

ANNUAL REPORT 2022

OFFICE OF PUBLIC ACCOUNTABILITY

DISTRIBUTION:

Governor of Guam
Lieutenant Governor of Guam
Speaker, 37th Guam Legislature
Senators, 37th Guam Legislature
Guam Media



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GLOSSARY OF ACRONYMS

CLTC	Chamorro Land Trust Commission
DCA	Department of Chamorro Affairs
DOC	Department of Corrections
DRT	Department of Revenue and Taxation
GACS	Guahan Academy Charter School
GALC	Guam Ancestral Lands Commission
GCC	Guam Community College
GDOE	Guam Department of Education
GEDA	Guam Economic Development Authority
GFD	Guam Fire Department
GGRF	Government of Guam Retirement Fund
GHC	Guam Housing Corporation
GHF	Guam Highway Fund
GHURA	Guam Housing and Urban Renewal Authority
GIAA	Guam International Airport Authority
GMHA	Guam Memorial Hospital Authority
GOVGUAM	Government of Guam
GPA	Guam Power Authority
GPD	Guam Police Department
GPT	Guam Preservation Trust
GSA	General Services Agency
GSWA	Guam Solid Waste Authority
GVB	Guam Visitors Bureau
GWA	Guam Waterworks Authority
ILACS	iLearn Academy Charter School
JOG	Judiciary of Guam
MCOG	Mayors' Council of Guam
OOG	Office of the Governor
OPA	Office of Public Accountability
PAG	Port Authority of Guam
PBS Guam	Guam Educational Telecommunications Corporation (PBS Guam)
SiFA	Science is Fun & Awesome Learning Academy
TAF	Tourist Attraction Fund
TOG	Treasurer of Guam
UOG	University of Guam



A MESSAGE *FROM THE PUBLIC AUDITOR*

In my fifth annual report as Guam's elected Public Auditor and the completion of the midpoint of my four-year term, 2022 was marked with significant improvements and upgrades to the Office of Public Accountability (OPA), specifically in the areas of our office's independence through its future budgets, updates in salaries for OPA staff through the full implementation of a pay study done in 2014, and upgrades in technological tools our office utilizes for its working papers.

As the office closes its 30th year since its creation in 1992, OPA made significant headway in 2022 towards ensuring its independence. With the support of members of the 36th Guam Legislature, including Senators Joanne Brown, Telo Taitague, and our oversight chairperson, Vice-Speaker Tina Muna-Barnes, OPA was able to get legislation included in the annual budget of the Government of Guam (GovGuam) that dedicates a continuous appropriation of one quarter of one percent (0.25%) of the annual budget for future budgets. This means that future OPA budgets will be determined through a formula and only after all other appropriations are made to the entirety of the government. This major milestone was a goal in OPA's strategic plan.

In the same annual budget, OPA was also able to finally get its 2014 pay study fully adopted, granting the OPA greater flexibility and independence in hiring and compensating staff. Although the findings and recommendations in that study were implemented eight years since it was completed, OPA did take a baby step towards being able to compete with autonomous agencies for an already small pool of auditors. I would like to acknowledge my predecessor, Doris Flores Brooks, in laying the foundation for this study to be completed, as well as the late Dr. Karri Perez and Leading Edge for their efforts in conducting the study.

During 2022, we issued seven performance audits, had oversight over 27 financial audits, and administered five procurement appeals. These audits identified over \$1 million (M) in financial impact and represented an undetermined amount in procurement value for the appeals. Our office also updated the audit contracts for 15 GovGuam agencies, with a specific provision to issue financial audits no later than March 31st, after the fiscal year (FY) ends.

Our budget for FY 2022 increased slightly to \$1.65M when compared to the \$1.31M in FY 2021. GovGuam appropriations are our primary source of revenues to fund our operations. As of the writing of this report, our staff complement stands at 14, including the Public Auditor. In 2022, we saw the loss of one experienced auditor to an autonomous agency and one junior auditor to another government agency. Both agencies afforded them higher salaries. We were able to recruit three entry-level accountability auditors to increase our productivity and issue more audits.

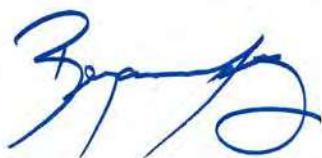
As our island adapted to a new way of conducting business due to pandemic restrictions, OPA took the time to upgrade its automated working papers systems by migrating from TeamMate AM to TeamMate+. This upgrade came at no cost to GovGuam or the OPA and was funded by a partnership our office has with the Pacific Association of Supreme Audit Institutions (PASAI). Our gratitude to PASAI for this remarkable relationship with Pacific auditors working together.

Looking forward to 2023, OPA expects to undergo a Government Auditing Standards-required peer review in the summer. The last peer review was conducted in December 2021 by a team of auditors from the Republic of Palau, Commonwealth of the Northern Mariana Islands, and Graduate School USA. OPA received a full compliance rating, the highest rating that can be achieved in a quality control review.

Through the years, our office has evolved and found our niche as a reliable and trusted office that delivers dependable audits and information to our various stakeholders. Earlier this year, we released our 2023 Annual Audit Plan that outlines the activities our office will engage in. Our goal is to continue to be proactive and help GovGuam become more effective and efficient.

In closing, I continue to find the work we do at the OPA significant, impactful, and necessary to ensure our government funds are being looked after. My staff are the driving force in doing the work, and I appreciate their continued dedication. It is truly an honor to serve the people of Guam as your Public Auditor. We have accomplished so much and look for new ways to adapt and meet the demands of this office. I continue to pledge my commitment that OPA will be a watchdog over government spending and promote accountability and transparency in GovGuam. Un dångkolo na si Yu'os ma'åse'!

Senseramente,



Benjamin J.F. Cruz
Public Auditor



WHO WE ARE

Public Law 21-122 established the Office of Public Accountability (OPA) in July 1992. OPA is an instrumentality of the Government of Guam (GovGuam), independent of the executive, legislative, and judicial branches.

We seek to achieve independent and nonpartisan assessments that promote accountability and efficient, effective management throughout the Government of Guam.

We seek to serve the public interest by providing the Governor of Guam, the Guam Legislature, and the people of Guam with dependable and reliable information, unbiased analyses, and objective recommendations on how best to use government resources to support the well-being of our island and its constituents.

MISSION

To ensure public trust and good governance in the Government of Guam, we conduct audits and administer procurement appeals with objectivity, professionalism, and accountability.

VISION

The Government of Guam is a model for good governance with OPA leading by example as a model robust audit office.

CORE VALUES

Objectivity
Professionalism
Accountability





2022 SUMMARY ■

FOR OUR STAKEHOLDERS

Where we spent your tax dollars.

	2022	2021	
Appropriations (in millions)	\$ 1.65M	\$ 1.31M	↑
Expenditures (in thousands)			
Personnel	992	983	↑
Rent	128	122	↑
Contractual Services	80	75	↑
Supplies	2	4	↓
Utilities	4	3	↑
Equipment	24	15	↑
Training	7	7	-
Other	19	5	↑
Change in Net Position¹	\$ 412K	\$ 115K	↑

¹Change in Net Position includes Federal Grants and Interest Income of \$25.3K in FY 2022 and \$25K in FY 2021

We received an increase in GovGuam appropriations with \$1.65M compared to our FY 2021 appropriation of \$1.31M. The GovGuam appropriation is our primary source of revenue to fund our operations.

In 2022, our expenditures increased by \$34 Thousand (K) from \$1.21M the previous year to \$1.25M. We earned an interest income of \$6K, and received federal grants of \$19K.

The United States Department of Interior Office of Insular Affairs awarded OPA a Technical Assistance Program (TAP) grant of \$76K for training and an internship program. This federal grant gives us the funding capability to allow OPA employees to continue training with the best in the industry. As of 2022, we have spent a total of \$26K, and have a remaining balance of \$50K.

7
15
27
5

PERFORMANCE AUDITS

INDEPENDENT AUDITING SERVICES
REQUEST FOR PROPOSAL

FINANCIAL AUDITS OVERSIGHT

PROCUREMENT APPEALS
ADMINISTERED



\$1M

Total Financial Impact

PERFORMANCE AUDITS

We issued seven performance audits in 2022.

A **performance audit** is an independent assessment of government specific programs to determine if goals and objectives are being achieved effectively, economically and efficiently.

This is akin to a doctor looking into a particular area, such as your heart, liver, kidney, etc.

Why Conduct Performance Audits?

Title 1 of the Guam Code Annotated (GCA) §1908 requires the Public Auditor to conduct post audits of all the transactions and accounts of all departments, offices, corporations, authorities, and agencies in all of the branches of the Government of Guam.

The Public Auditor may also conduct or cause to be conducted such other audits or reviews as necessary. We conduct audits to improve public transparency and accountability and the effective and efficient management of public funds and programs.

We endeavor to provide independent, nonpartisan, accurate and timely assessments of GovGuam's financial and operating activities in accordance with Generally Accepted Government Auditing Standards (GAGAS).

“

We conduct audits to improve public transparency and accountability and the effective and efficient management of public funds and programs.

STAGES OF A PERFORMANCE AUDIT

1) SURVEY

We perform an initial evaluation of the audit subject to determine the feasibility, financial impact, and cost-benefit. We conduct interviews with agency personnel to gain an understanding of the operation and the program under audit. Throughout the audit, auditors meet with the agency to discuss initial findings, issues identified, and areas needing further audit work.

2) FIELDWORK

We gather relevant and appropriate evidence regarding the issues identified in the survey phase. Testing results are consolidated to formulate a finding or conclusion, which are referred to the agency for validation.

Peer Review 2021

Government Auditing Standards require independent peer reviews every three years to assure audit organizations are complying with professional standards and legal requirements.

Due to the global pandemic, OPA's peer review was postponed to 2021, covering performance audits issued in CY 2017 to 2019. The Peer Review was independently done by a team selected by the Association of Pacific Islands Public Auditors (APIPA).

OPA received a rating of "Pass" in 2021, resulting in a 7th Full Compliance rating.

OPA's next Peer Review is tentatively scheduled for CY 2023.

3) REPORTING

We provide draft and final reports on findings and recommendations. An exit meeting is held to discuss the audit report and need for an auditee written response, which will be included in the final audit report. The report is then distributed to the auditee and stakeholders.

4) RECOMMENDATIONS FOLLOW-UP

Agencies are required to submit a corrective action plan, document progress, and endeavor to implement recommendations no later than the beginning of the next fiscal year. OPA conducts follow-up with agency officials for the status of the implementation of recommendations.



OPA received a rating of "Pass" in 2021, resulting in a 7th Full Compliance rating.



AUTONOMOUS AGENCY COLLECTIONS FUND

Report No. 22-01, March 2022

- Audit of the AACF found that the special revenue fund was not being utilized in accordance with its originally intended purpose;
- Three agencies were required to transfer an aggregate sum of \$3.5M annually to the General Fund;
- A formula determined by the Governor of Guam, in consultation with the Board of Directors for the three agencies, was to establish the amounts owed;
- The formula could not violate the terms and conditions of any bond covenant in effect for the three agencies;
- DOA invoiced GPA, PAG, and GIAA in March 2011, a total of \$12.3M each for their annual assessment for fiscal years 1998 to 2011;
- Audit revealed there has been little to no activity since the fund's inception;
- On March 31, 2011, DOA invoiced GPA, PAG, and GIAA \$12.3M each, representing an annual assessment of \$875K for each of the fiscal years 1998 to 2011.
- The Budget Correction and Supplemental Act of 1997 (P.L. 24-14) authorized \$11.9M in appropriations that were to be designated to fund public health, safety, and public works.

GENERAL SERVICES AGENCY PROCUREMENT OF CONSULTATION SERVICES OF GUAM BEHAVIORAL HEALTH & WELLNESS-CRIMINAL JUSTICE PROGRAM

Report No. 22-02, March 2022

- Our compliance audit of GSA's procurement of expert consultant services to establish GBHWC's Criminal Justice Program found that GSA generally complied with Guam Procurement. However, we noted the following areas for improvement:
 - Although GBHWC provided sufficient documents to justify sole source procurement as the initial procurement method for the services, the CPO has the authority to reject it without documenting the reason for the rejection; and
 - GSA's use of small purchase procurement method based on the dollar threshold amount of the service was allowed, but we noted potential preferential treatment given to the awarded vendor.



MAYORS' COUNCIL OF GUAM HOST COMMUNITY BENEFIT FUND

Report No. 22-03, July 2022

- Our audit of the receipts and disbursements of the MCOG HCBF administered by the Host Community villages of Chalan Pago-Ordot (CPO) and Inalåhan found that the overall management and usage of the HCBF was not entirely in accordance with applicable laws, regulations and best practices. Specifically, we found:
 - Unauthorized Expenditures from the HCBF
 - Lack of Adequate Documentation for Expenditures
 - Commingling of HCBF with NAF Revenues
 - Non-Issuance of Form 1099 for Non-Employee Compensation
 - Non-Compliance with Open Government Law for Host Community MPC Meetings
- Based on our review of selected transactions, we questioned \$114K in expenditures, of which \$67K was from the CPO Mayor's Office and \$47K from the Inalåhan Mayor's Office, that were unauthorized because they were not approved by their respective MPCs as required by the HCBF's enabling legislation.

ANALYSIS OF GOVERNMENT OF GUAM LEASES

Report No. 22-04, October 2022

- In almost seven years, GovGuam has continued to increase its annual cost for leasing commercial spaces (office and other) from \$12.5M for 493,097 sq. ft. in FY 2015 to \$15.7M for 582,396 sq. ft. in FY 2022, a difference of \$3.2M for an additional 89,299 square feet (sq. ft.) of space.
- The continuous increase in GovGuam's lease costs shows the urgent need to invest in the construction of new government-owned buildings, which has been recommended since the OPA's first audit on leases issued seventeen years ago in 2005.
- The majority of GovGuam's FY 2022 leases were for office space totaling \$15.2M in annual costs, while other commercial space totaled \$422 thousand (K) in annual costs. Specifically:
 - The Executive Branch's annual cost for leasing commercial space was \$14.5M for 519,094 sq. ft. of space, with an average monthly cost of \$2.32 per sq. ft.
 - The Legislative Branch's annual cost for leasing commercial space was \$384K for 21,422 sq. ft. of space, with an average monthly cost of \$1.49 per sq. ft.
 - The Judicial Branch's annual cost for leasing commercial space was \$796K for 41,880 sq. ft. of space, with an average monthly cost of \$1.58 per sq. ft.
- In total, we collected 84 leases for commercial space leased by 51 GovGuam entities.

PORT AUTHORITY OF GUAM, BACK WAGES SERIES, PART C

Report No. 22-05, November 2022

- In our review of documentation provided and analysis of processes executed to satisfy legal remedies, we have found and identified the following deficiencies.
 - Inconsistencies and deficiencies in Board Resolution, Settlement Agreements, and Port execution of legal remedies;
 - Terms of Settlement Agreements were implemented prior to the Civil Service Commission's (CSC) Judgment of Dismissal; and
 - Deviations from Certain Provisions of the Port's Personnel Rules and Regulations (PRR):
 - Back wages earned during the retirement period paid to a retired employee;
 - Deficiencies in Port back wages calculations with potential overpayments;
 - Inconsistencies in the performance evaluation documents not covered by fire loss certification.
 - Other Matters
 - Potential violation on retroactive pay raises on the increments prior to employee terminations;
 - Pay raise granted prior to end of freeze period potentially violated the freeze increment mandate; and
 - Potential agency-wide overpayment of increments during freeze period.

CORONAVIRUS RELIEF FUND EXPENDITURES PART II

Report No. 22-06, November 2022

- Our audit of the Guam small business pandemic relief programs, the PAG and RAG, funded by the CRF, found that GEDA generally followed and complied with the criteria of eligibility, and grant amounts were in accordance with the EO's and policies and procedures outlined in the program guidelines.
- GEDA, the agency responsible for the administration of the CRF small business grants, worked to provide Guam's small business owners with financial assistance quickly and effectively.
- Although we commend GEDA in working swiftly to provide financial relief, we found some deficiencies in the processes and some internal control lapses resulting in overpayments, potential overpayments, and documentary deficiencies.
- We found questioned costs totaling \$56.7 thousand (K) and total financial impact of \$426.7K.
- Weaknesses in Internal Control.
- Despite the various challenges encountered, GEDA personnel generally exerted their best efforts to institute checks and balances. However, we found some lapses in GEDA's internal control.



OFFICE OF PUBLIC ACCOUNTABILITY STATUS OF LEGISLATIVE MANDATES

Report No. 22-07, December 2022

- During the past six years, from October 2016 to September 2022, 79 legislative mandates have expanded the OPA's primary duties and responsibilities.
- These additional mandates have increased the number of active legislative mandates to 120. Of these 79 mandates identified:
 - 12 required the OPA to conduct audits; and
 - 42 required the OPA to provide oversight, approve, or conduct a specific activity; and
 - One required the OPA to be a member of a committee, group, or task force; and
 - 24 required various GovGuam agencies to submit reports and other information to the OPA.
- Of the 79 mandates, 67 (or 85%) have been closed primarily due to following five reasons:
 - Mandates addressed by the OPA; and
 - Agencies submitted the required reports; and
 - Mandates were determined to be not the best use of the OPA's limited resources based on our professional judgment; and
 - Deadlines to submit the required audits or conduct the specific activities have lapsed; or
 - Mandate repealed by the Guam Legislature or became defunct.
- In addition, seven mandates were determined to be not applicable in the analysis. While the mandate was passed during the scope, the due date requirement is unable to determine compliance until a later date.

FINANCIAL AUDITS

We provided oversight on 27 financial audits in 2022.

Independent financial audits are essential in assessing the overall financial performance and health of government entities. Financial audits provide reasonable assurance that audited financial statements are presented fairly in compliance with applicable professional standards.

This is akin to having an annual general health check-up.

OUR OVERSIGHT

Title 1 GCA §1909(a) requires all financial audits to be issued by June 30th (nine months after fiscal year-end). Our goal is to issue financial audits no later than six months after fiscal year-end. We also strive for all agencies to not have any material weaknesses or significant deficiencies and/or become low-risk audittees.

After the selection of an audit firm, we remain involved in a monitoring and oversight role over the audit process. We hold an entrance conference, status conferences, and an exit conference as part of this process. These meetings provide the opportunity to ask questions, receive updates on the progress of the audit, and to be informed of any areas of concern.

We also issue financial highlights to provide our stakeholders an overview of the agency's financial performance. Audited financial reports are released

upon the Public Auditor's approval. We commend GPT, SiFA, IACS, DCA, PBS, GIAA, and GHC for issuing their financial audits by March 31, 2022. We also want to recognize GPT for releasing the FY 2022 Financial Audit in November 2022, which is two months after the fiscal year end and the earliest any agency has issued their financial audit.



All 26 GovGuam entities/funds received unmodified (or "clean") opinions.

All government financial audits must include a report on internal control over financial reporting and on compliance, whether or not findings are identified.

All 26 GovGuam entities/funds received unmodified (or "clean") opinions.



MANAGEMENT LETTER COMMENTS

The independent auditors issued separate letters to management to report deficiencies related to internal control over financial reporting, non-compliance, information technology (IT), and other matters.

In FY 2022 financial audits, 19 GovGuam entities collectively received management letter comments.

PROCUREMENT OF FINANCIAL AUDIT SERVICES

Title 1 GCA §1908 authorizes the Public Auditor to acquire independent financial audit services from firms. GovGuam entities work with our office to issue Requests for Proposals (RFP) to procure financial audit services.

We issued RFPs for fifteen (15) GovGuam agencies, resulting in audit contracts for FY 2022 through FY 2024.

GOVGUAM ENTITIES FINANCIAL AUDITS ISSUANCE

Arranged by date issued.

JANUARY

GPT

SiFA



MARCH

IACS

DCA

GIAA

GHC

PBS Guam

APRIL

GGRF *GWA*

GPA *GEDA*

GCC *UOG*

GALC *GACS*

GVB *CLTC*

GMHA *GSWA*

PAG *GGRF*

(457)

GOVGUAM ENTITIES FINANCIAL AUDITS ISSUANCE

Arranged by date issued.

MAY

*GHURA
GDOE*



JULY

*TAF GOVGUAM
GHF*

NOVEMBER

GPT^t

DECEMBER

PBS GUAM^x

^tIssuance of GPT FY 2022 financial statements

^xPBS Guam Uniform Guidance Completed to Address Single Audit Findings for FY 2021



SINGLE AUDIT COMPLIANCE

Government entities that spend more than \$750K in federal grants require an additional report on compliance for each major federal program ("Single Audit").

The following GovGuam entities were subjected to Single Audits:

- Guam Community College*
- Guam Educational Telecommunications Corporation (PBS Guam)
- Guam Department of Education
- Guam Housing and Urban Renewal Authority
- Guam International Airport Authority*
- Guam Memorial Hospital Authority
- Guam Power Authority*
- Guam Waterworks Authority*
- ILearn Academy Charter School*
- Port Authority of Guam*
- University of Guam
- Government of Guam

*GovGuam entities that had no findings on their compliance over major federal programs.



The following GovGuam entities had findings in their FY 2021 Single Audit:

- GHURA received an unmodified ("clean") opinion on its internal control over financial reporting, a qualified opinion on the compliance for one major federal program, and an unmodified opinion on all other major federal programs. Independent auditors identified three significant deficiencies in internal control over financial reporting, and two significant deficiencies and two material weaknesses in internal control over compliance.
- GDOE received an unmodified ("clean") opinion on its internal control over financial reporting and compliance over major federal programs. However, there were two significant deficiencies in GDOE's internal control over financial reporting, and two significant deficiencies in their internal control over compliance for major federal programs.
- UOG received an unmodified ("clean") opinion on internal control over financial statements and report on compliance for major federal programs in FY 2021. Independent auditors identified one significant deficiency in internal control over financial reporting.
- GMHA received an unmodified ("clean") opinion on internal control over financial statements and report on compliance for major federal programs. However, independent auditors identified one material weakness in internal control over financial reporting.
- PBS Guam received an unmodified ("clean") opinion on internal control over financial statements, and a qualified opinion on COVID-19 Education Stabilization Fund.
- GovGuam received an unmodified ("clean") opinion on internal control over financial reporting, and qualified opinion over compliance on all but three major federal programs. There were 29 findings in total.



QUESTIONED COSTS

A **questioned cost** arises from:

1. Alleged violation of a law, regulation, or the terms and conditions of a federal award;
2. Inadequate documentation of costs at the time of the audit; or
3. Unreasonable and wasteful expenditure of funds.

For the FY 2021 Single Audit of GovGuam, the questioned costs of \$41.7M for federal awards was an increase of \$40.4M from the prior year questioned costs of \$1.3M.

\$41.7M
Questioned Costs

LOW-RISK AUDITEES RECEIVING FEDERAL FUNDING

One of our goals is for all GovGuam entities subject to a Single Audit Act to qualify as a low-risk auditee. To qualify as a low-risk auditee, an agency must meet the following conditions for three consecutive audit periods:

- Single audits performed annually.
- Unmodified (“clean”) opinion on financial statements.
- No material weaknesses GAGAS.
- No substantial doubt to continue as a going concern.
- None of the federal programs received modified opinions, has material weaknesses, and questioned costs exceeding 5% of total federal awards spent.

Six GovGuam entities received a low-risk status in FY 2021:

- GCC – maintained a low risk status for 21 years
- GWA – maintained a low risk status for 6 years
- PAG – maintained a low risk status for 2 years
- UOG – maintained a low risk status for 7 years
- GIAA
- GPA

The following six entities did not qualify as low-risk auditees:

- GovGuam
- GDOE
- GHURA
- GMHA
- IACS
- PBS Guam

PROCUREMENT APPEALS

We oversaw five procurement appeals in 2022.

Procurement appeals are complaints by aggrieved persons against the purchasing agency's decision on (a) protest of method, solicitation or award; (b) debarment or suspension; (c) contractor breach of contract controversy; (d) award determination during a pending protest or appeal; or (e) other matters.

Our office received five procurement appeals in CY 2022. As of January 2023, all five appeals were dismissed.

We strive to resolve appeals within 90 to 120 days from the time of filing and decide within 30 to 60 days after the hearing.

The agencies involved in these five appeals were GFD, GDOE, UOG, and the Office of the Governor.



Our office received five procurement appeals in CY 2022.

PROCUREMENT APPEALS IMPROVE THE PROCUREMENT PROCESS

Aggrieved vendors have been deliberative and reflective and invest time, money, and effort to file an appeal. The Public Auditor concluded that vendors continue to scrutinize the GovGuam procurement process. Vendors are analyzing bids and specifications and challenging premature disqualifications. These efforts help strengthen and improve the procurement process.

A common misconception is that appeals prolong the overall

procurement process; however, appeals have been resolved generally within 90 to 120 days. We also encourage parties to agree to resolve their procurement issues.

Procurement appeals revealed the need for further government procurement training. GCC has courses on the procurement process as required by P.L. 32-131 (codified in Guam Procurement Law). All GovGuam procurement personnel must take these training courses.

FILED PROCUREMENT APPEALS & CASES

In CY 2022, OPA received five procurement appeals that were addressed as follows:

- Dismissed five appeals.

The subjects and dollar values of these appeals were as follows:

High Efficiency Particulate Absorbing (HEPA) Filtration System and Maintenance*	\$-
Purchasing of HVAC Equipment*	\$-
Cafeteria Tables*	\$-
Information Technology Services for a government licensing and permitting system*	\$-
Next Gen 9-1-1 system and integrated CAD system*	\$-

*Monetary value could not be identified



OPA HEARING OFFICERS

The Public Auditor assigns certain time-sensitive procurement appeals to contracted OPA Hearing Officers who are licensed attorneys from Thompson, Thompson, Alcantara, PC, and McDonald Law Office, LLC. OPA established this pool to handle the workload and prevent potential conflicts. There are cost savings from hiring contractual attorneys on an as-needed basis versus a full-time staff attorney. OPA Hearing Officers may also provide other legal advice and services as requested by the Public Auditor.

For FY 2022, legal costs for procurement appeals and other legal services amounted to \$45K, which is \$13K higher than the previous year of \$32K.

LEGISLATIVE MANDATES

Besides performance audit activities and financial audit oversights, we also perform legislative mandates that have expanded our duties and responsibilities. OPA has 121 mandates as of September 30, 2022.

- 40 required various GovGuam agencies to submit reports and other information to OPA.
- 33 required OPA to conduct audits.
- 27 required OPA to provide oversight, approval, or conduct a specific activity.
- 4 required OPA to be a member of a board, committee, group or task force.
- 17 required OPA to submit various reports to the Guam Legislature, Office of the Attorney General of Guam, etc.

In December 2022, we reported the status of all the legislative mandates issued to OPA from October 2016 to September 2022 in OPA Report No. 22-07, OPA's Status of Legislative Mandates.

This report found that additional mandates have increased the number of active legislative mandates to 120. Of these 79 mandates identified:

- 12 required the OPA to conduct audits;
- 42 required the OPA to provide oversight, approve, or conduct a specific activity;
- One required the OPA to be a member of a committee, group, or task force; and
- 24 required various GovGuam agencies to submit reports and other information to the OPA.

Of the 79 mandates, 67 (or 85%) have been closed primarily due to following five reasons:

- (1) Mandates addressed by the OPA;
- (2) Agencies submitted the required reports;
- (3) Mandates were determined to be not the best use of the OPA's limited resources based on our professional judgment;
- (4) Deadlines to submit the required audits or conduct the specific activities have lapsed; or
- (5) Mandate repealed by the Guam Legislature or became defunct.

As part of the General Appropriations Act of 2013, P.L. 31-233 instituted that the governing Boards and Commissions of all agencies, public corporations, and all departments of the Government of Guam shall provide electronic copies of monthly Board and Commission meeting agendas, approved minutes, and other attachments and addenda as discussed in each monthly meeting, to the Governor of Guam and the Speaker of the Guam Legislature no later than 15 days after the end of said meeting and post the same on its website of the agency, public corporation, or department to which it governs. The audio recording of each meeting shall be provided to the OPA within seven (7) calendar days after the meeting.



In addition, P.L. 30-127 requires no later than 60 calendar days after the independent audit report for a government entity has been released, all government entities shall submit to the Public Auditor/OPA and Speaker/Guam Legislature a Citizen-Centric Report via electronic format and post the same on their website.

In 2020, P.L. 35-86 requires the Public Auditor to conduct semi-annual audits of all expenditures on Guam associated with the CARES Act for compliance with all applicable local and federal laws.

As of 2021, P.L. 36-11 requires every director, administrator, president or head of a government of Guam agency, including line agencies, autonomous and semi-autonomous agencies, public corporations, the Mayors' Council of Guam, the Courts of the Judiciary of Guam, and I Liheslaturan Guåhan to electronically submit to the Public Auditor of Guam, in an electronic portable document format, a "Procurement Training Compliance Report."

Through P.L. 36-34, the OPA is also required to broadcast regular and special meetings via video live streaming applications.

The background of the slide features a scenic tropical landscape. In the foreground, there are several palm trees with their fronds reaching upwards. A cluster of vibrant red and pink flowers is visible in the lower center. The middle ground shows a calm, light blue ocean. In the distance, a large, modern white building, possibly a hotel or resort, sits atop a hill. The sky above is a clear, pale blue.

OTHER ANNOUNCEMENTS



NEW STAFF

In CY 2022, the OPA added two new Accountability Auditor I's to the team: Kyle Bungubung and Thomas Quichocho.



Kyle Bungubung
Accountability Auditor I

Kyle graduated from University of Guam in 2021 with a Bachelor of Business Administration.



Thomas Quichocho
Accountability Auditor I

Thomas graduated from Saint Martin's University in 2018 with a Bachelor of Business Administration in Finance.

CERTIFIED FRAUD EXAMINER DESIGNATIONS

We are pleased to announce that Accountability Auditor I Thomas Battung and Accountability Auditor III Jerrick Hernandez attained their Certified Fraud Examiner (CFE) designations in 2022.

They completed the fraud prevention and deterrence, financial transactions and fraud schemes, investigation, and law examinations administered by the Association of Certified Fraud Examiners. Thomas received his CFE designation in January 2022 and Jerrick received his CFE designation in September 2022.

The ACFE professional designation is recognized worldwide and requires each member to adhere to the ACFE Code of Ethics and obtain a minimum of 20 CPE credits each year.



Together, Reducing Fraud Worldwide



15 YEARS OF DEDICATED SERVICE

OPA's Accountability Auditor III Vincent Duenas was recognized in June 2022 for 15 years of outstanding and dedicated service to the OPA. He is the second OPA staff to reach this milestone. He began his audit career with the OPA in 2003, briefly transferred to the Guam Waterworks Authority as their Internal Auditor, then came back to the OPA in 2017.

After graduation with a bachelor's degree in Political Science from the University of Guam, Vincent was hired in September 2003. Since then, Vincent has risen through the OPA ranks, from Management Analyst I, Management Analyst II, Auditor III, and Accountability Auditor III, with a recent promotion to Supervising Accountability Auditor. He also holds a Master's degree in Public Administration.

5 YEARS OF DEDICATED SERVICE

We recognize Frederick Jones for five years of outstanding and dedicated service. Auditor Frederick Jones has been with OPA since January 2017. In addition, Frederick is a veteran of the armed forces serving in the U.S. Air Force.

Frederick received his Bachelor of Finance and Economics in 2016 and his Masters of Business Administration in 2018.





APIPA 2022 CONFERENCE

The OPA were among participants in the APIPA 33nd Annual Conference which took place from August 29 through September 2, 2022.

The one-week Zoom conference provided a wide range of courses with relevant topics on Audit and Finance aimed to strengthen and enhance valuable skills each professional needs in today's audit organization.

During the closing plenary session, the Audit team of Maria Thyrza Bagana, Thomas Battung and Kayleen Conception presented a summary of the Port Authority of Guam Back Wages Series Part II Audit (Report No. 21-09) during a panel presentation from all APIPA members. This presentation highlighted the accountability and auditing work performed by our office.



ACFE GLOBAL FRAUD CONFERENCE

Accountability Auditors Maria Thyrza Bagana and Thomas Eladio Battung attended the 33rd Annual ACFE Global Fraud Conference held in Nashville, Tennessee. They joined more than 5,000 anti-fraud professionals who attended the event both in-person and online. Titled "Beyond All Limits," the conference is the world's largest conference for fraud fighters.



ALGA 2022 ANNUAL CONFERENCE



Accountability Auditors Jerrick Hernandez and Johanna Pangelinan attended the 34th Annual ALGA Conference held in Dallas, Texas. The conference offered innovative sessions on key topics including education, fraud, and cybersecurity, along with new techniques and tools for effective audit reporting; diversity, equity, and inclusion; and retaining employees in a competitive economy.



FULL COMPLIANCE RATING FOR PEER REVIEW

Public Auditor Benjamin J.F. Cruz proudly announces that the OPA received a peer review rating of full compliance for its 2021 peer review, the highest level of compliance given to audit organizations. Cruz credits his hardworking and dedicated staff for the full compliance rating. This is Cruz's first peer review since his election as Public Auditor in 2018.

The APIPA peer review team was led by Palau Public Auditor Satrunino Tewid, with team members—Commonwealth of the Northern Mariana Islands (CNMI) Public Auditor Kina Peter and Audit Supervisor Joaquin Borja. Drummond Kahn, Graduate School, served as the technical advisor and CNMI Auditor Josh Diaz served as an observer to the process. The review took place on December 4th to 10th, 2021 at the Guam OPA office in Hagåtña.

You can view the peer review reports on the OPA website.





2022 UOG INTERNSHIP PROGRAM

OPA continued its partnership with the University of Guam Internship Program with the selection of Andrew Duenas and Zane Antonio in Fañomnåkan 2022, and Danielle Lee in Fanuchånan 2022.



2022 SUMMER YOUTH EMPLOYMENT PROGRAM

OPA participated in the 2022 Governor's Summer Youth Employment Program and welcomed four high school students to gain real-world entry level experience. OPA welcomed Arianna Agustin (12th grade -Notre Dame High School), Rejonacia Blas (11th grade – George Washington High School), Jordan Guzman (10th grade – Father Duenas Memorial School), and JoeyJames Techaira (10th grade – Southern High School) to participate in this year's program.

REPORT FRAUD, WASTE, AND ABUSE

47-AUDIT (472.8348)

OPA has a hotline via telephone and website where citizens can report government fraud, waste, and abuse.

Waste is the act of using or expending resources carelessly, extravagantly, or to no purpose. Importantly, waste can include activities that do not include abuse and does not necessarily involve a violation of law. Rather, waste relates primarily to mismanagement, inappropriate actions, and inadequate oversight.

Fraud involves obtaining something of value through willful misrepresentation.

Abuse is behavior that is deficient or improper when compared with behavior that a prudent person would consider reasonable and necessary business practice given the facts and circumstances, but excludes fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements. Abuse also includes misuse of authority or position for personal financial interests or those of an immediate or close family member or business associate.

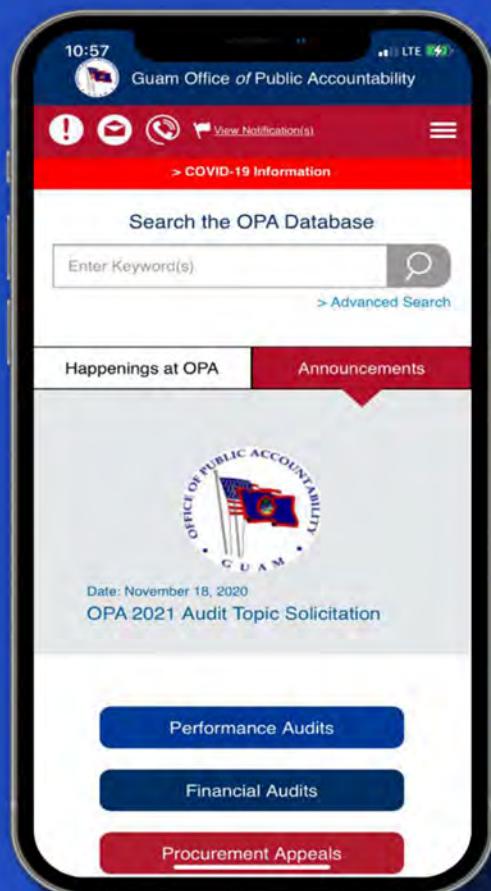
OPA'S MOBILE APP

Accountability at your fingertips...

OPA's app was designed to be synced up with its national award-winning website, www.opaguam.org, but still provide a user-friendly and professional experience.

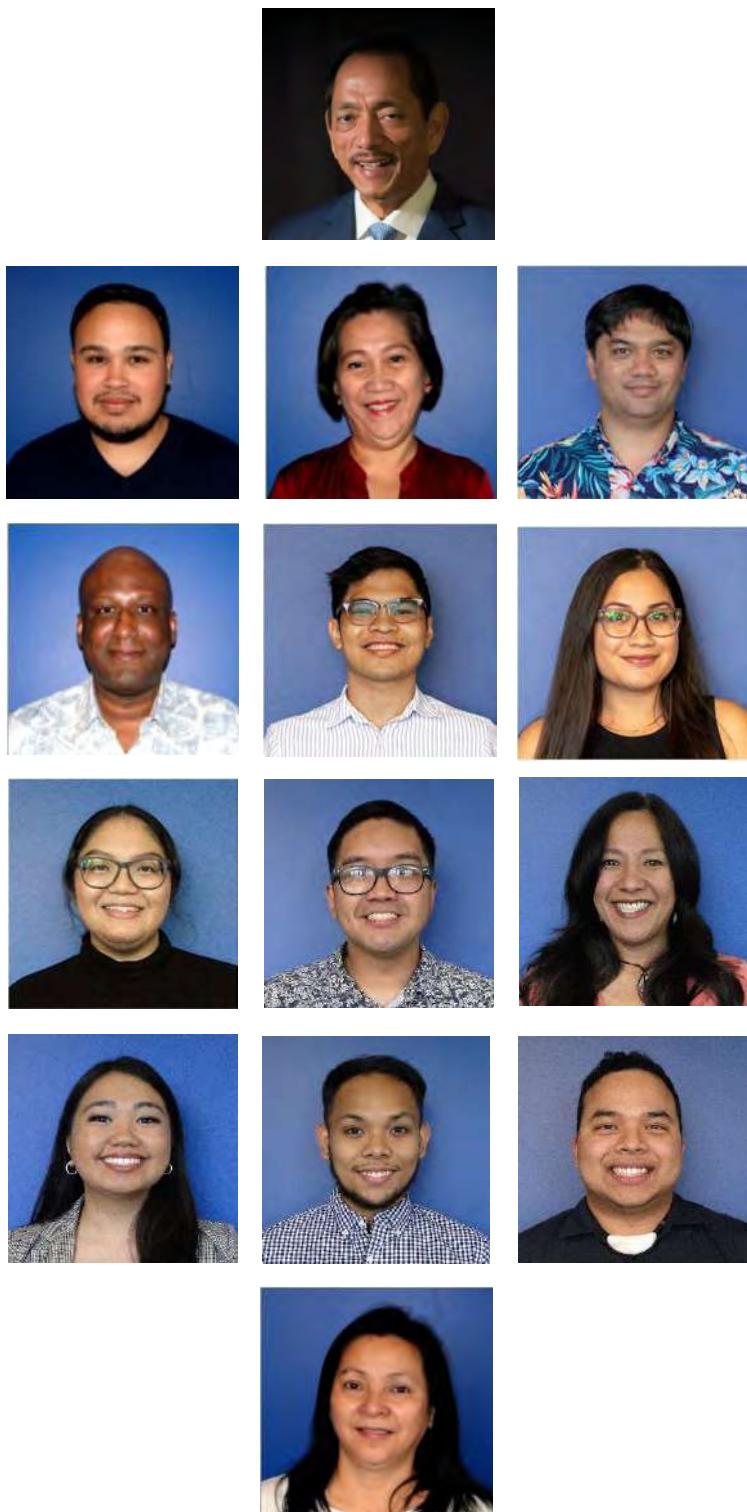
When OPA's website is updated, the app is automatically updated in real-time.

Visit our website to download the App or search Guam OPA in your app store.



OPA TEAM

AS OF DECEMBER 2022



Benjamin J.F. Cruz

Public Auditor

**Jerrick Hernandez,
MA, CGAP, CICA, CFE**
Accountability Auditor III

Vincent Duenas
Accountability Auditor III

**Maria Thyrza Bagana,
CGFM, CFE**
Accountability Auditor III

Frederick Jones, MBA
Accountability Auditor II

**Thomas Eladio Battung,
CFE**
Accountability Auditor I

Johanna Pangelinan
Accountability Auditor I

Mariella Cruz
Accountability Auditor I

Ren Erbil Jalandoni
Accountability Auditor I

Selina Onedera-Salas
Accountability Auditor I

Kayleen Concepcion
Accountability Auditor I

Kyle Bungubung
Accountability Auditor I

Thomas Quichocho
Accountability Auditor I

Marisol Andrade, CGFM
Administrative Services Officer

“Auditing for Good Governance”

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Key contributions to this report were made by:

Johanna Pangelinan
Audit Staff

Frederick Jones, MBA
Auditor-in-Charge

Vincent Duenas
Audit Supervisor

Benjamin J.F. Cruz
Public Auditor

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