



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

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

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

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

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

Grants Awarded for the Tourism Assistance Program

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

*Total number affected by additional information beyond the scope

Inconsistency in Evaluating Award Tiers and Grant Amounts for Applicants

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

Program Eligibility Requires More Stringent Criteria

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

Conclusion and Recommendations

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

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

These recommendations aim to guide GVB in future program implementations.



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