



## **2011 Guam Island Fair/ Liberation Day Committee Fund Financial Highlights**

May 13, 2013

The 2011 Guam Island Fair/Liberation Day Committee (LDC) Fund ended with \$106 thousand (K) in net proceeds. Although independent auditors, Deloitte & Touche, LLP expressed an unqualified opinion on 2011 LDC Funds statement of deposits and disbursements and changes in cash, there were significant internal control problems mainly the lack of receipts and the lack of documentation for disbursements. The inability to verify the classification of \$49K of deposits and \$33K of disbursements for the period from March 17, 2010 to December 31, 2010 still remains. These deficiencies were similar to those identified in the LDC 2010 audit that was issued in April 2012. Due to the April 2012 release, there was no time to take corrective action in the 2011 audit. Accordingly, it is anticipated that corrections and improvements will occur in the LDC 2012 audit that is on-going.

### **Liberation Day Committee Deposits**

Total 2011 LDC deposits amounted to \$543K, a \$162K or 43% increase from 2010. The 2011 receipts came from concessions of \$432K or 80%, ticket sales \$52K or 9%, and sponsorships of \$49K or 9%. Receipts were not issued for all funds received and ticket logs did not reconcile.

### **Liberation Day Committee Disbursements**

Total 2011 LDC disbursements amounted to \$455K, an \$84K or 23% increase from 2010. The top five overall disbursements were for: entertainment (\$43K); materials, supplies, and equipment (\$37K); prizes (\$36K); travel and accommodation (\$35K); and carnival and parade sound system (\$33K) followed by security services of \$32K. Based on limited testing, \$68K in disbursements did not have supporting documentation.

Commissions of \$14K were paid to the Liberation Day Queen candidates and their sponsors. After all expenses were paid, the 2011 Liberation net proceeds were \$106K. From this amount, \$38K was paid to the Mayors Council of Guam in 2012 and \$39K was donated to RIGALU Foundation, a non-profit organization. The balance of \$29K was set aside as seed capital for the 2012 Liberation.

### **Report on Compliance and on Internal Control and Management Letter**

The same findings in the LDC 2010 audit were identified in the 2011 Report on Compliance and Internal Control, one material weakness due to the lack of formal accounting policies and one an instance of noncompliance with procurement procedures. Details are as follows:

- **Accounting and Financial Reporting Policies and Procedures:** Financial statements were not prepared, a ledger was not maintained to account receipts and disbursements, and a process of classifying and summarizing receipts and disbursements transactions was not in place.
- **Compliance with Applicable Procurement Regulations:**
  - Eighteen disbursements totaling \$50K were not supported by procurement documents, of which \$17K in travel and hotel accommodations were not supported by any price quotes;
  - One disbursement totaling \$4K for hotel accommodations was supported by less than three price quotes; and
  - Four disbursements totaling \$42K involved projects/goods/services of \$15K or more were subject to the small purchase procurement method instead of competitive bidding.

A separate management letter was issued to the LDC and identified nine deficiencies similar to the LDC 2010 audit. These included:

- Ticket issuance logs and summaries not reconciled;
- Lack of receipts for cash received;
- Disbursements of \$68K not supported by invoices, billings, and other relevant documents;
- Bank statements for the Bank Pacific Queen's account (all of 2011) and the Guam Island Fair (June 19-26, 2011) were not provided;
- Non-issuance of Form-1099 for services paid in excess of \$600;
- Travel policies and procedures not established; and
- Lack of relevant documents supporting the 2011 LDC's non-profit status.

For more details, you may view the reports in their entirety at our website at [www.guamopa.org](http://www.guamopa.org).