

**Submission of FY 2007 4th Quarter Financial Reports
Pursuant to Public Laws 28-149, 28-150, and 29-02**

**Legislative Mandate
July 1, 2007 through September 30, 2007**

**OPA Report No. 07-16
December 2007**



OFFICE OF THE PUBLIC AUDITOR

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OFFICE OF THE PUBLIC AUDITOR

EXECUTIVE SUMMARY

Submission of FY 2007 4th Quarter Financial Reports Report No. 07-16, December 2007

This report presents our compliance review of the submission of quarterly financial reports, staffing pattern reports, and all other special reports for the fourth quarter of Fiscal Year (FY) 2007 for the period of July 1, 2007 through September 30, 2007. Public Law (P.L.) 29-02 amended and established new FY 2007 reporting requirements and imposed a 20% salary reduction as a penalty for agency Directors¹, Deputies, and Chief Financial Officers (CFO) who do not comply with the reporting requirements. However, the law failed to specify when the penalty would occur.

The FY 2007 budget laws collectively required six reporting elements, as follows:

- 1) General Quarterly Financial Reporting (due 30 days after the end of the quarter for all 58 entities)
- 2) General Quarterly Staffing Pattern Reports (due 1 day after the end of the quarter for 55 entities)
- 3) General Quarterly Prior Year Obligation Payments (due at the end of the quarter for 49 entities)
- 4) Non-Appropriated Funds (due 30 days after the end of the quarter for 16 entities)
- 5) Non-Profit Organization Reporting (due 30 days at the end of the quarter for 4 entities)
- 6) Special Reports (due at various reporting deadlines for 15 entities and 1 commission)

General Reporting Requirements: Of the 58 entities, 49 entities complied with all their reporting requirements for the fourth quarter of FY 2007, while 9 entities (DLM, DMHSA, GEC, GMRO, Governor's Office, GPSS, HRRRA, PEALS and VAO) did not comply with some of their reporting requirements. Specifically, 53 entities or 91% submitted their fourth quarter financial reports by the October 31, 2007 deadline. 50 entities submitted their staffing pattern reports on time, and 45 entities submitted their prior year's obligation payments report.

Non-Appropriated Funds (NAF) Reporting Requirements: Entities that complied with the submittal of NAF reports in all reporting formats increased from 13 to 14. There were 2 entities (DMHSA and GEC) that did not submit the required NAF reports.

Non-Profit Organization (NPO) Reporting Requirements: There were 4 overseeing entities required to report on their NPO activities. We found 3 entities (Agriculture, DYA, and Judiciary) complied with all three reporting requirements, while DMHSA continues to be non-compliant by not submitting NPO report.

¹ A Director shall include but not limited to the head of a department, agency, autonomous and semi-autonomous agency, public corporation, Superintendent of Education, Presidents of the University of Guam and the Guam Community College, the General Manager of the Guam Educational Telecommunication Corporation, the Director of the Guam Public Library System, the Executive Directors of the Mayors Council of Guam and the Guam Legislature, and the Administrator of the Courts of Guam.

Special Reports: 15 entities and 1 new commission were required to submit 31 special reports. The new commission, Modernization and Rightsizing Commission of the Government of Guam for the 21st Century (COMRIGHT-21), replaced the Sunset and Rightsizing Commission and the Commission on Modernization of the Government of Guam. Of the 16 entities, COMRIGHT-21 and the GBOA reports did not have due dates specified. For the remaining 14 entities, 11 entities met all three reporting conditions, while 2 entities (GMRO and Governor's Office) met some of their special reporting requirements but not all. Again, DMHSA continues to be non-compliant by not submitting any reports.

All 19 Mayors complied and submitted their NAF reports. For the fourth quarter, a consolidated quarterly report for all 19 mayors was submitted by the MCOG in all three reporting formats. We noted that the municipality of Yona issued three checks made payable to "cash" totaling \$3,700 during the third quarter of FY 2007. This practice should be prohibited due to the potential risk of misappropriation when making checks payable to cash for a non-specified purpose. There have been several instances reported in previous OPA audit reports of non-appropriated funds where checks made to "cash" were for personal gain and resulted in the resignation, indictment, or dismissal of the persons involved. No checks were made payable to "cash" in fourth quarter.

Unenforced 20% Salary Reduction Penalty. Chapter VI, Section 15 of P.L. 29-02 repealed the deappropriation penalty and imposed a 20% reduction in gross salaries of any government of Guam. Although the penalty was effective for the third quarter, no Director, Deputy Director, and CFO who was noncompliant was penalized the 20% salary reduction for the third quarter. There is confusion as to how the 20% salary reduction was to be implemented for FY 2007. No specific date was given on when the penalty would occur.

In October 2007, OPA made several inquiries with the Governor's Office and the DOA regarding the implementation of the 20% salary reduction penalty to all involved parties who did not meet all of their reporting requirements for the third quarter of FY 2007. We also made several inquiries with the Office of Finance and Budget on how the penalty for the fourth quarter would be applied. However, we have yet to receive a response to our inquiries as of the issue date of this report.

OPA Suggestions: Several suggestions were made to the Legislature to improve the reporting process to include: requiring entities to provide summary information of the changes in level of personnel, and changing all reporting requirement due dates to 30 days after the end of the quarter for consistency and to allow entities more time to submit their reports.

As this is the second year that a provision to require regular financial reporting is in the budget act, we applaud the Legislature for continuing to require these reports, assuring public accountability and transparency in the use of public funds.

Doris Flores Brooks, CPA, CGFM
Public Auditor



OFFICE OF THE PUBLIC AUDITOR

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Introduction

This report presents our compliance review of the submission of quarterly financial reports, staffing pattern reports, and all other special reports¹ for the fourth quarter of Fiscal Year (FY) 2007 for the period of July 1, 2007 through September 30, 2007. This is the fourth report the Office of the Public Auditor (OPA) has issued on the financial reporting requirements pursuant to the FY 2007 budget laws².

Our objective was to determine whether each government entity³ complied with the reporting requirements as identified in the budget acts.

Background

Public Law (P.L.) 29-02 amended and established new FY 2007 reporting requirements and imposed a 20% salary reduction as a penalty for agency Directors, Deputy Directors, and Chief Financial Officers (CFO) who do not comply with the reporting requirements effective for the third and fourth quarters.

Pursuant to P.L. 29-02, a Director shall include, but not limited to, the head of a department, agency, autonomous and semi-autonomous agency, public corporation, Superintendent of Education, Presidents of the University of Guam and the Guam Community College, the General Manager of the Guam Educational Telecommunication Corporation, the Director of the Guam Public Library System, the Executive Directors of the Mayors Council of Guam and the Guam Legislature, and the Administrator of the Courts of Guam. However, P.L. 29-02 did not specify when the penalty would occur.

The public law also required OPA to provide notice to all directors of their reporting responsibility three days before the end of each quarter and attest to the failure to comply that caused the salary reduction.

¹ Special reports are required for certain programs and funds to be submitted by specific entities. The majority of these reports are to be submitted quarterly. Other reports are required to be submitted monthly, annually, or no due dates were specified.

² P.L. 28-149, *Educational Appropriations Act of 2007*; P.L. 28-150, *General Appropriations Act of 2007*; and P.L. 29-02, referred to as the *Amended General Appropriations Act of 2007*.

³ To include line agencies, autonomous and semi-autonomous agencies, public corporations, the President of the Mayors Council of Guam and the Judiciary of Guam.

Results of Compliance

Of the 58 entities, 49 entities or 84% complied with all their reporting requirements for the fourth quarter of FY 2007. Specifically, 53 entities or 91% submitted their fourth quarter financial reports by the October 31, 2007 deadline. 50 entities submitted their staffing pattern reports on time, and 45⁴ entities submitted their prior year's obligation payments report.

For the fourth quarter, 14 of the 16 entities submitted non-appropriated funds reports and 3 of 4 entities submitted non-profit organization reports. 15 entities and 1 new commission were required to submit 31 special reports⁵. Of the 15 entities, the Modernization and Rightsizing Commission of the Government of Guam for the 21st Century (COMRIGHT-21) and the GBOA reports did not have due dates specified⁶. Of the remaining 14 remaining entities, 11 entities complied with their reporting requirements, 2 entities (GMRO and Governor's Office) did not comply with all the reporting requirements, and 1 entity (DMHSA) did not submit any reports.

Of the 58 entities, 49 entities or 84% complied with all of their reporting requirements, i.e., general, special, non-appropriated funds, or non-profit organization reports. These entities were:

- | | |
|---|---|
| 1. Bureau of Budget and Management Research (BBMR) | 13. Department of Military Affairs (DMA) |
| 2. Bureau of Statistics and Plans (BSP) | 14. Department of Parks and Recreation (DPR) |
| 3. Chamorro Land Trust Commission (CLTC) | 15. Department of Public Health and Social Services (DPHSS) |
| 4. Civil Service Commission (CSC) | 16. Department of Public Works (DPW) |
| 5. Commission on Decolonization (COD) | 17. Department of Revenue and Taxation (DRT) |
| 6. Customs and Quarantine Agency (CQA) | 18. Department of Youth Affairs (DYA) |
| 7. Department of Administration (DOA) | 19. Government of Guam Retirement Fund (GGRF) |
| 8. Department of Agriculture (Agriculture) | 20. Guam Ancestral Lands Commission (GALC) |
| 9. Department of Chamorro Affairs (DCA) | 21. Guam Board of Accountancy (GBOA) |
| 10. Department of Corrections (DOC) | 22. Guam Community College (GCC) |
| 11. Department of Integrated Services for Individuals with Disabilities (DISID) | 23. Guam Contractors License Board (GCLB) |
| 12. Department of Labor (DOL) | 24. Guam Council on the Arts and Humanities Agencies (KAHA) |

⁴ Of the 58 entities, 9 entities were not required to submit prior year's obligation payments reports as they do not receive General Fund appropriations according to Office of Finance and Budget.

⁵ Of the 31 special reports, 8 did not have due dates specified.

⁶ There was only 1 special report due from this commission and entity; however, no due dates were specified in the law.

- | | |
|--|---|
| 25. Guam Economic Development and Commerce Authority (GEDCA) | 38. Guam State Clearinghouse (GSC) |
| 26. Guam Educational Telecommunication Corporation (KGTF) | 39. Guam Visitors Bureau (GVB) |
| 27. Guam Energy Office (GEO) | 40. Guam Waterworks Authority (GWA) |
| 28. Guam Environmental Protection Agency (GEPA) | 41. Judiciary of Guam (Judiciary) |
| 29. Guam Fire Department (GFD) | 42. Mayors Council of Guam (MCOG) |
| 30. Guam Housing and Urban Renewal Authority (GHURA) | 43. Office of the Attorney General (OAG) |
| 31. Guam Housing Corporation (GHC) | 44. Office of the Chief Medical Examiner (OCME) |
| 32. Guam International Airport Authority (GIAA) | 45. Office of the Public Auditor (OPA) |
| 33. Guam Memorial Hospital Authority (GMHA) | 46. Port Authority of Guam (PAG) |
| 34. Guam Police Department (GPD) | 47. Public Defender Service Corporation (PDSC) |
| 35. Guam Power Authority (GPA) | 48. Public Utilities Commission (PUC) |
| 36. Guam Preservation Trust (GPT) | 49. University of Guam (UOG) |
| 37. Guam Public Library System (GPLS) | |

Of the 58 entities, 3 more entities would have complied with all their reporting requirements had the law allowed 30 days rather than 1 day to submit staffing patterns as this was their only reporting infraction (see Appendix 2). These entities were:

1. Board of Professional Engineer, Architects & Land Surveyors (PEALS)
2. Department of Land Management (DLM)
3. Guam Public School System (GPSS)

Of the 58 entities, 6 entities did not meet all three reporting requirements and/or did not submit reports, i.e., general, special, non-appropriated funds, or non-profit organization reports (see Appendix 2). These entities were:

- | | |
|--|--|
| 1. Department of Mental Health and Substance Abuse (DMHSA) | 4. Hagatna Restoration & Redevelopment Authority (HARRA) |
| 2. Guam Election Commission (GEC) | 5. Veterans Affairs Office (VAO) |
| 3. Guam Medical Referral Office (GMRO) | 6. Office of the Governor (Governor's Office) |

Six Reporting Elements

The FY 2007 budget laws collectively required six reporting elements, as follows:

1. Quarterly Financial Reporting (due 30 days after the end of the quarter for all 58 entities)
2. Quarterly Staffing Pattern Reports (due 1 day after the end of the quarter for 55 entities)
3. Quarterly Prior Year Obligation Payments (due at the end of the quarter for 49 entities)
4. Non-Appropriated Funds (due 30 days after the end of the quarter for 16 entities)
5. Non-Profit Organization Reporting (due 30 days at the end of the quarter for 4 entities⁷)
6. Special Reports (due at various reporting deadlines for 15 entities and 1 commission)

Quarterly Financial Reports

Governmental entities are required to submit a quarterly financial report of all funds under their purview, regardless of source or whether the fund is appropriated, non-appropriated, local or federal.⁸ To comply, each entity must submit a report (1) manually, (2) electronically, and (3) post it on the entity's website, no later than 30 days after the quarter ends or by October 31, 2007.

The requirement to submit quarterly financial reports helps ensure accountability for public funds by making financial information available not only to elected officials, the Governor and his administration, but also to the public. The information provides insight into the local government's operations and sets a framework for consistent reporting throughout the government. A detailed report of how funds are being allotted and spent should be consistent in all three reporting formats of manual, electronic, and website posting. For the fourth quarter, 58 entities were required to submit reports. The results are as follows:

- 53 entities or 91% complied by meeting all three reporting requirements for the quarterly financial reports.
- 2 entities did not submit their electronic financial reports by October 31, 2007: GMRO and VAO submitted on November 5, 2007.
- GEC submitted its financial report late; manual format on November 16, 2007 and electronic format on November 17, 2007.
- 2 entities, DMHSA and HRRA, did not submit the financial reports in manual and electronic formats.

⁷ A final NPO report of a full disclosure of all expenditures of funds is due no later than 45 days after the close of the last quarter of the fiscal year or November 15, 2007.

⁸ Chapter VI, Section 15 of P.L. 29-02 amended Chapter II, Part VI, Section 2, of P.L. 28-149 and Chapter VI, Section 2, of P.L. 28-150.

The Director, Deputy Director, and CFO of DMHSA, GEC, GMRO, HRRRA, and VAO may be subject to the 20% salary reduction penalty. See Appendix 3 for a summary of quarterly financial reports.

Quarterly Staffing Pattern Reports

Government entities are required to submit a quarterly staffing report in the budget call format. At a minimum, the report should include the **employee name**, position, salary, increment and benefit costs, and funding source.⁹ To comply, each entity must submit the required staffing pattern report (1) manually, (2) electronically, and (3) post it on the entity's website with the relevant information. As confirmed by the Office of Finance and Budget (OFB), quarterly staffing pattern reports are due on the first day following the end of the quarter, or October 1, 2007, for the fourth quarter.

Of the 58 entities, 3 entities (GBOA, GPT, and PUC) are not required to submit staffing pattern reports because their employees are not government of Guam employees according to OFB. Of the remaining 55 entities we found:

- 50 entities or 91% complied by meeting all three reporting requirements for the quarterly staffing pattern reports.
- 3 entities (DLM, GPSS, and PEALS) would have been in compliance with the staffing pattern report requirements had the due date been changed from 1 day to 30 days after the quarter ends.
- GEC submitted their staffing pattern reports beyond 30 days or November 16, 2007 for the manual report, and November 17, 2007 for the electronic report.
- HRRRA did not submit manual and electronic reports.

The Director, Deputy Director, and CFO of DLM, GEC, GPSS, HRRRA, and PEALS may be subject to the 20% salary reduction penalty. See Appendix 4 for a summary of quarterly staffing pattern reports.

Level of Personnel

As previously mentioned in the third quarter, we suggest that the Legislature require entities to provide summary information of the changes in personnel level. The summary report should include the: (1) number of employees at the beginning of the quarter, (2) number of new employees added during the quarter, (3) number of employees deleted during the quarter (via terminations, resignations, transfers, retirements, etc.), and (4) total number of employees at the end of the quarter, certified by the agency head. This would provide a quick status of the level of personnel at each entity.

⁹ Chapter VI, Section 14 of P.L. 29-02 amended Chapter V, Section 4, of P.L. 28-150.

Amend Due Date for the Staffing Pattern Reports

Requiring entities to submit quarterly staffing pattern reports one day after the quarter ends is not a reasonable expectation. It places an undue burden on agencies with a large number of employees to meet this requirement within such a short timeframe.

Prior Years' Obligation Payment Reports

Each department is required to report and post all payments of the previous quarter's prior year obligations (PYO) report by payee, payment date, amount, the purpose of the expenditure, and the reason for non-payment in the prior year at the end of each quarter.¹⁰

OFB clarified with OPA that the PYO reports are due **at the end of each quarter December 31, March 31, June 30, and September 30)** and report on payments made from the **previous quarter**. Hence, the fourth quarter PYO report should include any PYO payments made during the third quarter, i.e., between April 1, 2007 and June 30, 2007. According to OFB, only entities who received General Fund appropriations are required to submit PYO reports. We identified 9 entities that were not required to submit PYO reports because they generate their own revenues and do not receive General Fund appropriations. These entities are GEDCA, GGRF, GHC, GHURA, GIAA, GPA, GWA, PAG, and PUC. Therefore, 49 remaining entities are required to report PYO.

There was still confusion among the entities on the period being reported. Therefore, we applied the same criteria used in the third quarter for the fourth quarter, as long as entities submitted a PYO report, in any format at any time, they were deemed compliant (see Appendix 5).

Of the 49 entities required to submit PYO reports, we found:

- 33 entities complied and met all three reporting requirements.
- 12 entities were deemed compliant for submitting a report, but we noted the following.
 - DOC met two of the three reporting requirements.
 - 9 entities (BBMR, DCA, DMA, DPHSS, DYA, GFD, GPLS, GPSS, and GPT) met one of the three reporting requirements.
 - 2 entities (DLM and GEC) submitted manual and electronic formats after the September 30, 2007 due date and did not post on its website.
- 4 entities (DMHSA, GMRO, HRRA, and VAO) did not submit reports.

The Director, Deputy Director, and CFO of DMHSA, GMRO, HRRA, and VAO did not submit any reports; therefore, they may be subject to the 20% salary reduction penalty. See Appendix 5 for a summary of prior year obligation payment reports.

¹⁰ Chapter VI, Section 8 of P.L. 28-150.

Other Reporting Requirements

Non-Appropriated Funds

Entities are required to report on their non-appropriated fund (NAF) accounts.¹¹ NAF are separate accounts, which have access to receipts and disbursements, to include any funds derived from, but not limited to private contributions, donations, agency fees, and fund-raising events. These funds are controlled and managed exclusively by the entity to supplement projects or programs without legislative oversight.

In coordination with DOA, OPA identified 16 entities with NAF accounts for the fourth quarter of FY 2007. Of these 16 entities, 14 or 88% complied by meeting all three reporting requirements. There were 2 entities that did not submit any NAF reports.

- 14 entities complied by submitting their NAF reports and meeting all three reporting requirements. These entities were CLTC, DCA, DOL, DPW, DYA, GALC, GCC, GPLS, GPSS, GPT, Judiciary, KAHA, KGTF, and UOG.
- 2 entities (DMHSA and GEC) did not submit any NAF reports; therefore they were not in compliance.

Because the Director, Deputy Director, and CFO of DHMSA and GEC did not submit NAF reports, they may be subject to the 20% salary reduction penalty for the fourth quarter.

We also noted that the municipality of Yona issued three checks payable to “cash” totaling \$3,700 during the third quarter. This practice should be prohibited due to the potential risk of misappropriation when making checks payable to cash, rather than to a specific vendor for a purpose. There have been several instances reported in previous OPA audit reports of non-appropriated funds or checking accounts where checks made to “cash” were for personal gain and resulted in the indictment, dismissal, or resignation of the persons involved. No checks were made payable to “cash” in the fourth quarter.

Non-Profit Organizations

Entities are required to report on all of their non-profit organizations (NPO) receiving appropriations from the government of Guam, and submit a quarterly report on the activities undertaken.¹²

The NPOs are required to (1) report activities undertaken during the reporting period no later than 20 days after the end of each quarter to the overseeing department, (2) report all procurement of equipment and services of \$5,000 or more prior to awarding contract, (3) submit a detailed inventory listing of each year’s purchases certified by its certifying officer, (4) submit a final report to the overseeing agency and the Legislature of a full disclosure of all expenditures of funds no later than 45 days after the close of the last quarter of the fiscal year (or November 15, 2007), and (5) provide access to appropriate records for the purpose of audit and examination

¹¹ Chapter VI, Section 15 of P.L. 29-02.

¹² Chapter VI, Section 7 of P.L. 28-150.

of books, documents, papers, and records of funds expended. This reporting requirement, including all the required information is the responsibility of the overseeing agency.

Working with OFB, 4 overseeing departments or agencies were identified responsible for reporting on their non-profit or non-governmental organizations. For the fourth quarter, of the 4 overseeing entities we found:

- 3 entities (Agriculture, DYA, and Judiciary) complied and submitted the required NPO reports in all three reporting formats. However, we did not audit the information and could not determine whether the non-profit organizations had complied with all the requirements. The responsibility lies with the overseeing entity to ensure that NPOs met their requirements. Therefore, we suggest that the Agriculture, DYA, and Judiciary include a certified statement that all required information as mandated by law is included in the report.
- DMHSA did not submit the required NPO report. \$600,000 was appropriated from the General Fund to the DMHSA to fund the outsourcing of services for drug and alcohol detoxification, rehabilitation, and prevention services, *provided* that the awarding of such funds is consistent with Title 48 USC Section 1421b(p) for services to adolescent, adult female, and adult male patients.¹³ The DMHSA Director, Deputy Director, and CFO may be subject to the 20% salary reduction penalty.

Special Reports

Specific governmental entities are required to submit special reports for special funds, programs, or projects. P.L. 29-02 established 2 new commissions: the Sunset and Rightsizing Commission and the Commission on Modernization of the Government of Guam.

To comply with the special reporting requirements, specific entities must meet all three reporting conditions: (1) manually, (2) electronically, and (3) posting it on the entity's website, by the specified due date, either monthly, quarterly, or on a specific date. However, some reports had no specific due dates.

For the fourth quarter, we identified 15 entities and 1 new commission required to submit 31 special reports. The new commission, Modernization and Rightsizing Commission of the Government of Guam for the 21st Century (COMRIGHT-21), replaced the Sunset and Rightsizing Commission and the Commission on Modernization of the Government of Guam.¹⁵ COMRIGHT-21 and the GBOA reports did not have due dates specified.¹⁶ For the remaining 14 entities, we found the following:

¹³ Chapter II, Part III, Section 3(b) of P.L. 28-150.

¹⁵ Chapter VI, Section 72 of P.L. 29-19.

¹⁶ There was only 1 special report due from this commission and entity.

- 11 entities complied by submitting all of their special reports and meeting all three reporting requirements. These entities were BBMR, DOA, DPHSS, DPW, GGRF, GCC, GMHA, GPSS, MCOG, Judiciary, and UOG.
- 2 entities met some of their special reporting requirements, but not all; therefore, they were not in compliance. These entities were:
 - GMRO submitted its manual monthly referral reports, but the reports were incomplete. GMRO did not submit the electronic formats and did not post the reports on its website. On October 30, 2007, GMRO submitted a fourth quarter summary report in manual and electronic formats with all the required information.
 - The Governor’s Office did not submit electronic formats and website posting of its monthly revenue tracking report for the General Fund, the Tourist Attraction Fund, Solid Waste Operations Fund (Tipping Fees), Territorial Education Facilities Fund, and the Guam Highway Fund. In addition, not all monthly transfer reports were submitted in all three reporting requirements.
- DMHSA did not submit any special reports.

Because DMHSA, GMRO, and Governor’s Office either did not meet all their special reporting requirements the Director, Deputy Director, and CFO may be subject to the 20% salary reduction penalty. See Appendices 6 and 7 for more discussions on the special reports.

Unenforced 20% Salary Reduction Penalty

The amended budget act¹⁷ repealed the deappropriation penalty and imposed a 20% reduction in gross salaries of any government of Guam Director, Deputy Director, and CFO found to be noncompliant of financial reporting requirements:

“The Director of any government agency receiving funds pursuant to this act, regardless of the source of the agency's appropriations and revenue SHALL have his gross salary per pay period and the gross salaries per pay period of his deputy and CFO reduced by 20% for the remainder of the FY 2007 for failing to comply with any reporting requirements mandated by this Act and those reporting requirements contained in Section 2, Chapter II, Part VI of P.L. 28-149 and Section 2, Chapter VI of P.L. 28-150... the Public Auditor shall prepare letters attesting to the failure to comply that caused the salary reduction for placement in each of the aforementioned responsible official's respective personnel files...”

Although the penalty was effective for the third quarter, no Director, Deputy Director, and CFO who was noncompliant was penalized the 20% salary reduction for the third quarter. There is confusion as to how the 20% salary reduction was to be implemented for FY 2007. No specific date was given on when the penalty would occur.

¹⁷ Chapter VI, Section 15 of P.L. 29-02.

In October 2007, OPA made several inquiries with the Governor's Office and DOA regarding the implementation of the 20% salary reduction penalty to all involved parties who did not meet all of their reporting requirements for the third quarter of FY 2007. We also made several inquiries with the OFB on how the penalty for the fourth quarter would be applied. However, we have yet to receive a response to our inquiries as of the issue date of this report.

We noted that the amended budget act fails to address issues of non-compliance for entities who receive an annual appropriation or revenues from a specific source and employ non-government employees, such as the GBOA, GPT, and PUC. The law also does not address how to impose a penalty for entities that are 100% federally funded, such as GHURA.

Summary and Conclusion

Each director and management is responsible for complying with the FY 2007 budget acts' reporting requirements and deadlines. Directors and agency management must prepare financial reports in sufficient detail and prioritize improvements to their agency's data quality. Accurate, reliable, timely, and useful financial reports that comply with statutory and administrative requirements are basic elements of effective financial reporting. Financial reports should provide relevant, timely, and useful analysis of financial and performance information that not only supports management decision-making but also informs the public.¹⁸

These reports are part of the financial management reporting process during the fiscal year and alert both the Governor and the Legislature to potential problems in maintaining budget balance as the fiscal year unfolds.¹⁹

Overall, entities made considerable efforts to comply with their reporting requirements in all three reporting conditions: (1) manually, (2) electronically, and (3) posting on the web because of the impending salary reduction. We saw varying degrees of infractions – from minor to major – among the entities. For the fourth quarter, there were still ambiguities with some requirements, especially with PYO reports.

In addition to the compliance review, the law also required OPA to issue notification to the entities three days before the end of the quarter.²⁰ In early September 2007, OPA issued letters individually to all 58 entities notifying each director of their respective reporting requirements. These letters were also posted on OPA's website (www.guamopa.org). The process was tedious and laborious. The ultimate responsibility for compliance rests with the Director, Deputy Director, CFO, and any other member of senior management. They should be familiar with all reporting requirements as the Director, Deputy Director, and CFO will be penalized the 20% salary reduction if they are noncompliant.

OPA Suggestions

For the fourth quarter, we made suggestions to the Legislature to improve the reporting process, of which some were also made in the third quarter.

Staffing Pattern Reports. Require entities to provide summary information of the changes in personnel level to provide a quick status at each entity. The summary report should include the number of employees at the beginning of the quarter, number of new employees added during the quarter, number of employees deleted during the quarter (via terminations, resignations,

¹⁸ July 8, 2004 Statement of Donald V. Hammond, Fiscal Assistant Secretary of the U.S. Department of the Treasury.

¹⁹ Excerpt from New York State Citizen's Guide at www.budget.state.ny.us.

²⁰ P.L. 29-02, Section 15, Chapter VI.

transfers, retirements, etc.), and total number of employees at the end of the quarter, certified by the agency head.

During FY 2007, several suggestions were made to the Legislature regarding the quarterly staffing pattern reports, of which one has been implemented. The FY 2008 Budget Act (P.L. 29-19) effectuated our suggestion to amend the due date for quarterly staffing pattern reports from 1 day to 30 days after the quarter ends.

Due Date Requirements. Provide due dates to special reports where no due dates are specified. In addition, we suggest that due dates for all reporting requirements be 30 days after the end of the quarter or fiscal year end. Having one reporting due date for all the reports will provide consistency and mitigate confusion among entities for tracking when reports are due.

Special Reports. Delegate to: (1) BBMR, with the certification by the Governor, the monthly transfer reports; (2) DOA, DRT, and BBMR the monthly forecasting and tracking of revenues and expenditures; and (3) BBMR, BSP, GEDCA, and/or other entities, under the oversight of the Governor's Office, the impact of federal and tourism expenditures and long-range forecasts of revenue and expenditures reports. These reports are more appropriately compiled by these entities, rather than the Governor's Office.

Working Collaboratively

In conclusion, the success of financial reporting requires the collaborative effort of the agency heads, OFB, BBMR, and OPA. These entities play an integral part of the quarterly financial reporting process and should meet quarterly to address issues and concerns to improve the reporting process:

- Managers perform periodic reviews, reconciliations or comparisons of data as part of management's continuous monitoring to achieve organizational goals and objectives and to monitor internal controls.
- OFB analyzes agency-spending proposals and revenue estimates submitted by agencies, holds public hearings, and seeks further information from agency staff and BBMR.
- BBMR approves "establishment of accounts" once the agency budgets are approved and keeps a close watch throughout the year on the flow of revenue and the pattern of expenditures against projections.
- OPA reports on reporting requirements compliance.

We appreciate the cooperation shown by all entities, the staff of the Office of Finance and Budget, and Bureau of Information Technology.

OFFICE OF THE PUBLIC AUDITOR



Doris Flores Brooks, CPA, CGFM
Public Auditor

Appendix 1:**Background Information**

P.L. 29-02 made several modifications and additional reporting requirements to the FY 2007 budget:

- Imposed a 20% reduction in gross salaries of any government of Guam Director, Deputy, and CFO as penalty for noncompliance of financial reporting requirements, effective in the third quarter of FY 2007. However, P.L. 29-02 did not specify when the penalty would occur.
- Amended monthly staffing pattern reports to quarterly staffing pattern reports, retroactive to the first quarter of FY 2007 and clarified the due date to the first day following the end of the quarter;
- Repealed the 15-day grace period for submittal of quarterly financial reports for the third and fourth quarters of FY 2007, now due 30 days after the quarter ends;
- Repealed the deappropriation provisions in P.L. 28-149 and 28-150 in its entirety; and
- Created the Sunset and Rightsizing Commission and the Commission on Modernization of the Government of Guam.

P.L. 29-19, *General Appropriations Act of 2008*, enacted on September 29, 2007, amended some of the reporting requirements of P.L. 29-02.

- Repealed the Sunset and Rightsizing Commission and the Commission on Modernization of the Government of Guam, and added the *Modernization and Rightsizing Commission of the Government of Guam for the 21st Century (COMRIGHT-21)*.
- Amended the due dates for Semi-Annual Federal Expenditure and Tourism Impact Reports from July 1, 2007, to January 30, 2008, and on a semi-annual basis thereafter.

Appendix 2:

4th Quarter FY 2007 Summary of Non-Compliant Entities

Agency	Area(s) of Non-Compliance or Infraction(s)
Entities that would have Complied had the Law Allowed 30 days Rather than 1 day to Submit Staffing Pattern Reports	
1	Guam Public School System Manual and electronic staffing pattern submitted late (10/04)
2	Department of Land Management Manual and electronic staffing pattern submitted late (10/10)
3	Board of Professional Engineers, Architects and Land Surveyors Manual and electronic staffing pattern submitted late (10/22)
Other Infractions	
1	Veterans Affairs Office Electronic Financial Report Submitted late (11/05) No PYO report submitted.
2	Governor's Office Monthly Revenue Tracking Special Reports submitted late and no electronic and website posting No electronic and website posting of July & August 2007 Monthly Transfers Special Reports
3	Guam Medical Referral Office Electronic Financial Report Submitted late (11/05) No PYO report submitted. No Electronic and website Posting for the Special Report (Monthly Referral Reports)
4	Hagatna Restoration & Redevelopment Authority No manual and electronic financial reports submitted. No manual and electronic staffing pattern reports submitted. No PYO report submitted.
5	Guam Election Commission Electronic and Manual Financial Report Submitted late (11/16 and 11/17) Submitted manual and electronic staffing pattern reports late (11/16 and 11/17 respectively) No NAF report submitted.
6	Department of Mental Health & Substance Abuse No manual and electronic financial reports submitted. No PYO report submitted. No NAF report submitted. No NPO report submitted.

Quarterly Financial Reports: 4th Quarter FY 2007

M – Manual Report

E – Electronic Report

W – Website Report

✓ - Report Submitted * - No Report Submitted		Submission(s) By October 31, 2007			Submission(s) After October 31, 2007			Status ■ - Compliant ✕ - Non-Compliant
		M	E	W	M	E	W	
1	Board of Professional Engineer, Architects and Land Surveyors	✓	✓	✓				■
2	Bureau of Budget and Management Research	✓	✓	✓				■
3	Bureau of Statistics and Plans	✓	✓	✓				■
4	Chamorro Land Trust Commission	✓	✓	✓				■
5	Civil Service Commission	✓	✓	✓				■
6	Commission on Decolonization	✓	✓	✓				■
7	Customs and Quarantine Agency	✓	✓	✓				■
8	Department of Administration	✓	✓	✓				■
9	Department of Agriculture	✓	✓	✓				■
10	Department of Chamorro Affairs	✓	✓	✓				■
11	Department of Corrections	✓	✓	✓				■
12	Department of Integrated Services for Individuals with Disabilities	✓	✓	✓				■
13	Department of Labor	✓	✓	✓				■
14	Department of Land Management	✓	✓	✓				■
15	Department of Mental Health and Substance Abuse	*	*	✓				✕
16	Department of Military Affairs	✓	✓	✓				■
17	Department of Parks and Recreation	✓	✓	✓				■
18	Department of Public Health and Social Services	✓	✓	✓				■
19	Department of Public Works	✓	✓	✓				■
20	Department of Revenue and Taxation	✓	✓	✓				■
21	Department of Youth Affairs	✓	✓	✓				■

Quarterly Financial Reports: 4th Quarter FY 2007

M – Manual Report

E – Electronic Report

W – Website Report

✓ - Report Submitted * - No Report Submitted		Submission(s) By October 31, 2007			Submission(s) After October 31, 2007			Status ■ - Compliant ✕ - Non-Compliant	
		M	E	W	M	E	W		
22	Government of Guam Retirement Fund	✓	✓	✓					■
23	Guam Ancestral Lands Commission	✓	✓	✓					■
24	Guam Board of Accountancy	✓	✓	✓					■
25	Guam Community College	✓	✓	✓					■
26	Guam Contractors License Board	✓	✓	✓					■
27	Guam Council on the Arts and Humanities Agency	✓	✓	✓					■
28	Guam Economic Development and Commerce Authority	✓	✓	✓					■
29	Guam Educational Telecommunication Corporation (KGTF)	✓	✓	✓					■
30	Guam Election Commission			✓	✓	✓			✕
31	Guam Energy Office	✓	✓	✓					■
32	Guam Environmental Protection Agency	✓	✓	✓					■
33	Guam Fire Department	✓	✓	✓					■
34	Guam Housing and Urban Renewal Authority	✓	✓	✓					■
35	Guam Housing Corporation	✓	✓	✓					■
36	Guam International Airport Authority	✓	✓	✓					■
37	Guam Medical Referral Office	✓		✓		✓			✕
38	Guam Memorial Hospital Authority	✓	✓	✓					■
39	Guam Police Department	✓	✓	✓					■
40	Guam Power Authority	✓	✓	✓					■
41	Guam Preservation Trust	✓	✓	✓					■
42	Guam Public Library System	✓	✓	✓					■

Quarterly Financial Reports: 4th Quarter FY 2007

M – Manual Report

E – Electronic Report

W – Website Report

✓ - Report Submitted * - No Report Submitted		Submission(s) By October 31, 2007			Submission(s) After October 31, 2007			Status ■ - Compliant ✗ - Non-Compliant	
		M	E	W	M	E	W		
43	Guam Public School System	✓	✓	✓					■
44	Guam State Clearinghouse	✓	✓	✓					■
45	Guam Visitors Bureau	✓	✓	✓					■
46	Guam Waterworks Authority	✓	✓	✓					■
47	Hagatna Restoration & Redevelopment Authority	*	*	✓					✗
48	Judiciary of Guam	✓	✓	✓					■
49	Mayors Council of Guam	✓	✓	✓					■
50	Office of the Attorney General	✓	✓	✓					■
51	Office of the Chief Medical Examiner	✓	✓	✓					■
52	Office of the Governor	✓	✓	✓					■
53	Office of the Public Auditor	✓	✓	✓					■
54	Port Authority of Guam	✓	✓	✓					■
55	Public Defender Service Corporation	✓	✓	✓					■
56	Public Utilities Commission	✓	✓	✓					■
57	University of Guam	✓	✓	✓					■
58	Veterans Affairs Office	✓		✓		✓			✗

TOTAL Entities Marked as Compliant ■ : 53

TOTAL Entities Marked as Non-Compliant ✗ : 5

TOTAL Quarterly Staffing Reports : 58

Staffing Pattern Reports: 4th Quarter FY 2007

M – Manual Report

E – Electronic Report

W – Website Report

✓ - Report Submitted * - No Report Submitted N/A - Not Applicable		Submission(s) By October 1, 2007			Submission(s) After October 1, 2007			Status ■ - Compliant ✕ - Non-Compliant	
		M	E	W	M	E	W		
1	Board of Professional Engineer, Architects and Land Surveyors			✓	✓	✓			✕
2	Bureau of Budget and Management Research	✓	✓	✓					■
3	Bureau of Statistics and Plans	✓	✓	✓					■
4	Chamorro Land Trust Commission	✓	✓	✓					■
5	Civil Service Commission	✓	✓	✓					■
6	Commission on Decolonization	✓	✓	✓					■
7	Customs and Quarantine Agency	✓	✓	✓					■
8	Department of Administration	✓	✓	✓					■
9	Department of Agriculture	✓	✓	✓					■
10	Department of Chamorro Affairs	✓	✓	✓					■
11	Department of Corrections	✓	✓	✓					■
12	Department of Integrated Services for Individuals with Disabilities	✓	✓	✓					■
13	Department of Labor	✓	✓	✓					■
14	Department of Land Management			✓	✓	✓			✕
15	Department of Mental Health and Substance Abuse	✓	✓	✓					■
16	Department of Military Affairs	✓	✓	✓					■
17	Department of Parks and Recreation	✓	✓	✓					■
18	Department of Public Health and Social Services	✓	✓	✓					■
19	Department of Public Works	✓	✓	✓					■
20	Department of Revenue and Taxation	✓	✓	✓					■
21	Department of Youth Affairs	✓	✓	✓					■

Staffing Pattern Reports: 4th Quarter FY 2007

M – Manual Report

E – Electronic Report

W – Website Report

✓ - Report Submitted * - No Report Submitted N/A - Not Applicable		Submission(s) By October 1, 2007			Submission(s) After October 1, 2007			Status ■ - Compliant ✕ - Non-Compliant	
		M	E	W	M	E	W		
22	Government of Guam Retirement Fund	✓	✓	✓				■	
23	Guam Ancestral Lands Commission	✓	✓	✓				■	
24	Guam Board of Accountancy	N/A	N/A	N/A				N/A	
25	Guam Community College	✓	✓	✓				■	
26	Guam Contractors License Board	✓	✓	✓				■	
27	Guam Council on the Arts and Humanities Agency	✓	✓	✓				■	
28	Guam Economic Development and Commerce Authority	✓	✓	✓				■	
29	Guam Educational Telecommunication Corporation (KGTF)	✓	✓	✓				■	
30	Guam Election Commission			✓	✓	✓		✕	
31	Guam Energy Office	✓	✓	✓				■	
32	Guam Environmental Protection Agency	✓	✓	✓				■	
33	Guam Fire Department	✓	✓	✓				■	
34	Guam Housing Corporation	✓	✓	✓				■	
35	Guam Housing and Urban Renewal Authority	✓	✓	✓				■	
36	Guam International Airport Authority	✓	✓	✓				■	
37	Guam Medical Referral Office	✓	✓	✓				■	
38	Guam Memorial Hospital Authority	✓	✓	✓				■	
39	Guam Police Department	✓	✓	✓				■	
40	Guam Power Authority	✓	✓	✓				■	
41	Guam Preservation Trust	N/A	N/A	N/A				N/A	
42	Guam Public Library System	✓	✓	✓				■	

Staffing Pattern Reports: 4th Quarter FY 2007

M – Manual Report

E – Electronic Report

W – Website Report

✓ - Report Submitted * - No Report Submitted N/A - Not Applicable		Submission(s) By October 1, 2007			Submission(s) After October 1, 2007			Status ■ - Compliant ✕ - Non-Compliant
		M	E	W	M	E	W	
43	Guam Public School System			✓	✓	✓		✕
44	Guam State Clearinghouse	✓	✓	✓				■
45	Guam Visitors Bureau	✓	✓	✓				■
46	Guam Waterworks Authority	✓	✓	✓				■
47	Hagatna Restoration & Redevelopment Authority	*	*	✓				✕
48	Judiciary of Guam	✓	✓	✓				■
49	Mayors Council of Guam	✓	✓	✓				■
50	Office of the Attorney General	✓	✓	✓				■
51	Office of the Chief Medical Examiner	✓	✓	✓				■
52	Office of the Governor	✓	✓	✓				■
53	Office of the Public Auditor	✓	✓	✓				■
54	Port Authority of Guam	✓	✓	✓				■
55	Public Defender Service Corporation	✓	✓	✓				■
56	Public Utilities Commission	N/A	N/A	N/A				N/A
57	University of Guam	✓	✓	✓				■
58	Veterans Affairs Office	✓	✓	✓				■

TOTAL Entities Not Applicable N/A : 3
 TOTAL Entities Marked as Compliant ■ : 50
 TOTAL Entities Marked as Non-Compliant ✕ : 5
 TOTAL Quarterly Staffing Report : 58

Prior Year's Obligation Payments Reports: 4th Quarter FY 2007

M – Manual Report

E – Electronic Report

W – Website Report

✓ - Report Submitted * - No Report Submitted N/A - Not Applicable		Submission(s) By September 30, 2007			Submission(s) After September 30, 2007			Status ■ - Compliant ✦ - Deemed Compliant ✕ - Non-Compliant
		M	E	W	M	E	W	
1	Board of Professional Engineer, Architects and Land Surveyors	✓	✓	✓				■
2	Bureau of Budget and Management Research			✓	✓	✓		✦
3	Bureau of Statistics and Plans	✓	✓	✓				■
4	Chamorro Land Trust Commission	✓	✓	✓				■
5	Civil Service Commission	✓	✓	✓				■
6	Commission on Decolonization	✓	✓	✓				■
7	Customs and Quarantine Agency	✓	✓	✓				■
8	Department of Administration	✓	✓	✓				■
9	Department of Agriculture	✓	✓	✓				■
10	Department of Chamorro Affairs			✓	✓	✓		✦
11	Department of Corrections	✓	*	✓				✦
12	Department of Integrated Services for Individuals with Disabilities	✓	✓	✓				■
13	Department of Labor	✓	✓	✓				■
14	Department of Land Management			*	✓	✓		✦
15	Department of Mental Health and Substance Abuse	*	*	*				✕
16	Department of Military Affairs			✓	✓	✓		✦
17	Department of Parks and Recreation	✓	✓	✓				■
18	Department of Public Health and Social Services			✓	✓	✓		✦
19	Department of Public Works	✓	✓	✓				■
20	Department of Revenue and Taxation	✓	✓	✓				■
21	Department of Youth Affairs			✓	✓	✓		✦

Prior Year's Obligation Payments Reports: 4th Quarter FY 2007

M – Manual Report

E – Electronic Report

W – Website Report

✓ - Report Submitted * - No Report Submitted N/A - Not Applicable		Submission(s) By September 30, 2007			Submission(s) After September 30, 2007			Status - Compliant ✦ - Deemed Compliant ✕ - Non-Compliant
		M	E	W	M	E	W	
22	Government of Guam Retirement Fund	N/A	N/A	N/A				N/A
23	Guam Ancestral Lands Commission	✓	✓	✓				■
24	Guam Board of Accountancy	✓	✓	✓				■
25	Guam Community College	✓	✓	✓				■
26	Guam Contractors License Board	✓	✓	✓				■
27	Guam Council on the Arts and Humanities Agency	✓	✓	✓				■
28	Guam Economic Development and Commerce Authority	N/A	N/A	N/A				N/A
29	Guam Educational Telecommunication Corporation (KGTF)	✓	✓	✓				■
30	Guam Election Commission			*	✓	✓		✦
31	Guam Energy Office	✓	✓	✓				■
32	Guam Environmental Protection Agency	✓	✓	✓				■
33	Guam Fire Department	✓	*	*				✦
34	Guam Housing Corporation	N/A	N/A	N/A				N/A
35	Guam Housing and Urban Renewal Authority	N/A	N/A	N/A				N/A
36	Guam International Airport Authority	N/A	N/A	N/A				N/A
37	Guam Medical Referral Office	*	*	*				✕
38	Guam Memorial Hospital Authority	✓	✓	✓				■
39	Guam Police Department	✓	✓	✓				■
40	Guam Power Authority	N/A	N/A	N/A				N/A
41	Guam Preservation Trust			✓	✓	✓		✦
42	Guam Public Library System			✓	✓	✓		✦

Prior Year's Obligation Payments Reports: 4th Quarter FY 2007

M – Manual Report

E – Electronic Report

W – Website Report

✓ - Report Submitted * - No Report Submitted N/A - Not Applicable		Submission(s) By September 30, 2007			Submission(s) After September 30, 2007			Status ■ - Compliant ✦ - Deemed Compliant ✕ - Non-Compliant
		M	E	W	M	E	W	
43	Guam Public School System			✓	✓	✓		✦
44	Guam State Clearinghouse	✓	✓	✓				■
45	Guam Visitors Bureau	✓	✓	✓				■
46	Guam Waterworks Authority	N/A	N/A	N/A				N/A
47	Hagatna Restoration & Redevelopment Authority	*	*	*				✕
48	Judiciary of Guam	✓	✓	✓				■
49	Mayors Council of Guam	✓	✓	✓				■
50	Office of the Attorney General	✓	✓	✓				■
51	Office of the Chief Medical Examiner	✓	✓	✓				■
52	Office of the Governor	✓	✓	✓				■
53	Office of the Public Auditor	✓	✓	✓				■
54	Port Authority of Guam	N/A	N/A	N/A				N/A
55	Public Defender Service Corporation	✓	✓	✓				■
56	Public Utilities Commission	N/A	N/A	N/A				N/A
57	University of Guam	✓	✓	✓				■
58	Veterans Affairs Office	*	*	*				✕

TOTAL Entities Not Applicable N/A	:	<u>9</u>
TOTAL Entities Marked as Compliant ■	:	<u>33</u>
TOTAL Entities Deemed as Compliant by OFB ✦	:	<u>12</u>
TOTAL Entities Did Not Submit Any Reports (Non-Compliant) ✕	:	<u>4</u>
TOTAL Prior Year's Obligation Payments Reports	:	<u><u>58</u></u>

Detailed Special Reports Discussion: 4th Quarter FY 2007

For the fourth quarter of FY 2007, there are 15 entities and 1 new commission required to submit 31 special reports. A summary of special reports are as follows.

Bureau of Budget and Management Research (BBMR). P.L. 29-02 Chapter VI, Section 39, amended P.L. 28-150 Chapter V, Section 5 requiring BBMR, in collaboration with DRT and DOA to determine the revenue tracking for the balance of the fiscal year, based upon the actual collections of the preceding month and prepare a comparative statement of the "actual" and "projected" revenues. The report shall be submitted to the Speaker no later than 30 days after the end of each month of the fiscal year in written and electronic format, and shall be posted quarterly on the BBMR website. BBMR complied with this reporting requirement and submitted reports in all three reporting formats.

Chapter VI, Section 17 of P.L. 29-02 amended Section 4109(c)(3) of 5 G.C.A. requiring BBMR to prepare and report on monthly comparative revenue and expenditure analyses that compare budgeted and actual revenue and appropriations with expenditures and encumbrances, due no later than 15 days after the end of each month. BBMR complied with this reporting requirement and submitted reports in all three reporting formats.

Department of Administration (DOA). Chapter IV, Part II, Section 8(b) of P.L. 28-150 requires DOA to submit a report of all expenditures for the Government Claims Fund, no later than 30 days after the close of each quarter and post the reports on DOA's website. On October 30, 2007, DOA complied with this reporting requirement by submitting the report on the Government Claims Fund in all three reporting formats for the fourth quarter of FY 2007.

Chapter IV, Part II, Section 9(b) requires DOA to submit a report of all expenditures for the Residential Treatment Fund, no later than 30 days after the close of each quarter and post the reports on DOA's website. On October 30, 2007, DOA complied with this reporting requirement by submitting the report on the Residential Treatment Fund in all three reporting formats for the fourth quarter of FY 2007.

Department of Mental Health and Substance Abuse (DMHSA). Chapter II, Part III, Section 3 of P.L. 28-150 requires DMHSA to submit monthly reports on all expenditures made against appropriations for the Youth Drug and Alcohol Program, due on the 15th of each month for FY 2007. As of the date of this report, DMHSA had not submitted any of the required monthly reports for the period covering April 2007 to September 2007, and may be penalized the 20% salary reduction penalty. We notified DMHSA of this deficiency and the impending 20% salary reduction penalty on several occasions.

DMHSA is also required to report on its NAF and NPO activities, which are reported in separate segments of this report.

Detailed Special Reports Discussion: 4th Quarter FY 2007

Department of Public Health and Social Services (DPHSS). Chapter II, Part I, Section 4 of P.L. 28-150 requires DPHSS to submit quarterly reports on the allocation, demographics, and expenditures associated with the FY 2006 carryover for Medicaid and Medically Indigent Program due no later than 30 days after the close of each quarter. On October 29, 2007, DPHSS complied with this reporting requirement by submitting the report in all three reporting formats for the fourth quarter of FY 2007.

Chapter V, Section 16 requires DPHSS to submit notification to the Legislature of intent to transfer funds no later than 15 working days prior to the effective date of transfer. On October 2, 2007, DPHSS complied by submitting a letter stating that no transfers occurred for the fourth quarter of FY 2007 in all three formats.

Department of Public Works (DPW). Chapter IV, Part II, Section 6(b) of P.L. 28-150 requires DPW to submit a quarterly report on the expenditures of the Street Light Fund. On October 30, 2007, DPW complied with this reporting requirement by submitting all three reporting formats on the Street Light Fund for the fourth quarter of FY 2007.

DPW is also required to report on its NAF activities, which is reported in a separate segment of this report.

Government of Guam Retirement Fund (GGRF). Chapter V, Section 2 of P.L. 28-150 was amended by P.L. 29-02 Chapter VI, Section 24, requiring the Director of GGRF, instead of the Governor's Office, to submit a monthly report on the number of retirements made for the prior month and the number of remittances made for outstanding individual retirement fund contributions, by the 15th of each month. GGRF complied with this reporting requirement by submitting all three reporting formats on the retirement remittance report for the fourth quarter of FY 2007.

Guam Board of Accountancy (GBOA). Chapter VI, Section 8 of P.L. 29-02 amended Chapter VI, Section 2, of P.L. 28-150, authorizing GBOA to establish and account for a special fund known as the "Guam Board of Accountancy Fund" (Fund) and subject to legislative appropriation. However, no due date was specified for this report. According to the GBOA, the checking account was opened on October 15, 2007 and will report in first quarter of FY 2008.

Guam Community College (GCC). Chapter II, Part III, Section 2 of P.L. 28-149 requires GCC to submit quarterly reports on its academic programs and expenditures, to include the number of participants in each applicable program, a description of the program, the academic courses offered, and the requirements for participation in any GCC program, due within 30 days after the close of each quarter. On October 31, 2007, GCC complied with this reporting requirement by submitting the reports in all three reporting formats for the fourth quarter of FY 2007.

Detailed Special Reports Discussion: 4th Quarter FY 2007

Chapter VI, Section 5 of P.L. 29-02 amended Section 33101 of Chapter 33 of 17 G.C.A., requiring GCC to submit a proposed operating budget, no later than the 15th day of February of every year. The due date to submit the FY 2009 Budget will be February 15, 2008.

GCC is also required to report on its NAF activities, reported in a separate segment of this report.

Guam Medical Referral Office (GMRO). Chapter V, Section 10 of P.L. 28-150 requires GMRO to submit monthly reports on its activities and expenditures, to include the number of referred patients served, the number of patient escorts or accompanying family members served and the average cost per patient referral, due within 30 days after the close of each month of the fiscal year. GMRO submitted the July report on August 10, 2007, the August report on September 6, 2007, and the September report on October 4, 2007. However, the three monthly reports did not include all the required information, i.e., average cost per patient referral, actual office expenditures for the month, and an outline of services provided during the month. In addition, GMRO did not submit the electronic reports and post it on its website, and may be subject to the 20% salary reduction. Although GMRO did not submit the required monthly reports, they did submit a quarterly report in manual and electronic formats on October 30, 2007, with all the required information for the fourth quarter. GMRO should be cognizant that the reports are due monthly.

Chapter VI, Section 42(a) of P.L. 29-02 requires GMRO to submit a quarterly report of the GMRO Trust Fund, identifying each donor and amount donated, to include the fair market value of all gifts, bequests, and donations, and a description of the solicitation, acceptance, use and administration of gifts, bequests, and donations and post it on its website. No quarterly reports have been submitted. However, no due date was specified for this report. We suggest GMRO clarify with the Legislature when this report is due.

Guam Memorial Hospital Authority (GMHA). Chapter VI, Section 3 of P.L. 29-02 amended Section 10, Part IV, Chapter II of P.L. 28-150, requiring GMHA to provide a plan of action for the development and construction of a comprehensive Cancer Therapy Center. This plan is due within six months of the law's enactment or November 18, 2007. GMHA submitted a progress report on November 19, 2007, missing the November 18, 2007 deadline only by one day. Therefore we did not consider this an infraction.

Guam Public School System (GPSS). P.L. 28-149 requires GPSS to submit five special reports for FY 2007, as follows:

1. Chapter II, Part 1, Section 2(f) requires GPSS to submit a detailed report of receipts and expenditures of funds appropriated from the Summer School Fund for the 2007 Summer School Program, due no later than 30 days after the close of summer school. On August 23, 2007, GPSS complied with this reporting requirement by submitting the report in all three reporting formats.

Detailed Special Reports Discussion: 4th Quarter FY 2007

2. Section 2(g)(3) requires GPSS to submit quarterly reports on all expenditures made against appropriations for textbooks, e-book readers and collateral classroom instruction materials to include software, sheet music and music books. The report is to provide purchase and inventory information, to include a certified list of textbooks approved by the Guam Education Policy Board and all purchase orders issued, due on the first day of each fiscal quarter. On September 25, 2007, GPSS complied with this reporting requirement by submitting the report in all three reporting formats.

3. Section 3 requires GPSS to post the following on its website: (1) all payments for prior year obligations by month, (2) cash disbursement schedules, and (3) the number of filled and vacant FTEs by school and division by month. GPSS complied with this reporting requirement by posting the report on its website.

4. Part VI, Section 9 requires GPSS to report on any local funds expended in FY 2005 and 2006, for federally funded program activities. Although no due date was specified for this report, GPSS complied by submitting the report in all three reporting formats on October 15, 2007.

5. Part VII, Section 10 requires GPSS to submit a report within ten days of expending funds from the School Capital Facilities Reserve (SCFR) Fund. On August 30, 2007, GPSS complied by submitting the report in all three reporting formats.

GPSS is also required to report its NAF activities, which is reported in a separate segment of this report.

Of the five special reports GPSS was required to submit, GPSS complied with all reporting requirements.

Mayors' Council of Guam (MCOG). Chapter IV, Part II, Section 19(d) of P.L. 28-150 requires MCOG and 19 village Mayors to submit a report on the receipts, expenditures, and applications of their non-appropriated funds (NAFs), due by the fifth day of the first month of every fiscal quarter. NAF accounts of the village Mayors are often derived from private contributions, donations, and fundraising from private, local, and/or federal sources.

All 19 Mayors complied and submitted their NAF manual reports before the October 5, 2007 due date. On October 2, 2007, the MCOG complied and submitted a consolidated quarterly report for all 19 mayors in all three reporting formats for the fourth quarter of FY 2007. During the third quarter, we noted the municipality of Yona issued three checks made payable to "cash" totaling \$3,700. No checks were made payable to "cash" in the fourth quarter.

Chapter IV, Section 19 of P.L. 29-02 amended Section 20 of Part II, Chapter IV of P.L. 28-150 requiring MCOG to submit a report on the expenditures of the Tourist Attraction Fund appropriation of \$727,385, which was allotted among various Mayors. No due date was specified for this report. On October 22, 2007, the MCOG complied by submitting all three reporting formats for the fourth quarter of FY 2007.

Detailed Special Reports Discussion: 4th Quarter FY 2007

Judiciary of Guam (Judiciary). Chapter VI, Section 4 of P.L. 29-02 amended Section 18125(e) of Article 1 of Chapter 18 of 16 GCA, requiring the Judiciary of Guam in conjunction with DOC to submit an annual report regarding the status of the Safe Street Fund. The report is to be included in the financial statements of the Judiciary of Guam, including its year-end financial statements. The due date for this reporting requirement is no later than 90 days after the close of the preceding fiscal year or December 31, 2007. Although this report was not yet due, on October 30, 2007, the Judiciary complied by submitting the report in all three reporting formats for the fourth quarter of FY 2007.

The Judiciary is also required to report on its NAF and NPO activities, which are reported in separate segments of this report.

Modernization and Rightsizing Commission of the Government of Guam for the 21st Century (COMRIGHT-21). Chapter VI, Section 11²¹ and 26²² of P.L. 29-02 were repealed by Chapter VI, Section 72 of P.L. 29-19, establishing the COMRIGHT-21 to review the performance of all executive branch agencies, departments, programs, boards, and commissions. COMRIGHT-21 is required to review and investigate the status of the executive branch of the government no later than one year of the enactment of the P.L. 29-19 or September 29, 2008. This section requires COMRIGHT-21 to submit its recommendations and report for the realignment, modification or abolishment of departments one year after they submit its report. No due date was specified for this report. We suggest COMRIGHT-21 clarify with the Legislature when this report is due.

Office of the Governor (Governor's Office). P.L. 28-150 and P.L. 29-02 requires the Governor's Office to submit five special reports for FY 2007 as follows:

1. P.L. 29-02 Chapter VI, Section 43 amended P.L. 28-150 Chapter IV, Part I, Section 4 requiring the Governor's Office to submit a monthly report to the Speaker on all transfers to include, but not limited to, the amounts transferred, agencies or special funds from which funds are transferred to or from, and the reason for the transfer. Failure to provide the report by the 20th day of the month following the transfer shall terminate the transfer authority. On August 20, and September 14, 2007, manual reports were submitted for the months of July and August, respectively. Electronic reports were not submitted and were not posted on the website. On October 5, 2007 the Governor's Office submitted the September report in all three reporting formats. For the fourth quarter, the Governor's Office may be subject to the 20% salary reduction penalty. However, we suggest that the Legislature delegate this reporting requirement to BBMR with the certification of the Governor's Chief of Staff.

²¹ Sunset and Rightsizing Commission.

²² Commission on Modernization of the Government of Guam.

Detailed Special Reports Discussion: 4th Quarter FY 2007

2. P.L. 29-02 Chapter VI, Section 29 requires the Governor's Office to submit a revenue tracking report to the Legislature for the General Fund, the Tourist Attraction Fund, Solid Waste Operations Fund (Tipping Fees), Territorial Education Facilities Fund, and the Guam Highway Fund for the balance of the fiscal year based upon the actual collections of the preceding month, and prepare a comparative statement of "actual" and "projected" revenues. The reports are due no later than 30 days after the end of each month. On November 6, 2007, the Governor's Office submitted the July, August, and September reports in manual format. The electronic reports was not submitted and not posted on the website. For the fourth quarter, the Governor's Office may be subject to the 20% salary reduction penalty. However, we suggest that the Legislature delegate this reporting requirement to DOA, DRT, and BBMR.
3. Chapter VII, Section 12 of P.L. 29-19 amended Chapter VI, Section 29 of P.L. 29-02 that requires the Governor's Office to submit on January 30, 2008 and July 1, 2008, and on a semi-annual basis thereafter, to the Speaker of the Legislature, the impact of federal expenditures on Guam's economic growth, employment, tax revenues, and other variables for the next year compared with the previous 5 years, identify significant federal expenditures or potential expenditures on Guam affecting military bases, installations, active duty and retired military personnel within Guam. This will be reported in FY 2008. We suggest that the Legislature delegate this reporting requirement to BSP, GEDCA, and/or other entities, under the oversight of the Governor's Office.
4. Section 12 of P.L. 29-19 also amended the requirement to submit to the Speaker of the Legislature the impact of tourism expenditures on Guam's economy and employment including projections of tourism expenditures, on Guam's economic growth, employment, tax revenues, and other variables, for the next year compared with the previous 5 years. The reports are due on January 30, 2008 and July 1, 2008, and on a semi-annual basis thereafter. This will be reported in FY 2008. We suggest that the Legislature delegate this reporting requirement to BSP, GEDCA, and/or other entities, under the oversight of the Governor's Office.
5. Section 29 of P.L. 29-02 requires the Governor's Office to submit to the Speaker of the Legislature long-range forecasts of revenues and expenditures for each of the 5 years immediately beyond the budget year, certified by a majority of the members of the Special Economic Service²³. No reports have been submitted. However, no due date was specified for this report. We suggest that the Legislature delegate this reporting requirement to BSP, GEDCA, and/or other entities, under the oversight of the Governor's Office.

²³ Chapter VI, Section 29 of P.L. 29-02 created the Special Economic Service commission.

Detailed Special Reports Discussion: 4th Quarter FY 2007

Items 1 to 5 require specific data ranging from transfers, revenue and expenditure forecasting and tracking to economic impacts on tourism and military buildup. The Governor's Office may not be the most appropriate entity to provide this information. For example item 1 on transfers should be delegated to BBMR. Item 2 on forecasting and tracking revenues and expenditures should be delegated to DOA, DRT, and BBMR. Information for items 3, 4, and 5 should be delegated to BSP, BBMR, GEDCA, and/or other entities, under the oversight of the Governor's Office. Therefore, we suggest that the Legislature require these entities to submit these reports rather than the Governor's Office.

University of Guam (UOG). P.L. 28-149 requires UOG to submit three special reports for FY 2007, as follows:

1. Chapter II, Part I, Section 1(i) requires UOG to post a financial report of KPRG public radio on its website. This report is due from the General Manager of KPRG to the President of UOG no later than 30 days after the close of each fiscal quarter. On October 30, 2007, UOG complied by submitting the KPRG report in all three reporting formats for the fourth quarter of 2007.
2. Section 2 requires UOG to submit basic financial statement reports (revenues and expenditures) of the Aquaculture Development and Training Center, the WERI Guam Hydrologic Survey, the WERI Comprehensive Water Resource Monitoring Program, the Northern and Southern Soil and Water Conservation District Programs and KPRG, due no later than 30 days after the close of each fiscal quarter and post on its website. On October 30, 2007, UOG complied with this reporting requirement by submitting the reports in all three reporting formats for the fourth quarter of FY 2007.
3. Section 3 requires UOG to submit an annual report to include each program's mission, goals, accomplishments and finances for the aforementioned programs and to post the report on its website. Although no due date was specified for this report, UOG complied by submitting the reports in all three reporting formats on October 30, 2007.

UOG is also required to report on its NAF activities, which is reported in a separate segment of this report.

Of the three special reports UOG was required to submit, all three reports complied with all reporting requirements.

Appendix 7:
Special Reports: 4th Quarter FY 2007

M – Manual Report

E – Electronic Report

W – Website Report

✓ - Report Submitted * - No Report Submitted N/A - Not Applicable		Report Title		Before Due Date			After Due Date			Status
				M	E	W	M	E	W	■ - Compliant ✕ - Non-Compliant
1	Bureau of Budget and Management Research	1	Revenue Tracking Report – Jul. '07	✓	✓	✓				■
			Revenue Tracking Report – Aug. '07	✓	✓	✓				
			Revenue Tracking Report – Sept. '07	✓	✓	✓				
		2	Comparative Revenue & Expenditure Analysis Report – Jul.'07	✓	✓	✓				■
			Comparative Revenue & Expenditure Analysis Report – Aug. '07	✓	✓	✓				
			Comparative Revenue & Expenditure Analysis Report – Sept. '07	✓	✓	✓				
2	Department of Administration	1	Government Claims Fund	✓	✓	✓				■
		2	Residential Treatment Fund	✓	✓	✓				■
3	Department of Mental Health and Substance Abuse	1	Youth Drug and Alcohol Program – Jul. '07	*	*	*				✕
			Youth Drug and Alcohol Program – Aug. '07	*	*	*				
			Youth Drug and Alcohol Program – Sept. '07	*	*	*				
4	Department of Public Health and Social Services	1	MIP and Medicaid Carry-Over Report	✓	✓	✓				■
		2	Transfer Authority Notification	✓	✓	✓				■
5	Department of Public Works	1	Street Light Fund Expenditure Report	✓	✓	✓				■
6	Government of Guam Retirement Fund	1	Prior Month Retirement Remittances – Jul. '07	✓	✓	✓				■
			Prior Month Retirement Remittances – Aug. '07	✓	✓	✓				
			Prior Month Retirement Remittances – Sept. '07	✓	✓	✓				

Appendix 7:
Special Reports: 4th Quarter FY 2007

M – Manual Report

E – Electronic Report

W – Website Report

	✓ - Report Submitted * - No Report Submitted N/A - Not Applicable	Report Title	Before Due Date			After Due Date			Status ■ - Compliant ✗ - Non-Compliant
			M	E	W	M	E	W	
7	Guam Board of Accountancy	1	GBOA Fund **						●
8	Guam Community College	1	Academic Program / Courses	✓	✓	✓			■
		2	Annual Operating Budget**						●
9	Guam Medical Referral Office	1	Program Referrals / Fund – Jul. '07	✓	*	*			✗
			Program Referrals / Fund – Aug. '07	✓	*	*			
			Program Referrals / Fund – Sept. '07	✓	*	*			
		2	Guam Medical Referral Office Trust Fund ♦						●
10	Guam Memorial Hospital Authority	1	Cancer Therapy Center Action Plan	✓	✓	✓			■
11	Guam Public School System	1	Summer School Fund	✓	✓	✓			■
		2	Textbook and Collateral Material	✓	✓	✓			■
		3	Cash Disbursement Schedules (web report)	N/A	N/A	✓			■
			Prior year obligations (web report)	N/A	N/A	✓			
			Full Time Employment - FTE (web report)	N/A	N/A	✓			
		4	Local Funds Expended for Federally Funded Program	✓	✓	✓			■
5	School Capital Facilities Reserve Fund	✓	✓	✓			■		
12	Mayors Council of Guam	1	Tourist Attraction Fund Appropriation	✓	✓	✓			■
13	Judiciary of Guam	1	Safe Street Fund Annual Report	✓	✓	✓			■
14	Modernization and Rightsizing Commission of the Government of Guam for the 21st Century (COMRIGHT-21)	1	Realignment Report & Recommendations♦						●

♦ No due date specified.

** Report not due in third quarter or suggestions made to the Legislature

Appendix 7:
Special Reports: 4th Quarter FY 2007

M – Manual Report

E – Electronic Report

W – Website Report

✓ - Report Submitted * - No Report Submitted N/A - Not Applicable		Report Title		Before Due Date			After Due Date			Status ■ - Compliant ✕ - Non-Compliant
				M	E	W	M	E	W	
15	Office of the Governor	1	Transfer Funds Report – Jul. '07	✓	*	*				✕
			Transfer Funds Report – Aug. '07	✓	*	*				
			Transfer Funds Report – Sept. '07	✓	✓	✓				
		2	Revenue Monthly Tracking Report – Jul. '07	✓	*	*				✕
			Revenue Monthly Tracking Report – Aug. '07	✓	*	*				
			Revenue Monthly Tracking Report – Sept. '07	✓	*	*				
		3	Semi-Annual Federal Expenditure Impact Report – Jan. '08**							●
		4	Semi-Annual Impact of Tourism Expenditures – Jan. '08**							●
5	Long-range Revenues and Expenditures Forecasts ♦							●		
16	University of Guam	1	KPRG (Public Radio)	✓	✓	✓				■
		2	Programs Revenue & Expenditure Reports	✓	✓	✓				■
		3	Annual Program and Assessment Evaluation	✓	✓	✓				■

♦ No due date specified.

** Report not due in fourth quarter or suggestions made to the Legislature

TOTAL Special Reports Marked as Compliant ■	:	20
TOTAL Special Reports Marked as Non-Compliant ✕	:	4
TOTAL Special Report Marked either as no due date specified, status unknown, and not due within the third quarter or suggestions made to the Legislature ●	:	7
TOTAL Number of Special Reports	:	<u>31</u>