



# GUAM HOMELAND SECURITY/ OFFICE OF CIVIL DEFENSE OPERATING COST SERIES, PART II

**INVESTIGATIVE AUDIT**

*October 1, 2017 to September 30, 2023*

**OPA Report No. 24-12**

**December 2024**





**Guam Homeland Security/Office of Civil Defense  
Operating Costs Series, Part II**

**Investigative Audit  
October 1, 2017 to September 30, 2023**

**OPA Report No. 24-12  
December 2024**

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**EXECUTIVE SUMMARY**  
**Guam Homeland Security/Office of Civil Defense**  
**Operating Costs Series, Part II**  
**OPA Report No. 24-12, December 2024**

The Office of Public Accountability (OPA)'s investigative audit of the Guam Homeland Security/Office of Civil Defense (GHS/OCD)'s operating costs found that GHS/OCD's overtime costs from Fiscal Year (FY) 2018 to FY 2023 were non-compliant with Federal and local laws, the Department of Administration (DOA) Personnel Rules and Regulations, and the Bureau of Budget Management and Research (BBMR) Standard Operating Procedures (SOP). Specifically:

- Overtime was unauthorized:
  - Overtime work was not properly authorized by GHS/OCD officials;
  - Overtime plans were missing and untimely approved;
- Overtime work resulted in grant over-expenditures and audit deficiencies; and
- Overtime documentation was requested but not provided by GHS/OCD.

As a result, we questioned \$2.8 million (M) of overtime costs charged to GHS/OCD accounts. We also found that GHS/OCD did not have SOPs and allowed one employee to have authority, custody, and accounting of Federal grant expenditures. Fraud risk is heightened in GHS/OCD.

**Overtime Was Unauthorized**

Unauthorized work is defined as “hours worked by an employee without the appointing authority’s permission or contrary to his instructions or, not authorized by such applicable budget appropriations act”. An employee could not be required to work overtime unless the appointing authority has certified “that funds for overtime pay are available” (DOA Personnel Rules and Regulations Rules 7.600 and 7.404(E)). Agencies “in anticipation of overtime expenditures (i.e. Federal)” are required by BBMR “to develop and adopt an overtime plan for approval [...] before overtime is incurred and funds allotted” (BBMR SOP No. 9).

***Overtime Work Was Not Properly Authorized by GHS/OCD Officials***

Of the 94 payroll samples with overtime payments, 69 (or 73%) were missing timesheets and 25 (or 27%) had timesheets signed by the appointing authority (as Supervisor) and a Certifying Officer. Overtime work for four employees’ timesheets was not authorized by the Supervisor. Two of the four employees’ timesheets contained Supervisor signatures that did not match the signature specimens submitted to DOA. Additionally, overtime work was not allowed by the grants charged for two employees yet payment was certified by the Certifying Officer through signing timesheets.

***Overtime Plans Were Missing and Untimely Approved***

From FY 2018 to FY 2023, overtime expenditures charged to GHS/OCD accounts totaled \$3.3M. Of the \$3.3M, GHS/OCD did not submit overtime plans for \$2.7M (or 82%) of the cost and submitted plans for \$580 thousand (K) (or 18%). For those without plans, overtime was not

allowable per BBMR’s SOP. For those with plans, the \$18K that we tested were missing timesheets.

As a result, established internal controls were rendered ineffective. The timesheets signed contained deficiencies and were the basis of overtime payments made. The payments were part of the \$2.7M in overtime expenditures that BBMR did not clear. In addition to those without BBMR clearance, we questioned \$18K without payroll documentation for a total of \$2.7M in overtime expenditures not in compliance with applicable regulations, rules, and SOPs.

**Overtime Hours Were Unreasonable and Unallocable**

A reasonable cost is a cost that is not over “an amount that a prudent person would incur under the circumstances prevailing” at the time. An allocable cost is a cost that can be assigned to a Federal grant (Title 2 of the U.S. Code of Federal Regulations (CFR) §§ 200.404 and 200.405).

From FY 2018 to FY 2023, 10 GHS/OCD employees incurred \$1.8M in overtime costs. The employees were part of management, grants management, finance and administration, and operations. The three highest paid made up half (or 50%) of the total cost. The overtime pay was processed retroactively or *after* the employee was paid for regular work hours and based on cash availability from the General Fund. See Table 1.

Table 1: GHS/OCD Employees with the Most Overtime Pay (FY 2018 to FY 2023)

Employee No.	Job Title	Regular Payroll Run	Demand Payroll Run (Retroactive Pay)	Total Overtime Pay	Gross Pay	% of Overtime Pay to Gross Pay	
		[A]	[B]	[C] = A + B	[D]	[E] = C / D	
1	1001	Administrative Services Officer	\$ 103,167	\$ 313,228	\$ 416,396	\$ 775,019	54%
2	6881	Program Coordinator III	\$ 6,205	\$ 276,775	\$ 282,980	\$ 476,434	59%
3	15429 / 8987	Civil Defense Officer (Gov)	\$ 33,773	\$ 181,750	\$ 215,523	\$ 367,001	59%
4	2650	Planner IV	\$ 981	\$ 205,988	\$ 206,969	\$ 667,065	31%
5	14835 / 8734	Civil Defense Officer (Gov)	\$ 3,050	\$ 165,955	\$ 169,005	\$ 521,687	32%
6	16504 / 10165	Administrative Assistant	\$ 46,290	\$ 110,063	\$ 156,353	\$ 444,579	35%
7	11390	Grants Manager (Gov)	\$ 1,010	\$ 115,776	\$ 116,785	\$ 351,743	33%
8	10121	Administrator, Office of Civil Defense	\$ -	\$ 93,581	\$ 93,581	\$ 394,517	24%
9	16163 / 9804	Public Information Officer	\$ 336	\$ 84,289	\$ 84,624	\$ 353,971	24%
10	14104 / 7574	Program Coordinator III	\$ 75	\$ 72,796	\$ 72,871	\$ 472,487	15%
<b>Totals</b>		<b>\$ 194,886</b>	<b>\$ 1,620,200</b>	<b>\$ 1,815,087</b>	<b>\$ 4,824,504</b>	<b>38%</b>	

From FY 2018 to FY 2021, one of the 10 GHS/OCD employees was continuously paid large amounts of overtime pay. Employee 1001’s overtime pay ranged from \$74K to \$99K per fiscal year, or an average of \$89K, and totaled \$357K (or 61% of their \$589K gross pay). The employee’s timesheets within this period indicated overtime work for grant closeouts, corrective action plans, and financial reporting, which resulted in under-utilization and over-expenditures of federal grants and audit deficiencies reported by the Premier Audit Group, Inc. (Premier) in May 2024.

As a result, the Government of Guam was bound to pay overtime that were unreasonable and unallocable to Federal grants. As a result, Federal grants awarded to GHS/OCD were wasted.

### **Overtime Work Was Not Supported**

Executive Orders 2018-12 (Typhoon Mangkhut), 2018-17 (Typhoon Yutu), 2019-05 (Typhoon Wutip), 2019-24 (Typhoon Hagibis), 2019-25 (Tropical Storm 29W Kammuri), and 2020-03 (COVID-19) instructed agencies to “keep appropriate documentation on all emergency expenses authorized by [the order] for inspection by the Executive and Legislative Branches and by the Public Auditor of Guam, and in anticipation of federal disaster assistance [...] to be administered by [FEMA].”

GHS/OCD and DOA did not provide timesheets and supporting documentation for 79 out of 172 payroll samples (or 45%), totaling \$172K out of \$428K in payroll costs. The missing documentation was for most of the overtime hours (42%) and overtime cost (66%) of the samples tested. This reiterates Premier’s finding 2023-02, in which the auditors were not provided timesheets and supporting documentation for years 2015-2017.

As a result, GHS/OCD and DOA were non-compliant with Federal regulations and executive orders relative to payroll expense documentation. There is no evidence of the work performed by GHS/OCD during the previously mentioned disasters. Therefore, we questioned the remaining \$61K of the \$217K in payroll costs (less overtime to prevent double count).

### **Other Matters**


During our review, we found deficiencies not specific to overtime, but warrant the attention of those charged with governance. GHS/OCD and other agencies in receipt of Federal grants are required by Federal regulations to “establish, document, and maintain effective internal control over the Federal award” for assurance that management of the grant complies with Federal statutes, regulations, and terms and conditions (2 CFR § 200.303).

GHS/OCD’s Financial and Administrative Standard Operating Procedures (SOPs) are not finalized and distributed to the Chief of Staff and FEMA. The SOPs indicate that the Grants Manager and Finance Officer will reconcile Federal award expenditures to its budget every month. However, there is no monthly reconciliation, as evidenced by the under-utilization and over-expenditures of federal awards.

Additionally, a GHS/OCD employee had authority, custody, and accounting of Federal grant expenditures. There was no segregation of duties as only one employee had access to all parts of the operational processes. These conditions heighten the risk of fraud within GHS/OCD.

### **Conclusion and Recommendations**

GHS/OCD was non-compliant with applicable Federal and local laws, personnel rules, and SOPs relative to overtime costs incurred from FY 2018 to FY 2023. Overtime was unauthorized, unreasonable and unallocable, and was not supported. Additionally, the lack of SOPs, segregation of duties, and prior audit findings of questionable activity heightens fraud risk at GHS/OCD. Thus, we recommended corrective actions for GHS/OCD, DOA, and the Governor’s Chief of Staff for internal controls to work as intended and to improve government service.

  
Benjamin J.F. Cruz  
Public Auditor

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# Introduction

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The Guam Homeland Security/Office of Civil Defense (GHS/OCD) operating costs investigative audit was prompted by a hotline concern received by the Public Auditor regarding the administration of Federal grants at the GHS/OCD. This is the second in a two-part report on GHS/OCD.

## Objective, Scope, and Methodology

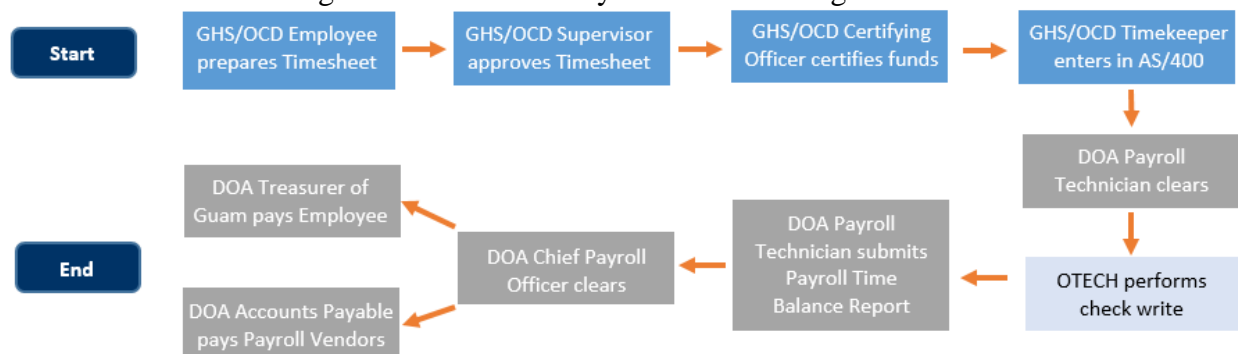
The objective of this audit was to determine if GHS/OCD’s operating costs were paid in compliance with applicable laws, rules, regulations, policies, and/or standard operating procedures (SOPs). The scope was from October 1, 2017 to September 30, 2023 (or Fiscal Year (FY) 2018 to FY 2023). The methodology was to identify components of GHS/OCD’s operations and assess the component’s strength of internal controls. In this case, we selected to assess the GHS/OCD’s payroll process relative to overtime. See [Appendix 1](#) for details.

## Background

The GHS/OCD’s payroll process was described in GHS/OCD’s Financial and Administrative Standard Operating Procedures, draft dated February 26, 2021, and updated on August 09, 2022. The employee prepares, signs, and submits their timesheet with supporting documents (e.g. leave forms) (if any) to their Supervisor for review. The Supervisor approves and submits the timesheet and supporting documents (if any) to the Certifying Officer for certification of availability of funds. Thereafter, the GHS/OCD follows the Department of Administration (DOA)’s payroll process for Executive Branch line agencies.

Per the DOA Division of Accounts Accounting Policies & Procedures, dated March 2020, the Timekeeper enters the timesheet information in the Government of Guam (GovGuam)’s former financial management information system, the AS/400. The Timekeeper submits the signed timesheets and supporting documents (if any) to the DOA Payroll Accounting & Services Branch. A Payroll Technician reviews the accuracy of the information entered in the AS/400. Upon clearance, the Office of Technology performs a check write. Thereafter, the Payroll Technician reviews and submits the final Payroll Time Balance Report to the Treasurer of Guam and Accounts Payable Branch. The Treasurer of Guam pays the employees. The Accounts Payable Branch pays the payroll vendors for payroll deductions (e.g., health insurance). See Figure 1.

Figure 1: GHS/OCD Payroll Process – Regular Run



## **Prior Audit Coverage**

The conditions we found during our audit were similar to or the same as reported in previous reviews on the GovGuam COVID-19 payroll expenses, the Guam Department of Education (GDOE) overtime payments, and the GHS/OCD's operating costs.

### ***OPA Report No. 21-01 GovGuam COVID-19 Payroll Expenses, from March to May 2020***

The Office of Public Accountability (OPA) found that 45 departments and agencies paid their employees differential pay, in addition to regular pay, based on Executive Order (E.O.) 2020-08. The order established the COVID-19 Response Differential Pay to essential employees who, in the course of their duties, were in contact or close physical proximity with those who may be infected with COVID-19 or whose positions do not allow telework and were mandated to perform their duties on-site. The employees received 25% (Category 1) or 15% (Category 2) for the former or 10% (Category 3) for the latter. GHS/OCD was among the 45 departments and agencies, at the time, paid \$4 thousand (K) for Category 1, \$32K for Category 2, \$1K for Category 3, and \$181K in other pay (e.g. Compensatory Time Off, Overtime, and Night Differential).

The OCD Administrator was also among the 54 appointed officials who received COVID-19 compensation as part of the differential pay policy. E.O. 2020-03 authorized the OCD Administrator to determine the eligibility of overtime expenditures from work performed by government agencies. At the time, the OCD Administrator received \$22K of COVID-19 compensation. Had it not been for Federal appropriations that allowed the Governor to enforce the policy, the payment would have violated Title 4 of the Guam Code Annotated § 6218.2.

### ***OPA Report No. 23-04 GDOE Overtime Payments, from March 2020 to September 2022***

The OPA questioned \$640K in overtime payments made to ineligible employees and improper certification of funds, all of which were to be reimbursed by Federal funding for the COVID-19 response. Internal control deficiencies identified were:

- Federal Programs Division employees incurred overtime hours almost a year prior to submitting plans and receiving approval for overtime worked.
- Local appropriations were shorted to pay overtime.
- Exempt employees received overtime.
- Disparity in overtime payments between essential workers and administrative support.
- Improper payments due to an unauthorized certifier of funds.

Although reimbursement from the U.S. Department of Education was not requested, the deficiencies raised serious concerns about the approval processes and overtime payments at the GDOE due to the nature of the improprieties.

### ***OPA Report No. 24-07 GHS/OCD Operating Costs Series, Part I, from October 2017 to September 2023***

In the first part of this two-part report, we summarized previous audit findings relative to the GHS/OCD's operations. In this second part, the deficiencies we identified confirmed those found by the DOA Internal Audit Section and the Premier Audit Group Services, Inc. (Premier). The



DOA Internal Audit found that there is a need for updated procedures to ensure that internal controls exist for monitoring budgets, allowable uses of funds, documentation of review and approvals, and system controls. Premier listed 12 findings, of which three were similar or the same as what we found in this second part (i.e., Findings 2023-02 Level of Effort, 2023-05 Unsupported Salary Charged to the Grants, and 2023-10 non-compliant written policies and procedures). Premier considered Findings 2023-02 and 2023-05 as material weaknesses and questioned costs of \$10 million (M) (or 29%) out of the \$34.7M in total questioned costs.

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## Results of Audit

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Based on our review of GHS/OCD's overtime, from FY 2018 to FY 2023, GHS/OCD was non-compliant with Federal and local laws, DOA Personnel Rules and Regulations, and the Bureau of Budget Management and Research (BBMR)'s SOPs relative to overtime. Specifically:

- Overtime was unauthorized:
  - Overtime work was not properly authorized by GHS/OCD officials;
  - Overtime plans were missing and untimely approved;
- Overtime work resulted in grant over-expenditures and audit deficiencies; and
- Overtime documentation was requested but not provided by GHS/OCD.

As a result, we questioned \$2.8M of overtime costs incurred by GHS/OCD employees. We also found that GHS/OCD does not have official standard operating procedures and segregation of duties, with one employee having authority, custody, and accounting of Federal grant expenditures. These conditions present a heightened risk of fraud in GHS/OCD.

### **Overtime Was Unauthorized**

Compensation costs are allowable if they meet the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. This means that the costs must be:

- (1) Reasonable and complies with the established written policy “consistently applied to both Federal and non-Federal activities.”
- (2) Follows an assignment to a job or position in accordance with the recipient's laws, rules, or written policies and Federal laws.
- (3) Determined and supported by the Standards for Documentation of Personnel Expenses. (Title 2 of the Code of Federal Regulations (CFR) § 200.430(a)).

Overtime work may be authorized in cases of emergency or in the best interest of the government. The “appointing authority is responsible for the manner in which overtime work is authorized.” Thus, the agency head is responsible for internal controls, which will provide a means of evaluating overtime use to control unauthorized overtime (DOA Personnel Rules and Regulations Rule 7.402).

Unauthorized work is defined as “hours worked by an employee without the appointing authority's permission or contrary to his instructions or, not authorized by such applicable budget appropriations act”. An employee could not be required to work overtime unless the appointing authority has certified “that funds for overtime pay are available” (DOA Personnel Rules and Regulations Rules 7.600 and 7.404(E)). The certification of funds is aligned with Title 4 of the Guam Code Annotated § 4105(c)(5).

Agencies “with overtime appropriations or in anticipation of overtime expenditures (i.e., Federal)” are required by the Bureau of Budget Management and Research (BBMR) “to develop and adopt an overtime plan for approval [...] before overtime is incurred and funds allotted”. The accrual of overtime, Hazardous pay, and Night Differential are “allowable if such expenditures are documented, approved and submitted for processing within two weeks of the date on which the work is performed.” (BBMR SOP No. 9 re: Overtime Plan).

### ***Overtime Work Was Not Properly Authorized by GHS/OCD Officials***

Of the 94 payroll samples with overtime payments, 69 (or 73%) were missing timesheets, and 25 (or 27%) were timesheets signed by the appointing authority (as Supervisor) and a Certifying Officer.

Of those signed by the Supervisor,

- Employees 1001 and 10165's timesheets contained signatures on the Supervisor signature line that did not match the signature specimens of authorizing officials submitted to DOA.
- Employees 1001 and 2650's timesheets were signed by a Supervisor whose capacity as an authorizing official was not supported.
  - Employees 1001 and 2650's timesheets were signed by Employee 6881 as Supervisor in March 2021.
  - The Supervisor was the highest level of signatory on the timesheets as the Acting OCD Administrator did not sign them at the time.
  - Employee 6881 was both a subordinate and a peer of Employee 2650 based on the GHS/OCD Organizational Chart as of September 2020.
  - Employee 6881 was not listed in the Signature of Authorizing Officials submitted to DOA in July 2020.
- Employee 6881 received overtime pay despite their Supervisor approving compensatory time off in lieu of overtime.
  - Employee 6881 and their Supervisor signed an agreement to use compensatory time off from January 1 to 14, 2023.
  - Employee 6881's signed timesheet reflected regular work hours on January 6 and 13, 2023. Those dates had handwritten corrections to indicate overtime hours instead. The corrections were reflected in the AS/400's Employee Pay Time Sheet. There is no documentation to demonstrate that the Supervisor was aware of the corrections made after the timesheets were signed.

Thus, overtime work was not authorized by the Supervisor.

Of those signed by the Certifying Officer,

- The FY 2017 EMPG budget for overtime was \$30K for the conduct of exercises.
  - Employee 1001 reported 391 hours or \$13K in overtime for four Pay Period Endings (PPEs) in March, May, June, and July 2018.
  - The overtime work was on grant closeouts, preparing for FEMA monitoring visits, and corrective action plans. No work was performed on exercises.
- The FY 2017 HSGP budget did not include overtime.
  - Employee 1001 reported 25.50 hours or \$900 in overtime for one PPE in December 2018.
  - They were the only employee that incurred overtime under this grant for this PPE.
- The FY 2018 EMPG budget for overtime was \$2,500.
  - Employee 1001 reported 70 hours or \$2K and Employee 8987 reported 10 hours or \$500 in overtime for one PPE in December 2018.
  - Both employees were among the three employees who incurred \$3K in overtime under this grant in the same PPE.
- The FY 2019 EMPG budget for overtime was \$5K.
  - Employee 10121 reported 67.50 hours or \$4K in overtime for one PPE in March 2020.

- The employee was among the 17 employees who incurred \$36K in overtime under this grant in the same PPE.

Overtime work was not allowed by the grants charged and, therefore, is unauthorized.

***Overtime Plans Were Missing and Untimely Approved***

From FY 2018 to FY 2023, overtime expenditures charged to GHS/OCD accounts totaled \$3.3M. Of the \$3.3M, GHS/OCD did not submit overtime plans for \$2.7M (or 82%) of the cost and submitted plans for \$580K (or 18%). Of the \$2.7M without overtime plans, we sampled \$180K. Of the \$180K, \$132K were missing timesheets and supporting documentation, and \$47K had timesheets certified by a Certifying Officer. Since no overtime plans were submitted to BBMR, those that were certified availability of funds are not allowable per BBMR’s SOP.

Of the \$580K with overtime plans, we sampled \$18K, all missing timesheets and supporting documentation. In addition to our testing, we found deficiencies with the plans approved by BBMR as follows.

- Plans 2, 5, 6, and 7 were submitted as late as 10 weeks after overtime was incurred in contrast to BBMR’s two-week requirement.
- Plans 1 to 4 were unclear as to which employee was authorized overtime. The plans listed divisions instead of position titles.
- Plan 1 was missing the Certifying Officer’s signature, yet it was approved.
- All plans had varying signatures of the Certifying Officer (Employee 1001). The signatures lacked consistency.

Overtime was incurred *before* BBMR approved the overtime plan. See Tables 1 and 2.

**Table 1: GHS/OCD Overtime Plans Amount Approved**

	Program	Department Head Signatory	Overtime Authorized per Position Title or Division	Overtime Funding Projected [A]	Estimated Benefits [B]	Amount Projected [C] = A + B
1	Emergency Operations Center / Joint Information Center	OCD Administrator	Division	\$ 26,899	\$ 7,459	\$ 34,358
2	Emergency Operations Center / Joint Information Center	OCD Administrator	Division	\$ 26,863	\$ 7,449	\$ 34,312
3	Emergency Operations Center / Joint Information Center	OCD Administrator	Division	\$ 26,863	\$ 7,449	\$ 34,312
4	FY2020 EMPG COVID-19 Supplemental	OCD Administrator	Division	\$ 80,481	\$ 22,317	\$ 102,798
5	COVID-19 Public Health Emergency	OCD Administrator	Position Title	\$ 24,247	\$ 6,724	\$ 30,971
6	COVID-19 Quarantine, Isolation & Vaccination	[Former] HSA	Position Title	\$ 60,449	\$ 17,996	\$ 78,444
7	COVID-19 Quarantine, Isolation & Vaccination	[Former] HSA	Position Title	\$ 56,029	\$ 16,680	\$ 72,709
8	Super Typhoon Mawar	Governor's Chief of Staff	Position Title	\$ 52,752	\$ 15,762	\$ 68,514
9	Super Typhoon Mawar	Governor's Chief of Staff	Position Title	\$ 95,327	\$ 28,484	\$ 123,810
<b>Totals</b>				<b>\$ 449,909</b>	<b>\$ 130,320</b>	<b>\$ 580,229</b>

Table 2: GHS/OCD Overtime Plans Days Approved

	Program	Period Covered	Period Covered		Date Certified Funds Available	Date Approved by Dept. Head	Date Received by BBMR	Days Between	Date Approved by BBMR
			Start Date [A]	End Date [B]	[C]	[D]	[E]	[F] = E - A	[G]
1	Emergency Operations Center / Joint Information Center	March 28, 2020	3/28/2020	3/28/2020	Missing	3/15/2020	No date	Unable to Determine	3/16/2020
2	Emergency Operations Center / Joint Information Center	March 28, 2020 to April 11, 2020	3/28/2020	4/11/2020	Illegible	4/10/2020	4/22/2020	25	4/23/2020
3	Emergency Operations Center / Joint Information Center	April 11, 2020 to April 25, 2020	4/11/2020	4/25/2020	4/10/2020	4/10/2020	4/22/2020	11	4/23/2020
4	FY2020 EMPG COVID-19 Supplemental	April 25, 2020 to June 6, 2020	4/25/2020	6/6/2020	5/4/2020	5/4/2020	5/4/2020	9	5/8/2020
5	COVID-19 Public Health Emergency	May 23, 2020 to September 30, 2020	5/23/2020	9/30/2020	No date	7/8/2020	7/8/2020	46	7/8/2020
6	COVID-19 Quarantine, Isolation & Vaccination	October 1, 2021 to December 31, 2021	10/1/2021	12/31/2021	12/10/2021	12/10/2021	12/15/2021	75	12/17/2021
7	COVID-19 Quarantine, Isolation & Vaccination	October 1, 2021 to November 30, 2021	10/1/2021	11/30/2021	12/10/2021	12/10/2021	12/15/2021	75	12/17/2021
8	Super Typhoon Mawar	May 21, 2023 to June 3, 2023	5/21/2023	6/3/2023	5/27/2023	5/27/2023	5/27/2023	6	5/27/2023
9	Super Typhoon Mawar	May 21, 2023 to June 3, 2023	5/21/2023	6/3/2023	5/27/2023	5/27/2023	5/27/2023	6	5/27/2023

These conditions were caused by the lack of due diligence of the DOA Payroll Office, the GHS/OCD Grants Manager, and the GHS/OCD Authorizing Official. The DOA Payroll Office did not compare the timesheet signatures against the signature specimen submitted by GHS/OCD to DOA. The GHS/OCD Grants Manager did not compare the labor costs charged to Federal grants against the budget submitted by GHS/OCD to FEMA. The Authorizing Official of GHS/OCD did not ensure that overtime plans were submitted to the BBMR in a timely manner.

The effect of these conditions was rendering the established internal controls ineffective. Timesheets were claimed to be signed by an official appointing authority. Funds were claimed to be available by a Certifying Officer *after* overtime work was performed. The signed timesheets contained deficiencies and were the basis of overtime payments made. The payments were part of the \$2.7M in overtime expenditures that BBMR did not clear. In addition to those without BBMR clearance, we questioned \$18K without timesheets or a total of \$2.7M in overtime expenditures not in compliance with Federal regulations, DOA Personnel Rules and Regulations, or BBMR’s SOP for overtime.

For the internal controls to work as intended, we recommend for:

1. The DOA Chief Payroll Officer to establish a process of verifying the validity of authorization approval prior to processing payroll.
2. The DOA Comptroller to ensure that the DOA Chief Payroll Officer implements a corrective action to address the condition regarding authorizing officials.
3. The GHS/OCD Grants Manager to routinely monitor and communicate the grants’ status to the authorizing official and Certifying Officer.
4. The Governor’s Chief of Staff to enforce DOA Personnel Rules and Regulations regarding authorization of overtime for GHS/OCD.

### Overtime Hours Were Unreasonable and Unallocable

The U.S. Office of Management and Budget Guidance defines reasonable cost as a cost that is not over “an amount that a prudent person would incur under the circumstances prevailing” at the time when the cost was incurred. Further, allocable cost is a cost that can be assigned to a Federal grant or a cost objective “in accordance with the relative benefits received” (2 CFR §§ 200.404 and 200.405).

From FY 2018 to FY 2023, 10 GHS/OCD employees incurred \$1.8M in overtime costs. The employees were part of management, grants management, finance and administration, and operations. The three highest paid made up half (or 50%) of the total cost and were the Administrative Services Officer, a Program Coordinator III, and a Civil Defense Officer. The Administrative Services Officer's overtime was more than half (or 54%) of their gross pay. The overtime pay was processed retroactively or *after* the employee was paid for regular work hours and based on cash availability from the General Fund. See Figure 1 and Tables 3 and 4.

Figure 1: Individual Overtime Pay as % of Total

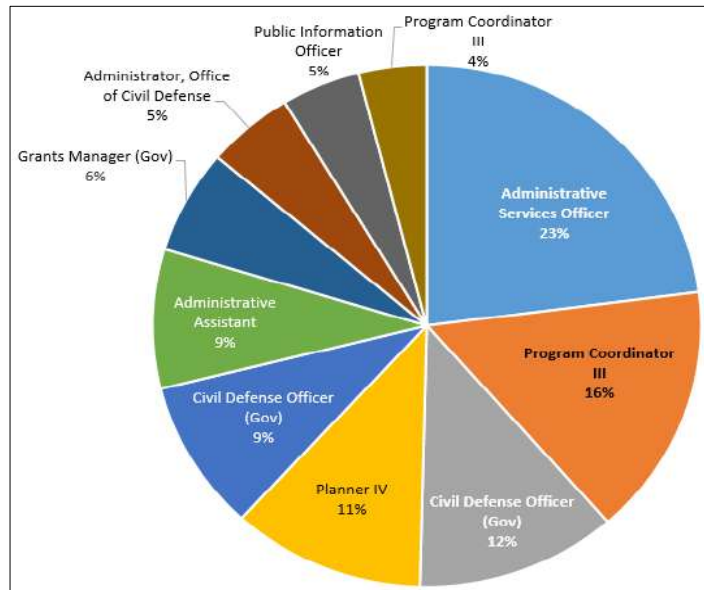


Table 3: GHS/OCD Employees with the Most Overtime Pay<sup>1</sup>

Employee No.	Job Title	Regular Payroll Run			Demand Payroll Run (Retroactive Pay)			Total
		Overtime Pay [A]	Holiday Work - Overtime [B]	Subtotal [C] = A + B	Overtime Pay [D]	Other (1.5 OT Rate) [E]	Subtotal [F] = D + E	Overtime Pay [G] = C + F
1	1001	\$ 102,606	\$ 562	\$ 103,167	\$ 276,104	\$ 37,125	\$ 313,228	\$ 416,396
2	6881	\$ 6,205	\$ -	\$ 6,205	\$ 241,752	\$ 35,024	\$ 276,775	\$ 282,980
3	15429 / 8987	\$ 33,450	\$ 323	\$ 33,773	\$ 155,417	\$ 26,333	\$ 181,750	\$ 215,523
4	2650	\$ 981	\$ -	\$ 981	\$ 177,529	\$ 28,459	\$ 205,988	\$ 206,969
5	14835 / 8734	\$ 3,050	\$ -	\$ 3,050	\$ 138,122	\$ 27,833	\$ 165,955	\$ 169,005
6	16504 / 10165	\$ 44,282	\$ 2,008	\$ 46,290	\$ 91,003	\$ 19,060	\$ 110,063	\$ 156,353
7	11390	\$ 1,010	\$ -	\$ 1,010	\$ 99,399	\$ 16,376	\$ 115,776	\$ 116,785
8	10121	\$ -	\$ -	\$ -	\$ 82,263	\$ 11,318	\$ 93,581	\$ 93,581
9	16163 / 9804	\$ 336	\$ -	\$ 336	\$ 74,049	\$ 10,240	\$ 84,289	\$ 84,624
10	14104 / 7574	\$ 75	\$ -	\$ 75	\$ 61,189	\$ 11,607	\$ 72,796	\$ 72,871
<b>Totals</b>		<b>\$ 191,993</b>	<b>\$ 2,893</b>	<b>\$ 194,886</b>	<b>\$ 1,396,827</b>	<b>\$ 223,374</b>	<b>\$ 1,620,200</b>	<b>\$ 1,815,087</b>

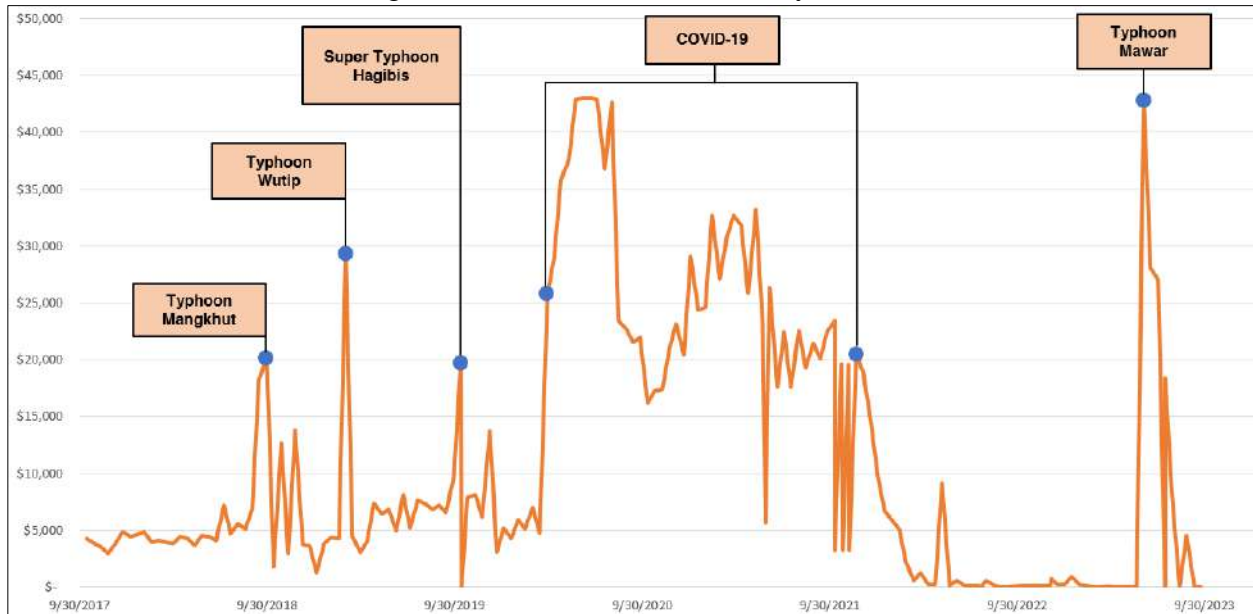
<sup>1</sup> "Retroactive Pay, Other (1.5 OT Rate)" consists of eight pay types: (1) COVID 10% EO 21-03 OT, (2) Retro - Holiday OT, (3) Retro - Typhoon Work 1.5, (4) Retro - ND OT, (5) Retro - Hazard 10% OT, (6) Retro - Hazard 25% - OT, (7) Retro - Hazard 100% - OT, and (8) OT .5 Straight Time Paid.

Table 4: Top 10 Overtime Pay as A Percent of Gross Pay

Employee No.	Job Title	Total Overtime Pay [A]	Gross Pay [B]	% of Overtime Pay to Gross Pay [C] = A + B	
1	1001	Administrative Services Officer	\$ 416,396	\$ 775,019	54%
2	15429 / 8987	Civil Defense Officer (Gov)	\$ 215,523	\$ 476,434	45%
3	16504 / 10165	Administrative Assistant	\$ 156,353	\$ 367,001	43%
4	6881	Program Coordinator III	\$ 282,980	\$ 667,065	42%
5	2650	Planner IV	\$ 206,969	\$ 521,687	40%
6	14835 / 8734	Civil Defense Officer (Gov)	\$ 169,005	\$ 444,579	38%
7	11390	Grants Manager (Gov)	\$ 116,785	\$ 351,743	33%
8	16163 / 9804	Public Information Officer	\$ 84,624	\$ 394,517	21%
9	14104 / 7574	Program Coordinator III	\$ 72,871	\$ 353,971	21%
10	10121	Administrator, Office of Civil Defense	\$ 93,581	\$ 472,487	20%
<b>Totals</b>		<b>\$ 1,815,087</b>	<b>\$ 4,824,504</b>	<b>38%</b>	

The top 10 GHS/OCD employees incurred overtime during disaster events. The longest event was COVID-19 from FY 2020 to FY 2022. During this period, the employees’ overtime pay ranged from \$149K to \$626K, averaged \$141K per fiscal year, and totaled \$1.2M. The overtime pay includes a Night Differential and 10% or 15% COVID-19 Differential Pay (Hazard Pay). Based on the timesheets, the employees worked in the Emergency Operations Center (EOC) at the GHS/OCD facility. When the EOC was closed, overtime pay was significantly reduced until it resumed operations for Typhoon Mawar in May 2023. See Figure 2.

Figure 2: GHS/OCD Overtime Pay Trend



From FY 2018 to FY 2021, one of the top 10 GHS/OCD employees was continuously paid large amounts of overtime pay. Employee 1001’s overtime pay ranged from \$74K to \$99K per fiscal year, or an average of \$89K, and totaled \$357K (or 61% of their \$589K gross pay). The employee’s

timesheets within this period indicated overtime work for grant closeouts, corrective action plans, and financial reporting.

We reviewed Employee 1001's timesheet as part of the 94 payroll documents sampled. Of the 94 payroll samples with overtime payments, 69 (or 73%) were missing timesheets, and 25 (or 27%) were timesheets signed by an Employee and a Supervisor.

Of those signed by the Employee and Supervisor,

- Employee 37936's work description was blank for 36 hours or \$1K in overtime.
- Employees 1001 and 8987's work descriptions resulted in deficiencies.
  - Employees 1001 and 8987 worked on the corrective action plan for findings on the FY 2015 HSGP, FY 2016 HSGP, and FY 2016 EMPG as a result of FEMA's monitoring visit. Overtime totaled 210.50 hours or \$7K.
    - Employee 1001 reported 193.50 hours or \$6K in overtime for two PPEs in June and July 2018.
      - If regular hours were added to overtime hours, Employee 1001 worked 361.50 hours for two PPEs (or an average of 90 hours *per week*) on this project.
    - Employee 8987 reported 17 hours or \$455 in overtime for one PPE in December 2018.
      - Employee 8987's timesheet was signed by Employee 1001 as Timekeeper, Certifying Officer, and Supervisor.
    - The overtime was paid with the following Federal grants, of which two were not related to the work described:
      - FY 2015 HSGP
      - FY 2017 EMPG
      - FY 2018 EMPG
    - FY 2015 HSGP, FY 2016 HSGP, and FY 2016 EMPG were reported by Premier in May 2024 to have deficiencies with non-employee travel (Finding 2023-08) and inaccurate or untimely Federal Financial Reports (Finding 2023-09). Premier considered Finding 2023-08 as a material weakness and questioned costs on both findings, totaling \$272K.
  - Employee 1001 worked on the FY 2015 EMPG closeout, FY 2015 Halong reimbursements, and FY 2016 Dolphin reimbursements for 474.50 hours or \$16K in overtime.
    - This work description was the same for five PPEs in March and December 2018, September and October 2019, and February 2020.
    - If regular and holiday hours were added to overtime hours, Employee 1001 worked 811 hours on this project for five PPEs (or an average of 81 hours *per week*).
    - The overtime was paid with the following Federal grants and not related to the work described:
      - FY 2017 EMPG
      - FY 2017 HSGP
      - FY 2018 EMPG
      - Typhoon Mangkhut

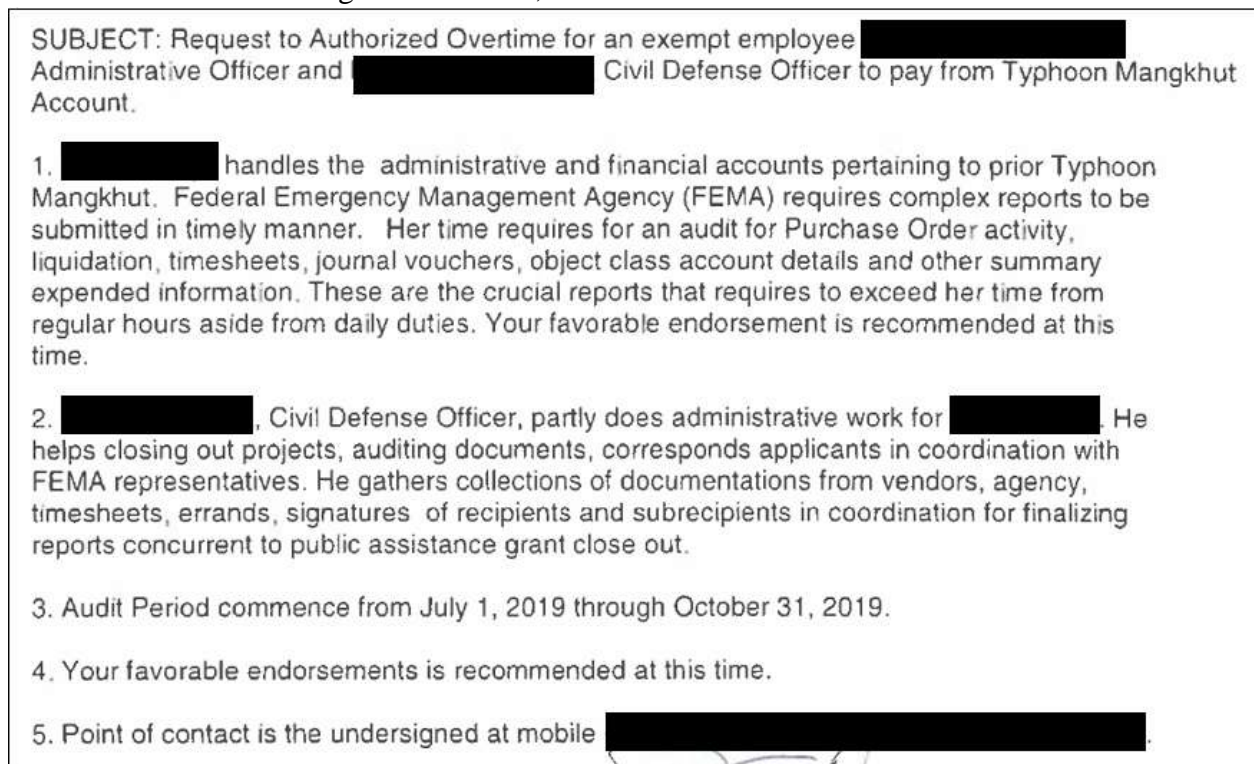


- The FY 2015 EMPG expired in September and December 2016 with an unused balance of \$182K<sup>2</sup>.
- The FY 2015 Halong Debris Removal grant expired in September 2018 with an over-expenditure of \$4K.
- The FY 2016 Dolphin Grantee Allowance and Emergency Protective Measures grants expired in June 2019 with an over-expenditure of \$33K.

Therefore, the outcomes did not justify the overtime pay.

During our review, we found a letter that was approved in an attempt to serve as both an authorization for overtime and a journal voucher. The letter, dated June 26, 2019, was from the former Homeland Security Advisor (HSA) and the former Chief of Staff to the DOA Director, with a courtesy copy provided to the DOA Chief Payroll Officer. See Figure 3.

Figure 3: June 26, 2019 GHS/OCD Letter to DOA



The letter was referred to, but not attached, on Employee 1001's timesheet for three PPEs in September and October 2019, and February 2020. It was attached to the July 2019 payroll packet when overtime work began. The timesheets reported 281 hours or \$10K in overtime for the three PPEs.

Overtime work was charged to the FY 2019 Typhoon Mangkhut Grant. The grant had 69 accounts for various agencies (e.g. Guam Housing and Urban Renewal Authority, Mayors Council of Guam, etc.), but all were under GHS/OCD. Of the 69 accounts, 42 (or 61%) had no expenditures, resulting in unused Federal funds totaling \$2.3M. If the \$2.3M in inactive accounts is added to the accounts

<sup>2</sup> The status of grants described in this report is based on DOA's report as of February 2024. See Appendix 6 of OPA Report No. 24-07 for details.

with unused balances of \$1M, unused funds totaled \$3.3M (39%) of the \$8.5M Federal grant award. The agencies had from October 2018 to September 2023 to spend the funds. The only agency that over-spent was GHS/OCD. GHS/OCD spent \$100K more than the award allocated to them under Account 458.

Monitoring and reviewing federal grant expenditures to ensure compliance with reporting requirements is part of a Grants Manager's responsibilities. Based on our review of the GHS/OCD Grants Managers' payroll data:

- Employee 7574's overtime work was not supported.
  - Overtime hours totaled 187 or \$6K for three PPEs in October 2018, March 2019, and March 2020.
  - Their regular hours for the same and/or other PPEs were spent on:
    - FY 2017 EMPG – “Managing EMPG & HSGP Grants, Prepping for TS Yutu (31W), EOC Activation Typhoon Yutu (31W)”. However, their regular pay was entirely charged to FY 2017 HSGP.
    - FY 2018 EMPG – “Admin/Finance”. However, part of their regular pay was charged to FY 2018 HSGP.
    - FY 2019 EMPG and FY 2019 HSGP – “Managing EMPG” and “Managing HSGP & NSGP.” However, part of their regular pay was charged to FY 2017 HSGP.
- Employee 11390's overtime work was not supported.
  - Overtime hours totaled 274.50 hours or \$10K for four PPEs in October 2019, April to May 2020, and July 2020.
  - Their regular hours were the same and/or other PPEs were spent on:
    - FY 2017 Pre-Disaster Mitigation:
      - “Requisitions, GCC Building 300 Project, Mitigation Conference Call w/ FEMA, Hazard Mitigation Workshop” and “Super Typhoon Hagibis” in October 2019.
      - COVID-19 EOC Activation Resources Unit Leader in April 2020.
      - No work description for May 2020.
    - FY 2018 Hazard Mitigation Program – no work description.

None of their work descriptions indicated overall grants management work for GHS/OCD. Meanwhile, the GHS/OCD Finance and Administration and Operations staff were paid overtime to close out grants and address audit findings on federal grant activities. The roles appear to be switched.

These conditions were caused by the employees' and their Supervisor's non-compliance with the Code of Conduct for government employees. Their honest efforts were not reflected in their performance results.

The effect of these conditions was the binding of GovGuam in paying overtime that was unreasonable and unallocable to Federal grants and wasting of Federal funds. As much as 474.50 hours were spent resulting in under-use and over-spending of Federal grant funds.

In order to improve government service, we recommend for:

1. The Governor's Chief of Staff to determine the need for employee discipline actions.

## **Overtime Work Was Not Supported**

Federal awards must be spent and accounted for in accordance with Guam laws and procedures. The financial management system, including records, must be enough to allow for the preparation of required reports and to track expenditures to show that funds were used in accordance with Federal laws and grant award terms and conditions. The system must provide for “effective control over and accountability for all funds,” and the recipient “must safeguard all assets and ensure they are used solely for authorized purposes.” (2 CFR § 200.302).

E.O.s 2018-12 (Typhoon Mangkhut), 2018-17 (Typhoon Yutu), 2019-05 (Typhoon Wutip), 2019-24 (Typhoon Hagibis), 2019-25 (Tropical Storm 29W, Kammuri), and 2020-03 (COVID-19) instructed agencies to “keep appropriate documentation on all emergency expenses authorized by [the order] for inspection by the Executive and Legislative Branches and by the Public Auditor of Guam, and in anticipation of federal disaster assistance approval by the President of the United States to be administered by [FEMA]” or “any federal agency.”

GHS/OCD and DOA did not provide timesheets and supporting documentation for 79 out of 172 payroll samples (or 45%), totaling \$172K out of \$428K in payroll costs for these disasters. The missing documentation was for most of the overtime hours (42%) and overtime costs (66%) of the samples tested. This reiterates Premier’s finding 2023-02, in which the auditors were not provided timesheets and supporting documentation for years 2015-2017.

As a result, GHS/OCD and DOA are non-compliant with Federal regulations and executive orders relative to payroll expense documentation. There is no evidence of the work performed by GHS/OCD during the previously mentioned disasters. Since overtime costs were already questioned as part of the costs not cleared by BBMR (under “Overtime Work Was Not Authorized”), to prevent double-count, we questioned the remaining \$61K of the \$217K total payroll cost.

## **Other Matters**

During our review, we found deficiencies that are not specific to overtime but warrant the attention of those charged with governance.

### ***GHS/OCD is a High-Risk Auditee***

GHS/OCD and other agencies in receipt of Federal funds are required by Federal regulations to “establish, document, and maintain effective internal control over the Federal award that provides reasonable assurance that the recipient [is] managing the Federal award in compliance with Federal statutes [and] regulations, and the terms and conditions of the Federal award” (2 CFR § 200.303).

GHS/OCD’s Financial and Administrative Standard Operating Procedures (SOPs) are not finalized and distributed to the Chief of Staff and FEMA. The cover page was dated February 2021, but the heading was dated September 2019. The last annual review was in June 2019, but the record of changes was last dated August 2022. The SOPs indicate that the Grants Manager and Finance Officer will reconcile Federal award expenditures to its budget every month. “This procedure also provides a monitoring mechanism on the financial and operational performance of accounts and programs.” There is no monthly reconciliation, as evidenced by the under-utilization and over-expenditures of federal awards.

Our finding regarding the lack of SOPs is reiterative of the DOA Internal Audit Section’s prior audit finding: “Need for Updated Written Policies and Procedures Related to Federal Grants’ Management Processes.” DOA Internal Audit Section issued its report in October 2022. GHS/OCD concurred with the auditor’s recommendation to update policies, document changes in SOPs, and develop and implement a monitoring mechanism for grant deadlines. It has been over two years since DOA’s audit; however, as mentioned, GHS/OCD has not finalized its SOPs.

In their May 2024 audit report, Premier also found that GHS/OCD’s written policies and procedures were non-compliant with Federal guidance. Premier attributed the cause to staff turnover and unqualified finance personnel. FEMA has been meeting with GHS/OCD on corrective actions to address Premier’s audit findings. One of the actions proposed was to develop SOPs and ensure staff training on the SOPs by the second quarter of FY 2025.

Additionally, a GHS/OCD employee had authority, custody, and accounting of Federal grant expenditures. Employee 1001 is an Administrative Services Officer and was:

- The Recipient Signatory Official for the FY 2018 HSGP and dated the signature block December 2018.
  - Per Employee 1001, they served as the “Acting” Grants Manager after the Grants Manager’s resignation.
  - FY 2018, HSGP had an unused balance of \$188K and had \$141K in over-expenditures.
- A Timekeeper, Certifying Officer, and Supervisor for Employee 8987 for one PPE in December 2018 and Employee 6881 for one PPE in March 2019.
- The Department Authorizing Official on the IPS Timesheet Summary for Hazard Pay for one PPE in March 2021. The signature line for the OCD Administrator had a stamp of Employee 1001’s signature. No official designation of Employee 1001’s Authorizing Official’s capacity was provided.
  - Employee 1001 signed as Supervisor on Employees 2650 and 6881’s timesheets.
  - Employee 2650 signed as Supervisor on Employee 1001’s timesheet.
- The addressee of the U.S. Department of Homeland Security’s Award Letter for the FY 2021 EMPG.
  - However, the Grants Manager was the Recipient Signatory Official and dated the signature block September 2021.
  - FY 2021 EMPG had no drawdowns (or were “frozen”), and had an unused balance of \$43K, and \$91K in over-expenditures.
- Both an (Alternate) Authorizing Official and (Primary) Certifying Officer from January 23, 2019, to July 22, 2020, and October 25, 2021. On May 26, 2022, Employee 1001 was not named as an Authorizing Official, but maintained the role as a Certifying Officer as of March 28, 2022.

There was no segregation of duties as only one employee had access to all parts of the operational processes.

These conditions heighten the risk of fraud within GHS/OCD. Therefore, we recommend for:

1. The Grants Manager to complete the SOPs for the OCD Administrator’s approval.
2. The OCD Administrator to review, establish, and implement the SOPs and segregation of duties.
3. The Chief of Staff to ensure that the OCD Administrator implements the controls.

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## **Conclusion and Recommendations**

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GHS/OCD was non-compliant with Federal and local laws and DOA Personnel Policies and Procedures relative to overtime costs incurred from FY 2018 to FY 2023. Based on the timesheets reviewed, overtime was unauthorized, unreasonable, unallocable, and not supported. Questioned costs totaled \$2.8M. Additionally, the lack of SOPs, segregation of duties, and history of past audits with findings of questionable activity heighten the risk of fraud at GHS/OCD.

We made recommendations for internal controls to work as intended and to improve government service, as follows.

1. The DOA Chief Payroll Officer to establish a process of verifying the validity of authorization approval prior to processing payroll.
2. The DOA Comptroller to ensure that the DOA Chief Payroll Officer implements a corrective action to address the condition regarding authorizing officials.
3. The GHS/OCD Grants Manager to routinely monitor and communicate the grants' status to the authorizing official and Certifying Officer.
4. The Governor's Chief of Staff to enforce DOA Personnel Rules and Regulations regarding authorization of overtime for GHS/OCD.
5. The Governor's Chief of Staff to determine the need for employee discipline actions.

## Classification of Monetary Amounts

Findings	Questioned Costs <sup>3</sup>	Potential Savings	Unrealized Revenues <sup>4</sup>	Other Financial Impact <sup>5</sup>
1 Overtime Was Unauthorized	\$2,728,949	\$ -	\$ -	\$ -
2 Overtime Hours Were Unreasonable and Unallocable	\$ -	\$ -	\$ -	\$ -
3 Overtime Work Was Not Supported	\$ 60,579	\$ -	\$ -	\$ -
<b>Totals</b>	<b>\$2,789,528<sup>6</sup></b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

<sup>3</sup> Questioned Costs are the costs questioned because of:

- (a) An alleged violation of a provision of a law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the expenditure of funds;
- (b) A finding that, at the time of the audit, such cost is not supported by adequate documentation; or
- (c) A finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable.

<sup>4</sup> Unrealized revenues are funds that could have been collected but were not.

<sup>5</sup> Other Financial Impact means amount identified in the audit but do not fit the other categories.

<sup>6</sup> Questioned costs of samples with multiple deficiencies were only counted once to prevent double count.

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## Management Response and OPA Reply

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We provided a draft report to the GHS/OCD for their official management response on December 10, 2024. We held an Exit Conference with the GHS/OCD officials to discuss the reported findings and recommendations on December 17, 2024. The GHS/OCD management provided their response on December 23, 2024.

Based on the responses, the GHS/OCD generally agreed with our findings. See [Appendix 2](#) for the management response.

The legislation creating OPA requires agencies to prepare a corrective action plan to implement audit recommendations, document the progress in implementing the recommendations, and endeavor to have implementation completed no later than the beginning of the next fiscal year. Accordingly, we will contact the GHS/OCD for the status of the recommendations. See [Appendix 3](#) for the status of the audit recommendations.

We appreciate the cooperation and assistance given to us by the OCD Administrator, the DOA Director, and the staff during this audit. We would also like to give special thanks to the Governor, the HSA, the BBMR Director, and staff for their participation.

OFFICE OF PUBLIC ACCOUNTABILITY



Benjamin J.F. Cruz  
Public Auditor

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## **Appendix 1: Objective, Scope, and Methodology**

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### ***Objective***

The objective of our investigative audit was to determine if GHS/OCD's operating costs were paid in compliance with applicable rules, regulations, policies, and/or standard operating procedures.

### ***Scope***

The scope of our investigative audit included a review of GHS/OCD's operating cost from October 1, 2017 to September 30, 2023 (or FY 2018 to FY 2023). Our audit was performed at the Office of Public Accountability in Hagåtña, Guam.

### ***Methodology***

We performed the following steps in conducting this investigative audit:

1. Researched and reviewed applicable policies, procedures, grants manual/application/work plan, laws, and regulations regarding GHS/OCD's overtime payments.
2. Reviewed prior audit reports to identify findings relevant to the audit objective.
3. Held Entrance Conferences, Walkthroughs, and Exit Conferences with key personnel.
4. Conducted interviews with key personnel to gain an understanding of the process of authorizing, calculating, approving, recording, and monitoring overtime payments.
5. Reviewed DOA Labor Cost Distribution Reports, Time Balance Reports, Employee Master Records, and General Ledger details to compile and analyze labor costs of GHS/OCD personnel from FY 2018 to FY 2023.
6. Determined the top 10 overtime earners based on the DOA Labor Cost Distribution Reports and compiled the earning details from the DOA AS/400 Employee Master Record for the top 10 employees who received overtime payments from FY 2018 to FY 2023.
7. Analyzed overtime payments to the top 10 overtime earners as a percentage of gross pay, overtime pay trend, pay periods with the most overtime pay, and employees and pay periods with the most overtime pay.
8. Used judgmental sampling to select overtime payment samples for testing from FY 2018 to FY 2023.
9. For overtime payment samples selected, we performed testing and reviewed supporting documentation to determine whether GHS/OCD's overtime payments were in compliance with applicable laws, regulations, policies and procedures.
10. Formulated audit findings and made recommendations.

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





Lourdes A. Leon Guerrero  
Governor  
Joshua F. Tenorio  
Lieutenant Governor

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Esther J.C. Aguigui  
Homeland Security Advisor  
Charles V. Esteves  
Administrator, OCD

December 23, 2024

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

Subject: Management Response to Draft Report – Investigative Audit of the Guam Homeland Security/Office of Civil Defense Operating Cost Series, Part II

Dear Mr. Cruz:

We are thankful for your office's comprehensive investigative audit of the Guam Offices of Homeland Security and Civil Defense (GHS-OCD). We value your review and recommendations to improve compliance, accountability, and operational efficiency within our offices.

The report concluded with five recommendations and listed additional recommendations throughout. We **CONCUR** with all listed recommendations in the report. However, we request that actions specific to the Grants Manager role be reassigned to the heads of different offices due to the absence of a Grants Manager since May 2023.

The Homeland Security Advisor, Office of Homeland Security oversees the following grants:

- Homeland Security Grant Program
- Non-Profit Security Grant Program
- State and Local Cybersecurity Grant Program

The Office of Civil Defense Administrator (OCDA) oversees the Emergency Management Performance Grant Program.

The State Hazard Mitigation Officer, under the direction of the OCDA, is responsible for the following grants:

- Building Resilient Infrastructure and Communities
- Hazard Mitigation Grant Program

The Director of the Guam Recovery Office oversees all Federal Emergency Management Agency (FEMA) Public Assistance grants.

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**Point of Clarification**

*Potential Violation of Title 4 of the Guam Code Annotated § 6218.2.*

**Audit Statement:**

"The OCD Administrator was also among the 54 appointed officials who received COVID-19 compensation as part of the differential pay policy. E.O. 2020-03 authorized the OCD Administrator to determine the eligibility of overtime expenditures from work performed by government agencies. At the time, the OCD Administrator received \$22K of COVID-19 compensation. Had it not been for Federal appropriations that allowed the Governor to enforce the policy, the payment would have violated Title 4 of the Guam Code Annotated § 6218.2."

**Clarification:**

The application of Title 4 GCA § 6218.2, which prohibits bonus pay for unclassified employees, does not apply to the OCD Administrator because the position is classified under Title 10 GCA § 65103 as a classified position.

**Response to Audit Findings*****Overtime Was Unauthorized***

*Finding: Overtime Work Was Not Properly Authorized by GHS/OCD Officials*

**Response:**

We appreciate you providing the list of missing records so we may work with the Department of Administration to complete the file. The Premier Group Audit listed missing documents as a repeat finding. It is attributed to high personnel turnover, lack of transition processes, and insufficient document transfer procedures.

We acknowledge other discrepancies and will conduct a review and take corrective actions as required.

**Actions to Date:**

All records are maintained on a centralized, networked share drive and our organization's Google Drive.

All payroll documents are signed electronically in the Guam Financial Management Information System (GFMS) based on approved roles on record with the Department of Administration.

To date, we have conducted one training event on updated timekeeping procedures.

In conjunction with our FEMA partners, we are developing standard operating procedures to address general timekeeping, including overtime.

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*Finding: Overtime Plans Were Missing and Untimely Approved*

Response:

We acknowledge the failure to submit timely overtime plans. The administrative processes required to develop and approve overtime plans often conflict with the urgency of disaster-related tasks, leaving insufficient time for pre-approval before action is necessary. Emergency incidents' dynamic and evolving scope frequently requires real-time adjustments that make prior plans impractical. Using COVID-19 as a real-world example pandemic, BBMR operations were significantly disrupted, with extended periods of limited to no functionality. BBMR's operational limitations during the COVID-19 pandemic further complicated timely approvals; however, we acknowledge our responsibility for ensuring timely submissions despite external challenges.

We will work with the Bureau of Budget and Management Research (BBMR) to review its standard operating procedure for approving overtime (OT) plans during disasters and emergencies.

Actions to Date:

We recognized this deficiency and have since corrected the issue. During our most recent activation for Typhoon Man-Yi in 2024, we successfully submitted and obtained approval for an overtime plan from BBMR. A copy of the approved BBMR overtime plan is enclosed for reference.

**Overtime Hours Were Unreasonable and Unallocable**

Response:

Most of the overtime accrued was directly tied to critical disaster and emergency response operations, including federally declared emergencies, where continuous staffing and extended shifts were essential to safeguard public safety and ensure effective coordination. These hours, while substantial, were necessary to address the unprecedented demands and challenges of the events. For example, during the COVID-19 pandemic, employees worked a minimum of 12-hour shifts, 7 days a week, for an extended period to address the novel and urgent needs of the event.

Employees played essential roles in federally declared events, including:

- Typhoon Mangkhut (Presidential Disaster Declaration DR-4404): GHS-OCD staff managed the Tier 2 shelter at Astumbo Gym for an extended period, relieving the Dededo Mayor's Office.
- COVID-19 Pandemic (Presidential Emergency Declaration EM-3422): Employees maintained 24/7 operations to address public health needs, coordinate response measures, and ensure the continuity of critical services.
- Typhoon Mawar (Presidential Disaster Declaration DR-4715): Key personnel managed ICS roles and coordinated resources for emergency recovery efforts.

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Specific contributions included:

- Employee 1001: Finance and Administrative Section Chief for all events. Responsibilities included overseeing financial management for the disaster and resource allocation. Emergency procurement is a critical component of their duties and responsibilities, involving rapidly acquiring necessary resources to ensure operational continuity during crises.
- Employee 6881: Operations Section Chief for all events. This role involved directing field operations, coordinating emergency response teams, and ensuring effective implementation of operational plans.
- Employee 8987: Logistics Section Chief during Typhoon Mawar. Their duties included managing procurement, resource distribution, and providing logistical support critical for uninterrupted emergency operations.
- Employee 2650: Planning Section Chief and EOC Director. Responsible for creating detailed action plans, conducting risk assessments, and providing strategic guidance for operational readiness and response.
- Employee 8734: Shift supervisor for the 24/7 Watch Desk. Tasks included maintaining situational awareness, managing information flow, and coordinating real-time incident responses.
- Employee 10165: Supported Finance and Admin Section with timekeeping and procurement. Ensured accurate record-keeping and compliance with funding requirements.
- Employee 11390: Contributed to Operations and Planning Sections during COVID-19. Assisted in adapting strategies to the emergency's evolving nature and maintaining operations continuity.
- Employee 10121: Served as Territorial Coordinating Officer. Acted as the primary liaison with federal agencies, ensuring local and federal emergency response efforts aligned.
- Employee 9804: Public Information Officer for all events. Managed public communication efforts, ensuring accurate and timely dissemination of information to the public and stakeholders.
- Employee 7574: Planning Section Chief for Typhoon Mawar. Responsibilities included developing comprehensive response plans and ensuring coordination across all response units.

These roles were indispensable to managing complex emergencies, demonstrating the necessity of accrued overtime to achieve desired outcomes.

We acknowledge areas for improvement in non-disaster overtime productivity and have initiated employee development and task reallocation to address this gap.

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**Actions to Date:**

The Office of the Governor assigned a Staff Assistant to work as the Fiscal Manager for the agency.

**Overtime Work Was Not Supported**

**Response:**

While we acknowledge record-keeping deficiencies, procedural improvements have addressed these issues. All documentation is now centralized and regularly reviewed to ensure completeness and accessibility.

**Actions to Date:**

Established a centralized documentation system using a networked share drive and Google Drive.

Implemented an updated supplemental timesheet to document hours based adequately on approved and assigned grant activities.

**Other Matters**

*GHS/OCD is a High-Risk Auditee*

**Response:**

We are committed to being removed from the high-risk designation by addressing all identified deficiencies and implementing robust corrective actions.

We acknowledge the failure to update and follow current standard operating procedures and Employee 1001's overlapping authorities, duties, and responsibilities.

**Actions to Date:**

We submitted a corrective action plan to FEMA in response to the Premier Group audit. We are rewriting and simplifying all SOPs to promote general understanding and compliance.

We removed specific duties and responsibilities from Employee 1001 to limit the overlap.

- July 2022, timekeeping duties and responsibilities were changed to Employee 37396.
- October 2023, we removed Employee 1001 as the Certifying Officer and added Employee 831 as the primary certifying officer.
- November 2024, we added the recently hired Staff Assistant (Fiscal Manager) as the primary certifying officer and Employee 831 as the secondary certifying officer.

We remain committed to addressing the concerns raised in this audit and strengthening our internal controls to ensure compliance, transparency, and accountability. Our corrective actions will enhance our ability to serve Guam effectively while maintaining the highest standards of fiscal responsibility.

-6-

We appreciate the opportunity to work collaboratively with OPA and welcome any further guidance to improve our operations.

Should you have any questions or require further information, please do not hesitate to contact the undersigned at [esther.aguigui@ghs.guam.gov](mailto:esther.aguigui@ghs.guam.gov), [charles.esteves@ghs.guam.gov](mailto:charles.esteves@ghs.guam.gov), or [joseph.cabana@ghs.guam.gov](mailto:joseph.cabana@ghs.guam.gov). You may also contact Ariana Villaverde, who oversees corrective action development and execution, at [ariana.villaverde@ghs.guam.gov](mailto:ariana.villaverde@ghs.guam.gov).

Sincerely,



Charles V. Esteves  
Administrator, Office of Civil Defense

Enclosures

cc:

*Honorable* Lourdes A. Leon Guerrero, Governor of Guam, Office of the Governor  
*Honorable* Joshua F. Tenorio, Lieutenant Governor of Guam, Office of the Lieutenant Governor  
Jon Junior Calvo, Chief of Staff, Office of the Governor  
Clynton Ridgell, Deputy Chief of Staff, Office of the Governor  
Lester L. Carlson, Jr., Director, Bureau of Budget and Management Research  
Edward M. Birn, Director, Department of Administration  
Esther J.C. Aguigui, Homeland Security Advisor, Office of Homeland Security  
Joseph L. Cabana, Director, Guam Recovery Office  
Ariana Villaverde, Staff Assistant (Fiscal Manager), Offices of Homeland Security and Civil Defense



# Appendix 2: Management's Response

RESET



GOVERNMENT OF GUAM  
DEPARTMENT OF ADMINISTRATION



SIGNATURE OF CERTIFYING OFFICER

MEMORANDUM

Date: November 2024  
 To: DIRECTOR, Department of Administration  
 From: Guam Homeland Security/Office of Civil Defense  
 Subject: Signatures of Certifying Officer

First submission  
 Supersede Number \_\_\_\_\_

0280 FY25  
 Dept/Div No Fiscal Year

Per the Department of Administration Organizational Circular 03-011 dated January 03, 2003, which complies with §14107 of Chapter 14 of Title 4 of the Guam Code Annotated, we are submitting the following signature specimens of our primary and alternate Certifying Officers.

PRIMARY	Signature	[Redacted]
	Full Name/Title:	<u>Ariana Villaverde, Staff Assistant</u>
ALTERNATE (1)	Signature	[Redacted]
	Full Name/Title:	<u>Joseph Cabana, Director, Guam Recovery Office</u>
ALTERNATE (2)	Signature	
	Full Name/Title:	
ALTERNATE (3)	Signature	
	Full Name/Title:	
ALTERNATE (4)	Signature	
	Full Name/Title:	

Initials

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

The above affixed signatures are hereby authorized to sign official documentation with respect to the availability of funds for our department/agency. This updated document supercedes previous appointments of certifying officers and alternates. In the event that the Primary Certifying Officer is absent, the Alternate Certifying Officers will be followed in sequential order. If any further clarification or information is needed, please do not hesitate to contact me at any of the following number(s):

[Signature]  
 DEPARTMENT / AGENCY HEAD

Note to user: Please block out unused blank lines provided for Alternate Certifying Officials in order to safeguard the intended purpose of this form.

Copy to: BBMR, GSA, Payroll Branch, Treasurer of Guam, Quality Control Section, and Division of Account's Staff



## Appendix 3: Status of Audit Recommendations

No.	Addressee	Audit Recommendation	Status	Actions Required
1	DOA Chief Payroll Officer	Establish a process of verifying the validity of authorization approval prior to processing payroll	OPEN	Provide a corrective action plan with responsible official and timeline of implementation
2	DOA Comptroller	Ensure that the DOA Chief Payroll Officer implements a corrective action to address the condition regarding authorizing officials	OPEN	Provide a corrective action plan with responsible official and timeline of implementation
3	GHS/OCD Grants Manager	Routinely monitor and communicate the grants' status to the authorizing official and Certifying Officer	OPEN	Provide a corrective action plan with responsible official and timeline of implementation
4	Governor's Chief of Staff	Enforce DOA Personnel Rules and Regulations regarding authorization of overtime for GHS/OCD	OPEN	Provide a corrective action plan with responsible official and timeline of implementation
5	Governor's Chief of Staff	Determine the need for employee discipline actions	OPEN	Provide a corrective action plan with responsible official and timeline of implementation

# **GUAM HOMELAND SECURITY/OFFICE OF CIVIL DEFENSE OPERATING COSTS SERIES, PART II OPA Report No. 24-12, December 2024**

## **ACKNOWLEDGEMENTS**

### ***Key contributions to this report were made by:***

Mariella Cruz, Audit Staff  
Maryann Manglona, CPA, Auditor-in-Charge  
Joy B. Esperanza, CGFM, Auditor-in-Charge  
Vincent Duenas, Audit Supervisor  
Benjamin J.F. Cruz, Public Auditor

## **MISSION STATEMENT**

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

## **VISION**

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

## **CORE VALUES**

### **Objective**

To have an independent and impartial mind.

### **Professional**

To adhere to ethical and professional standards.

### **Accountable**

To be responsible and transparent in our actions.

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- Visit our website at [www.opaguam.org](http://www.opaguam.org)
- Call our office at (671) 475-0390
- Fax our office at (671) 472-7951
- Or visit us at Suite 401 DNA Building in Hagåtña

All information will be held in strict confidence.



Office of Public Accountability  
Email: [admin@guamopa.com](mailto:admin@guamopa.com)  
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