancies:
 - 1 Deputy Public Auditor
 - 1 Audit Supervisor
 - 5 Auditors
 - 1 Administrative Officer
- Upon hiring additional staff during the year, we anticipate increases in expenses in most categories as a result.
- Travel request to attend the National State Auditor Association (NSAA), Association of Government Accountants (AGA) Professional Development Conference, Association of Pacific Island Public Auditors (APIPA), Government Finance Officer Association (GFOA), and Association of Local Government Auditors (ALGA) conferences.



Budget Request

- Included in miscellaneous is \$10K for the hosting of the 16th PASAI (Pacific Association of Supreme Audit Institutions) Congress.
- At the 14th Congress held in Tonga in August 2011, Executive Director Eroni Vatuloka of PASAI asked the Public Auditor to host the 16th Congress.
- The Public Auditor was initially elected to serve on the PASAI Governing Board and accordingly, stepped down to become the host for the next Congress.



Budget Request

- The OPA does not incur expenses for specialty pay categories to include: Overtime, Night Differential, Hazard Pay, Holiday Pay, Incentive Pay, etc.
- The OPA does not have any new division expenditures, and does not anticipate outsourcing any existing work except financial audits, which have been contracted over these past decades.
- OPA does not have any expenditures that can be funded by the American Recovery and Reinvestment Act of 2009. However, OPA continues to monitor ARRA expenditures and provide ARRA guidance.



New Programs and Future Considerations

- The OPA does not anticipate the initiation of any new programs that will affect the FY 2013 Budget Request.
- However, outreach efforts at nominal costs include procurement training, serving as a member of the Guam Procurement Advisory Council, and the EFSC.



Prior Year Obligations & Unbudgeted Items

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



Si Yu'os Ma'ase.