



# ANNUAL REPORT 2024

OFFICE OF PUBLIC ACCOUNTABILITY

**DISTRIBUTION:**

Governor of Guam  
Lieutenant Governor of Guam  
Speaker, 38<sup>th</sup> Guam Legislature  
Senators, 38<sup>th</sup> Guam Legislature  
Guam Media



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# GLOSSARY OF GOVERNMENT ENTITY ACRONYMS

CLTC	Chamorro Land Trust Commission
DCA	Department of Chamorro Affairs
DOA	Department of Administration
GACS	Guahan Academy Charter School
GALC	Guam Ancestral Lands Commission
GCC	Guam Community College
GDOE	Guam Department of Education
GEDA	Guam Economic Development Authority
GGRF	Government of Guam Retirement Fund
GHC	Guam Housing Corporation
GHURA	Guam Housing and Urban Renewal Authority
GHS/OCD	Guam Homeland Security/Office of Civil Defense
GIAA	A.B. Won Pat International Airport Authority, Guam
GMHA	Guam Memorial Hospital Authority
GovGuam	Government of Guam
GPA	Guam Power Authority
GSWA	Guam Solid Waste Authority
GVB	Guam Visitors Bureau
GWA	Guam Waterworks Authority
iLACS	iLearn Academy Charter School
OPA	Office of Public Accountability
PAG	Port Authority of Guam
PBS Guam	Guam Educational Telecommunications Corporation
UOG	University of Guam



## **A MESSAGE**

### ***FROM THE PUBLIC AUDITOR***

In my seventh annual report as Guam’s elected Public Auditor and marking the final year of my second term, I am pleased to present the Office of Public Accountability’s (OPA) report on activities and accomplishments for Calendar Year (CY) 2024. CY 2024 saw an increase in the office’s productivity and marked the beginning of OPA’s taking the first steps in the implementation of its Strategic Plan that covers CY 2024 through 2028.

During 2024, we issued 12 performance audits, provided oversight over 20 financial audits, and administered five procurement appeals. These 12 performance audits represent the highest number of reports issued by our office in a calendar year since 2011, and identified \$41 million (M) in financial impact. Earlier this year, we released our 2025 Annual Audit Plan, which outlines the activities our office will engage in, particularly with identifying new performance audits. Our goal is to continue to improve the efficiency and effectiveness of our government, promote ethics, integrity, and transparency, and to assure our people that the government indeed works on their behalf and in their interest.

As the oversight over financial audits within the government of Guam, our office updated the audit contracts for six GovGuam agencies, with the inclusion of a specific provision to issue financial audits no later than February 28th, following the end of the fiscal year (FY). We have seen the tardiness of the Government-wide financial audit and have taken more aggressive, proactive steps to a timelier completion. These efforts include more frequent meetings, required progress updates, establishment of deadlines, and follow up on audit responses and resolutions. Additionally, we have updated the approval scheme for payments to external auditors that now require the Public Auditor’s approval.

At the end of 2023, our office issued our updated Strategic Plan for 2024-2028, which included some revisions to our overall mission. With 2024 being the first year to implement the strategies identified in the plan, we aimed for the following outcomes: public trust in our organization, audit recommendations implemented, effectiveness and efficiency in government processes and government programs, compliance with laws and regulations, and advocacy and engagement of stakeholders. We worked with members of the 37<sup>th</sup> Guam Legislature to address one of our goals of gaining budgetary/financial independence by codifying OPA's continuing annual budget of 0.25% of the Government of Guam's annual General Fund revenues. Unfortunately, the measure was vetoed and did not gain enough votes for an override. The OPA will work with the 38<sup>th</sup> Guam Legislature to reintroduce this legislation and others that are in line with our strategic priorities. Since taking the helm at the OPA, we have made it a point to be proactive and engage with our stakeholders on the work that we do. 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.

Our office has maintained its record of integrity and professionalism. The professionalism, dedication, and commitment of the OPA staff brought about the contents of this annual report. As of the writing of this report, our staff complement stands at 16, including the Public Auditor. In 2024, we saw the departure of one junior auditor to another government agency but gained another junior auditor. Moving forward in 2025, our office will continue to further strengthen our staffing with the recruitment of new auditors. These new recruits will help increase our productivity and issue more audits. I wish to acknowledge my staff as the driving force behind all that we have accomplished. I continue to appreciate their continued dedication and loyalty to the people of Guam.

In closing, 2025 marks the beginning of a new four-year term that the people of Guam have afforded me the opportunity to serve. I continue to find the work we do significant and impactful to ensure there is transparency and accountability in the Government of Guam. It is truly an honor to serve the people of Guam as your Public Auditor, and I look forward to working to address the various challenges our island faces and to offering fair and impartial reviews of our government programs. As we close out 2024 and look forward to 2025, we continue the work of ensuring transparency and accountability that will lead to our vision that the Government of Guam is the standard of public trust and good governance. Un dangkolo na si Yu'os ma'åse'!

Senseramente,



Benjamin J.F. Cruz  
Public Auditor



## WHO WE ARE

**Public Law 21-122** established the OPA in July 1992 as an instrumentality of 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 GovGuam.

**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

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

### VISION

GovGuam is the standard of public trust and good governance.

### CORE VALUES

- Objective
- Professional
- Accountable



A blue-tinted photograph of an outdoor walkway. On the right, a large display of colorful lockets (purple, pink, blue, yellow) is mounted on a wall. The walkway has a metal railing and a paved surface. The background shows a building and some foliage.

# 2024 SUMMARY ■

# FOR OUR STAKEHOLDERS

Where we spent your tax dollars.

	FY 2024	FY 2023	
Appropriations (in millions)	\$ 2.03M	\$ 2.02M	↑
Expenditures (in thousands)			
Personnel	1,692	1,314	↑
Rent	128	128	-
Contractual Services	162	86	↑
Supplies	3	5	↓
Utilities	3	3	-
Equipment	8	5	↑
Training	18	10	↑
Other	6	7	↓
<b>Change in Net Position<sup>1</sup></b>	<b>\$27K</b>	<b>\$476K</b>	↓

<sup>1</sup>Change in Net Position includes Transfers In from the Department of Administration for OPA's appropriations, and federal grant expenses of \$28K in FY 2023.

We received an increase in GovGuam appropriations with \$2.03M compared to the FY 2023 appropriation of \$2.02M. GovGuam appropriations are the OPA's primary source of revenue to fund operations.

FY 2024 expenditures increased by \$463K from \$1.56M in FY 2023 to \$2.02M. We earned interest income of \$14K.

12

PERFORMANCE AUDITS

9

INDEPENDENT AUDITING SERVICES  
REQUEST FOR PROPOSAL

20

FINANCIAL AUDITS OVERSIGHT

5

PROCUREMENT APPEALS ADMINISTERED

# PERFORMANCE AUDITS

*We issued 12 performance audits in calendar year (CY) 2024.*

# \$41M

TOTAL FINANCIAL  
IMPACT

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 GovGuam.

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.

## 3) REPORTING

We provide draft and final reports on findings and recommendations. An exit meeting is held to discuss the audit report and the 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-ups with agency officials for the status of the implementation of recommendations.

## Peer Review 2023

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

In 2023, the OPA underwent a Peer Review and received a rating of "Pass", resulting in an 8<sup>th</sup> Full Compliance rating. This Peer Review covered projects issued from calendar years 2020 to 2022, and was independently done by a team selected by the Association of Pacific Islands Public Auditors (APIPA). The OPA's next peer review is tentatively scheduled for 2026.



**OPA received a rating of "Pass" in 2023, resulting in an 8<sup>th</sup> Full Compliance rating.**

# PERFORMANCE AUDIT SUMMARY

*Arranged by OPA Report Number.*



## **GUAM MEMORIAL HOSPITAL AUTHORITY REVENUE CYCLE MANAGEMENT Report No. 24-01, January 2024**

- Our review of the procurement, agreement, billings, and payments relative to the performance of revenue cycle management (RCM) services for GMHA found:
  - (1) Deficiencies in GMHA's procurement process in complying with Guam procurement law and/or its procurement regulations;
  - (2) Factors indicative of preferential treatment towards hiring the Contractor for RCM services;
  - (3) Unreasonable bases included in the Contractor's 12% compensation, resulting in questioned costs of \$4.9M; and
  - (4) Ineffectiveness of the RCM consultancy due to continuing cash flow and patient receivable issues.
- As the result of Request for Proposal No. 003-2020, an Agreement for RCM Services was signed and approved "as to legality and form" by the Office of the Attorney General and the Governor in May 2021. The Contractor was to be compensated 12% of accounts receivable (A/R) collections above \$7.2M for performance of RCM services for GMHA. We questioned \$4.9M paid and/or recognized as payable by GMHA for the Contractor's invoices issued for July 2021 to October 2022 due to the Contractor's non-performance of collection functions for self-pay patients and third-party insurers; non-involvement in the Medicare Cost Reporting; and the apparent lack of effort in collecting from regulated payors included in the billable A/R mix.



## **GOVERNMENT-WIDE CREDIT/DEBIT CARD USE SERIES, PART III GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

### **Report No. 24-02, February 2024**

- Our audit of GHURA's credit card program questioned \$34 K in charges that were not in compliance with GHURA's Credit Card Policy, Guam and Federal Procurement Laws and Regulations, and GHURA's Procurement Policy. The \$34K accounted for 29% of the \$117K total credit card expenditures made from October 2019 to September 2022. Our audit did not identify any indications of fraud, however, there were 11 audit findings, most of which were repeat findings from our first audit on GHURA's credit card program issued in October 2006. Specifically, we found that GHURA made:
  - \$4K in unauthorized and prohibited charges on a 25% deposit for GHURA's 60th Anniversary Brunch venue and meals;
  - \$5K in charges for contract services explicitly prohibited by its credit card policy;
  - Untimely approval of purchase orders one to 512 days after the credit card was charged totaling \$24K;
  - Lack of monitoring and oversight over credit card charges, causing unnecessary finance and interest charges incurred and paid totaling \$1K; and
  - Incomplete and missing supporting documentation for charges totaling \$27K.
- Purchases contrary to Guam and Federal Procurement Laws and Regulations and GHURA's procurement policy resulting in:
  - Small purchase requirements being incomplete or not met for charges totaling \$26K;
  - No evidence that all competitive sources were given equal opportunity for charges under blanket purchase agreements totaling \$16K;
  - Lack of written justification to support sole source procurement totaling \$2K;
  - Purchases made before certifying officer's approval of funding availability for charges totaling \$22K;
  - Purchase orders not containing the mandatory contract clauses for all 26 samples tested; and
  - Credit card policy's exception to use of purchase order in emergencies being contrary to Guam Procurement Law and Regulations for charges totaling \$4K.



## **GOVERNMENT OF GUAM SUBMISSION OF PROCUREMENT TRAINING COMPLIANCE REPORTS**

### **Report No. 24-03, February 2024**

- As of December 31, 2023, our review determined the following, pursuant to the requirements of 5GCA § 5141(n):
  - 27 of 77 entities (or 35%) submitted their FY 2023 procurement training compliance reports (PTCR). All 27 of the submitting entities submitted their FY 2023 PTCRs to the OPA before the statutory deadline.
  - 26 of 77 entities (or 34%) submitted their FY 2022 PTCRs. Of the 26, 21 entities submitted their PTCRs to the OPA prior to the mandated deadline, while the submissions of the remaining five (5) entities were untimely.
  - 55 of 77 entities (or 71%) submitted their FY 2021 PTCRs. Of the 55, 45 entities submitted their PTCRs to the OPA prior to the mandated deadline, while the submissions of the remaining ten (10) entities were untimely.
- However, 50 of 77 (or 65%) were non-compliant for FY 2023, because they did not submit their PTCRs to the OPA nor did they have a late submission. Additionally, 51 of 77 (or 66%) for FY 2022, and 22 of 77 (or 29%) for FY 2021 were non-compliant during the scope period. Of these non-compliant entities, a total of eighteen (18) GovGuam entities failed to submit a PTCR to the Public Auditor since the enactment of P.L. 36-11, covering our scope period from FY 2021 to FY 2023.
- In OPA Report No. 20-09, we found that no entity was established or designated to monitor agency compliance with procurement training and recommended for the PTCR to be mandated as a form of monitoring agency compliance with the procurement training. Although the OPA sends out reminder memoranda, agencies' compliance with the PTCR has decreased from FY 2021 to FY 2023. We hope this PTCR compliance report increases awareness for agencies to comply with the PTCR mandate, and ultimately complying with the procurement training mandate.



## **GUAM VISITORS BUREAU TOURISM ASSISTANCE PROGRAM**

### **Report No. 24-04, February 2024**

- GVB initiated the Tourism Assistance Program (TAP) in June 2023, which is an unprecedented program, to immediately aid small tourism-related businesses recover from the aftermath of Super Typhoon Mawar and the COVID- 19 pandemic. GVB budgeted \$2M for the TAP from the Tourist Attraction Fund, which aimed at providing up to \$25K in financial assistance to qualified companies, with the aim or these businesses to re-open their doors for a Summer Campaign.
- TAP grants were distributed on a first-come, first-served basis, where GVB mainly utilized a tiered system based on annual revenue, with consideration for damages and the loss of revenue from the typhoon. Grants ranged from \$1K to \$25K per recipient dependent on tier determination, subject to the availability of funds. According to GVB, 537 businesses applied for the TAP and GVB distributed a total of \$1.96M among the 261 applicants.
- We reviewed 75 grantees (or 29%) out of 261 total grantees. Following our audit testing, exit conference, and the subsequent submission of their management response, GVB provided the OPA an additional list of 31 applicants processed and awarded, between June and November 2023, bringing the total number of grantees to 292. These applicants were no longer subjected to the audit process. Our audit revealed several findings related to the execution of the program, specifically those findings were:
  - (1) Inconsistency in Evaluating Award Tiers and Grant Amounts for Applicants;
    - Proof of Damages & Loss of Revenue Not Consistently Considered
    - Tax Filing Variation and Priority of Damages Prevent Recipients from Higher Award
    - Awards for Media Companies Not Aligned to TAP Evaluation Criteria
  - (2) Program Eligibility Requires More Stringent Criteria
    - Businesses Can Self-Certify Eligibility for Program Requirements
    - Intent of One Corporation Requirement Misaligned with Program's Execution
    - Extended Operation Requirement Needed to Achieve Program's Intention
    - Deficiencies in the TAP Criteria Review Process



## **GUAM DEPARTMENT OF EDUCATION LAPTOP INVENTORY**

### **Report No. 24-05, March 2024**

- The GDOE purchased 34,503 laptops valued at \$24.6M in FY 2021 through FY 2022. Our review of documents relative to procurement processes, purchases and distributions, grant budget, and applicable internal controls found some apparent indications of improper purchases generally arising from the following:
  - a) Noncompliance with procurement laws, regulations, and GDOE internal policies and standard operating procedures (SOP);
  - b) Questionable excessive laptop purchases and distributions; and
  - c) Significant weaknesses in internal controls.
- We questioned the cost of 32,799 laptops with an aggregate value of \$23.1M purchased under Invitation for Bid (IFB) Indefinite Quantity Bid (IQB) No. 019-2020, which were not covered by an agreement/contract with its sole vendor, Vendor A. IFB-IQB No. 019-2020 under 3.2.6-Contract Type specifically states that “A Firm Fixed Price agreement will be consummated between the most responsible bidder and GDOE.” We also questioned the cost of 1,693 laptops totaling \$1.5M procured through small purchases covered by 45 purchase orders, which appeared to be artificially divided.
- The apparent indications of improper purchases arising from questionable excessive purchases are evidenced by deficiencies such as failure to implement the required procurement processes, failure to execute the required documentation and approvals, lack of reasonable and realistic determination of need, distributions not based on ultimate end-user needs outlined in the distribution plan, and others. Additionally, weak internal control over the review and approval processes, discrepancies between MUNIS records and physical counts, and inadequate physical control are some significant factors indicative of weaknesses in internal controls over the purchasing, distribution, and management of the laptops. Although the purchases were federally funded by United States Department of Education grants, the non-adherence to the required procurement processes and internal control deficiencies could have potentially resulted in waste and abuse of funds.



## **GOVERNMENT-WIDE CREDIT/DEBIT CARD USE SERIES, PART 4**

### **PORT AUTHORITY OF GUAM**

#### **Report No. 24-06, March 2024**

- From FY 2020 to FY 2022, the PAG officials used their corporate credit cards contrary to or not in compliance with certain provisions of its own credit card policy and procedures, the Guam Procurement Law and Regulations, and the Government Travel Law. Specifically:
  - Process contrary to the entity's policy relative to purchases, approval, and accounting.
  - Purchases contrary to the Guam Procurement Law and Regulations with small purchase requirements not met.
  - Clearances contrary to the Government Travel Law with untimely and inaccurate expense reports.
- Questioned costs totaled \$10K, which comprised of 26% of the \$38K total samples tested and 6% of the \$171K total credit card expenditures. Based on our review, we did not identify any instances of fraud or abuse for the transactions tested.



## **GUAM HOMELAND SECURITY/OFFICE OF CIVIL DEFENSE**

### **OPERATING COSTS SERIES, PART I**

#### **Report No. 24-07, June 2024**

- The OPA's investigative audit on GHS/OCD's operating costs revealed that \$8.4M in federal reimbursements have not been received by the General Fund, because the Federal Emergency Management Agency (FEMA) placed grant restrictions due to GHS/OCD's repeated noncompliance with federal guidelines and regulations. Despite claiming 100% federal funding for its operations, GHS/OCD management and their certifying officers were aware of these FEMA-placed restrictions. Operating costs included expenditures of GovGuam funds that were not appropriated to GHS/OCD or otherwise authorized by the Guam Legislature.
- We identified several documents, including gubernatorial administration transition reports, FEMA monitoring reports, internal audits, and federal audits notifying current and past management and administrations of GHS/OCD grants administration issues since 2011. These documents have repeatedly warned that if corrective action is not taken, then there is a potential danger of GHS/OCD losing its federal funding. These noncompliance issues were caused by the lack of consistent GHS/OCD leadership and a qualified fiscal and grants management team. GHS/OCD's mission is crucial as they respond to all types of emergencies in order to protect lives, environment, and property of the island of Guam; however, its current environment is at high risk for mismanagement.



## **GUAM DEPARTMENT OF EDUCATION EDUCATION STABILIZATION FUND EXPENDITURES FLASH REPORT B**

**Report No. 24-08, July 2024**

- From 2020 to 2023, GDOE was granted a total of \$152,085,284 through two rounds of Education Stabilization Fund (ESF) funding. The initial round of ESF funding (ESF I) amounted to \$41,521,997, and was allocated for use from May 28, 2020 to September 30, 2021. All funds allocated for ESF I have been expended as of June 30, 2023. The second round of funding (ESF II) totaled \$110,563,287, with an award period spanning from January 13, 2021 to September 30, 2022.
- Under the Tydings Amendment, GDOE had an additional 12 months to access federal funds. Subsequently, the auto-liquidation period was in effect from October 2023 to January 2024, during which GDOE requested a liquidation extension. In March 2024, GDOE's request for a late liquidation extension of ESF II funds was approved by the U.S. Department of Education to last until September 30, 2024. As of April 2024, GDOE has utilized most of its \$110.6M allocation, leaving a remaining balance of \$3.2M.
- According to the ESF Grant Project Narrative, GDOE outlined three component areas in order to address the learning gap caused by the closure of private-non-public (PNP) schools due to the pandemic:
  - Component 1: Distance and Modified Learning Platforms Expansion
  - Component 2: Student and Employee Health and Safety
  - Component 3: Mental, Social, and Behavioral Health and Wellness Support
- Of the top ten highest-paid vendors covered by ESF I grant funds, the top three vendors are Pacific Data Systems (\$12.9M), Gateway Education Holdings (\$5.0M), and the Houghton-Mifflin-Harcourt (\$3.3M). All vendor expenses fell under the Supplies & Equipment category, meeting Components 1 and 2. Collectively, the top ten vendors spent \$37.6M in total, leaving the remaining 58 vendors with a combined \$9.2M.

## **GUAM DEPARTMENT OF EDUCATION AMERICAN RESCUE PLAN UPDATE**

**Report No. 24-09, September 2024**

- GDOE received \$287M in ARP funds, with an award period spanning from April 8, 2021, to September 30, 2023. As the primary recipient, GDOE maintains control of the funds and ensures equitable services are provided to charter and PNP schools. The GDOE Public District and the State Administration received the largest share at \$271M, followed by PNP schools with \$12M, and charter schools with \$4M.
- As of August 2024, 15% (\$44M) remains unspent. Although the award period ended in September 2023, the Tydings Amendment allowed GDOE to obligate funds for twelve additional months. GDOE has confirmed plans to submit a late liquidation request to continue providing goods and services that were obligated on or by September 30, 2024, until March 31, 2026.



## **GOVERNMENT OF GUAM ISSUANCE OF CITIZEN-CENTRIC REPORTS FOR FY 2021 AND FY 2022**

### **Report No. 24-10, October 2024**

- As of October 16, 2024, our audit determined the following:
  - 61 of 67 entities (or 91%) issued their FY 2021 Citizen-Centric Reports (CCR). Of the 60, 42 entities fully complied by timely submitting their CCRs to both the OPA and Speaker. Also, posting the CCR on their websites. The remaining 19 entities were partially compliant for issuing their CCR but only met some requirements.
  - 59 of 67 entities (or 88%) issued their FY 2022 CCRs. Of the 59, 35 entities fully complied and 24 entities partially complied.
- Six of 67 entities (or 9%) were non-compliant for FY 2021 because they did not submit their CCR to the OPA and the Speaker, nor did they post it on their website. Additionally, 8 of 67 entities (or 12 %) for FY 2022 did not submit their CCR to the OPA and the Speaker, nor did they post it on their website. As such, these noncompliant entities neglected their responsibility to:
  - Provide information regarding government operations and how taxpayer dollars are spent; and
  - Communicate and make government financial information available in a simple and understandable format accessible to citizens.
- Of these non-compliant entities, the DCA, Guam Environmental Protection Agency, Guam Police Department, Guam Veterans Affairs Office, and Office of the Chief Medical Examiner were non-compliant for FY 2021 and FY 2022.
- The CCR mandate was introduced as a way to improve GovGuam entities' accountability and transparency by simplifying government financial information to help Guam's citizens better understand the services provided by the entities and at what cost. Eleven of the 61 CCRs issued for FY 2021 and nine of the 59 CCRs issued for FY 2022 exceeded the four-page format as noted in 1 GCA §1922(b). Although entities' compliance with §1922(b) was not a factor in our determination of overall compliance with the CCR mandate, we suggest the application of the AGA's suggested content guidelines when developing a CCR – namely the four-page format. Furthermore, GovGuam entities may consider submitting their four-page CCRs for consideration in AGA National's Certificate of Excellence in CCR and AGA Guam Chapter's Best CCR Contest.



## **ClimateScanner© GLOBAL ASSESSMENT OF THE GOVERNMENT OF GUAM'S ACTIONS RELATED TO CLIMATE CHANGE**

Report No. 24-11, October 2024

- The ClimateScanner© Global Assessment is a priority project of the International Organization of Supreme Audit Institutions (INTOSAI), currently chaired by the Supreme Audit Institution (SAI) Brazil, the Federal Court of Accounts. ClimateScanner© is an initiative in which member SAIs participate in an assessment of their respective governments' actions related to climate change. As the SAI for Guam, the OPA was invited to participate in this initiative to assess GovGuam's actions towards climate change.
- This is the first-ever assessment of GovGuam's action for climate change. These results will be consolidated with results from other participating member SAIs and presented to the Conference of Parties 29 at the United Nation Framework Convention on Climate Change to be held in November 2024.
- There were 66 items for assessment. Results show that of the 66 items, GovGuam was rated at Advanced Implementation for 49 items, Intermediate Implementation for six items, and Early Implementation for five items. Six items were not applicable to GovGuam.

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

Report No. 24-12, December 2024

- The OPA's investigative audit of GHS/OCD's operating costs found that GHS/OCD's overtime costs from FY 2018 to FY 2023 were non-compliant with Federal and local laws, the Department of Administration Personnel Rules and Regulations, and the Bureau of Budget Management and Research SOPs. Specifically:
  - Overtime was unauthorized:
    - Overtime work was not properly authorized by GHS/OCD officials;
    - Overtime plans were missing and untimely approved;
  - Overtime work resulted in grant over-expenditures and audit deficiencies; and
  - Overtime documentation was requested but not provided by GHS/OCD.
- As a result, we questioned \$2.8M of overtime costs charged to GHS/OCD accounts. We also found that GHS/OCD did not have SOPs and allowed one employee to have authority, custody, and accounting of Federal grant expenditures. Fraud risk is heightened in GHS/OCD.

# FINANCIAL AUDITS

*We provided oversight on 20 financial audits in CY 2024.*



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 auditees.

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 GACS and iLACS for issuing their FY 2023 financial audit before March 31, 2024.



**Twenty GovGuam entities/funds received unmodified (or "clean") opinions on internal control over financial reporting.**

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

In CY 2024, eighteen (18) GovGuam entities/funds received unmodified opinions on their FY 2023 financial statements, while two (2) GovGuam entities received unmodified opinions on their FY 2022 financial statements.



### **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, and other matters.

For FY 2023 financial audits, 14 GovGuam entities collectively received management letter comments.

### **PROCUREMENT OF FINANCIAL AUDIT SERVICES**

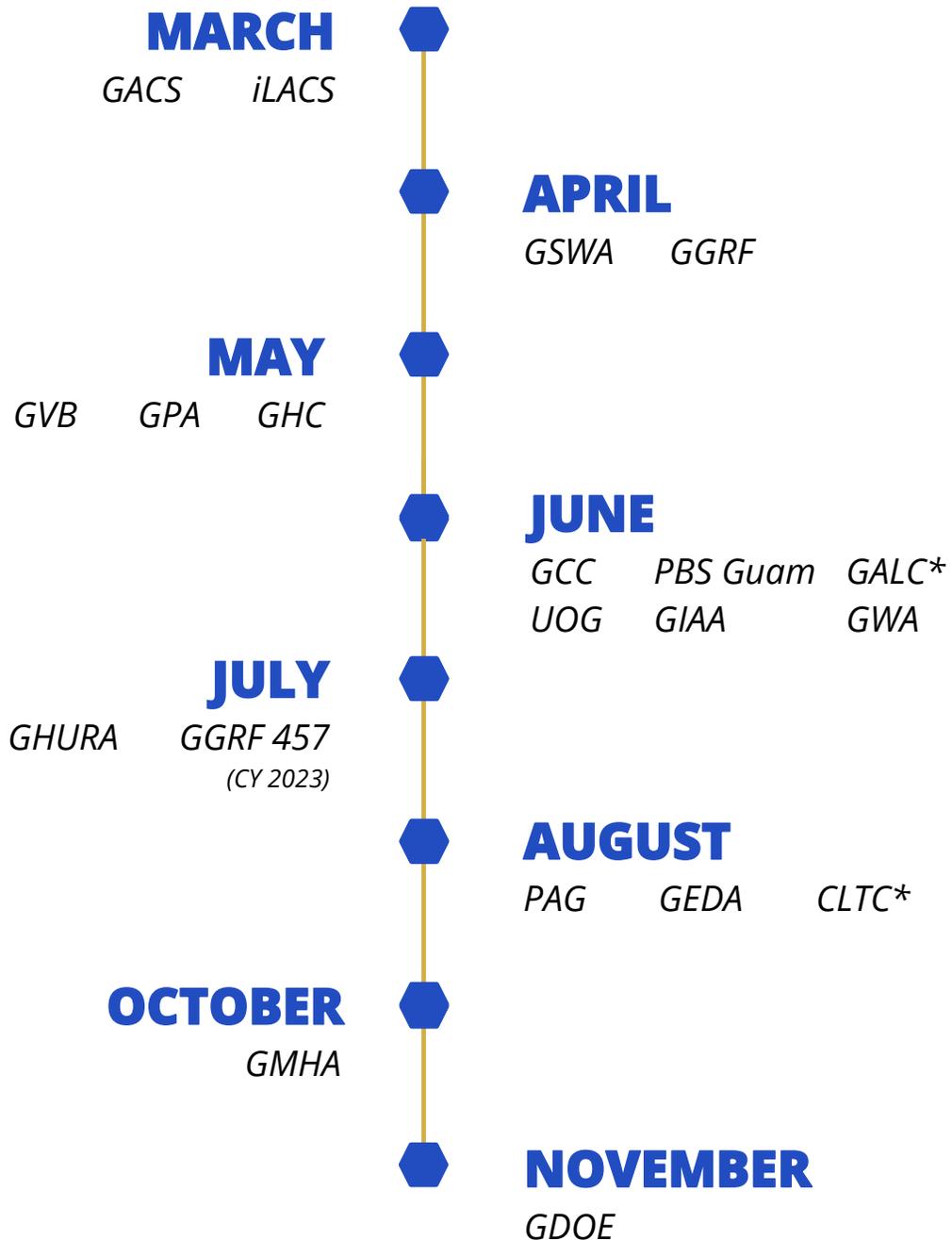
Title 1 GCA §1908 authorizes the Public Auditor to acquire independent financial audit services from firms or organizations. GovGuam entities work with our office to issue RFPs to procure financial audit services.

We issued nine RFPs for seven GovGuam agencies for audit contracts covering FY 2021 through FY 2026.

# GOVGUAM ENTITIES FINANCIAL AUDITS ISSUANCE

*Arranged by date issued.*

\*FY 2022 audit





## 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 10 GovGuam entities were subjected to Single Audits for FY 2023:

- GPA
- GWA\*
- GCC
- UOG
- GIAA\*
- PAG\*
- GHURA
- GMHA
- GDOE
- GEDA\*

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



**The following GovGuam entities had findings in their FY 2023 Single Audit:**

- GPA received an unmodified opinion on its internal control over financial reporting, and a qualified opinion on compliance for major federal programs. The independent auditors identified one material weakness relative to compliance for major federal programs.
- GCC received unmodified opinions on its internal control over financial reporting and compliance over major federal programs; however, the independent auditors identified two significant deficiencies relative to compliance for major federal programs.
- UOG received unmodified opinions on its internal control over financial reporting and compliance over major federal programs; however, the independent auditors identified two significant deficiencies relative to compliance for major federal programs.
- GHURA received an unmodified opinion on its internal control over financial reporting, and a qualified opinion on all other major federal programs. The independent auditors identified four material weaknesses relative to compliance for major federal programs.
- GMHA received an unmodified opinion on its internal control over financial reporting, qualified opinions on compliance for one major federal program, and an unmodified opinion on all other major federal programs. The independent auditors identified one material weakness and one significant deficiency relative to compliance for major federal programs.
- GDOE received an unmodified opinion on its internal control over financial reporting, qualified opinions on compliance for two major federal programs, and an unmodified opinion on all other major federal programs. The independent auditors identified six material weaknesses and seven significant deficiencies relative to compliance for major federal programs.

# 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 each of the preceding two audit periods:

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

All ten GovGuam agencies that were subject to a Single Audit for FY 2023 did not qualify as low-risk auditees:

- GPA
- GWA
- GCC
- UOG
- GIAA
- PAG
- GHURA
- GMHA
- GDOE
- GEDA

# PROCUREMENT APPEALS

*We oversaw five procurement appeals in CY 2024.*

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 2024. As of December 2024, two appeals were dismissed and three appeals are ongoing.

The agencies involved in the five appeals filed were GSWA, PAG (2), DOA, and GIAA.

**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.



**Our office received five procurement appeals in CY 2024.**

## 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 Public Law (P.L.) 32-131 (codified in the Guam Procurement Law). All GovGuam procurement personnel must take these training courses.

# FILED PROCUREMENT APPEALS & CASES

In CY 2024, OPA received five procurement appeals that were addressed as follows:

- Dismissed two appeals.

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

180' Telescopic Boom Lift	\$517,205
Desktop Computer Systems with Accessories	\$50,500

- Three appeals are ongoing.

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

Compact Wheel Loader with Attachments	\$227,261
FY 2025 Health Insurance Program*	\$-
Terminal Building Roof Replacement and Renewable Energy System – Phase I	\$20,068,296

\*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, P.C., 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 2024, legal costs for procurement appeals and other legal services amounted to \$27.1K, which is \$4.1K less than the previous year of \$31.2K.

A blue-tinted photograph of a modern building with large windows and a central entrance. The words "GUAM COMMISSION" are visible on the building's facade. The image is overlaid with a semi-transparent blue rectangle.

# LEGISLATIVE MANDATES

Besides performance audit activities and financial audit oversights, we also perform legislative mandates that have expanded our duties and responsibilities. The OPA has 60 open mandates as of December 31, 2024.

- 23 required various GovGuam agencies to submit reports and other information to the OPA;
- 24 required the OPA to conduct audits;
- 10 required the OPA to provide oversight, approval, or conduct a specific activity; and
- 3 required the OPA to submit various reports to the Guam Legislature, Office of the Attorney General of Guam, etc.

As of 2024, P.L. 37-88 revitalized the Guam Procurement Advisory Council with the task to modernize procurement in order to promote public confidence and achieve best value in service to our community. The Public Auditor, or his designee, is mandated to be a member of the Council. The OPA, and other executive branch agencies, may provide, loan or transfer resources to the Council to support its operations.

Lastly, P.L. 37-125 requires for the OPA to receive notifications regarding any appointments or detail to the positions of Acting Director or Acting Deputy Director.

## **LEGISLATIVE MANDATES REPORTING**

In order to increase internal and external stakeholders' awareness of the OPA's mandates and roles – an objective of Strategic Priority 4 as outlined in the OPA's Strategic Plan for 2024-2028 – a report of the OPA's mandates database will be updated and posted on the OPA's website on a biennial basis. The OPA previously reported on the status on all of its legislative mandates in December 2022 as part of OPA Report No. 22-07, OPA's Status of Legislative Mandates, which covered the period from October 2016 to September 2022. A review of the OPA's Status of Legislative Mandates from October 2022 to September 2024 is currently ongoing.



# **OTHER ANNOUNCEMENTS**



## NEW STAFF

In CY 2024, the OPA added one new Accountability Auditor I, Leonanie Leon Guerrero, to the team.



**Leonanie Leon Guerrero**  
*Accountability Auditor I*

Leonanie graduated from UOG in December 2023 with a Bachelor of Science in Public Administration.



# 15 YEARS OF DEDICATED SERVICE

Accountability Auditor Jerrick Hernandez was recognized in April 2024 for 15 years of outstanding and dedicated service to the OPA. He is the third OPA staff to reach this milestone.

Jerrick began his audit career with the OPA in 2009 as an Audit Intern, and worked his way up to his current position as an Accountability Auditor III. Jerrick holds a Bachelors of Business Administration in Accounting degree from UOG and a Master of Arts in Organizational Leadership degree from Gonzaga University. He received the Certified Government Auditing Professional designation in February 2013, the Certified Internal Control Auditor designation in January 2017, the Certified Fraud Examiner designation in September 2022, and the Certified Government Financial Manager designation in August 2023.

# **MONEY LAUNDERING ASSET RECOVERY SECTION FINANCIAL INVESTIGATIONS SEMINAR**

*January 16-18, 2024  
Tumon, Guam*



The Money Laundering Asset Recovery Section Financial Investigations Seminar, which took place from January 16 to 18, 2024, is traditionally held in South Carolina. This initiative by MLARS to conduct the training in Guam is the first of its kind in at least two decades. The training welcomed prosecutors, federal and local agents/investigators, and staff involved in financial investigations from across the U.S. and Pacific. Among the participants were Accountability Auditors Jerrick Hernandez, Maria Thyrza Bagana, Frederick Jones, Thomas Eladio Battung, and Ren Erbil Jalandoni, who are all Certified Fraud Examiners at the OPA. The three-day seminar featured instructional sessions delivered by some of the foremost experts in the field. Participants engaged in a hands-on financial investigation, navigating through a detailed, video-based case study from inception to resolution.



## **THE ART AND SCIENCE OF DESIGNING AND EXECUTING HIGH IMPACT EQUITY- FOCUSED PERFORMANCE AUDITS**

*February 28–March 1, 2024  
Hagåtña, Guam*

In an effort to increase the OPA's impact and proficiency with equity performance auditing, from February 28 to March 1, 2024, the OPA hosted a 3-day interactive course delving into both the theory and practice of executing performance audits with equity scopes and objectives. The course provided examples of equity-themed performance audits. Kip Memmott, Audits Director for the Oregon's Secretary of State, administered the course. Funding for the course was provided with support from the United States Department of the Interior, Office of Insular Affairs.

# REPUBLIC OF PALAU OPA PEER REVIEW

March 4-8, 2024  
Koror, Palau



The OPA, the Commonwealth of the Northern Mariana Islands Office of the Public Auditor, and the Pohnpei State Office of the Public Auditor conducted a peer review of the Republic of Palau Office of the Public Auditor (OPAROP) for OPAROP performance audits issued from October 1, 2020 to September 30, 2023. OPA Supervising Accountability Auditor Vincent Duenas served as the team leader of the peer review team, while Thomas Eladio Battung and Selina Onedera-Salas served as observers to be trained on the peer review process.



## PASAI PACIFIC PERFORMANCE AUDIT TRAINING WORKSHOP

April 29-May 3, 2024  
Nadi, Fiji

Accountability Auditors Frederick Jones and Ren Jalandoni completed the Pacific Performance Audit Training Workshop in Nadi, Fiji from April 29 to May 3, 2024. This PASAI initiative focused on the involvement of multiple SAIs efforts to work together on a single audit with guidance from international experts. The performance audit workshop covered the foundations of high-quality performance audits, which are meant to hold government agencies accountable for their service delivery and help agencies to achieve better results and outcomes. The training included techniques and good practice for planning, doing and reporting on performance audits, and participants spent time selecting and developing potential topics for a PASAI-sponsored cooperative performance audit.

# PASAI CLIMATESCANNER INITIATIVE TRAINING WORKSHOP

*June 24-28, 2024  
Nadi, Fiji*



Accountability Auditors Jerrick Hernandez and Selina Onedera-Salas completed the ClimateScanner Initiative training workshop in Nadi, Fiji, from June 24-28, 2024. The ClimateScanner Initiative is an innovative project focused on evaluating governments' efforts in addressing climate change through the use of a web-based assessment tool. Completion of this project aims to conduct assessments at the national level, consolidate data at the global level, and communicate relevant information to interested actors. They joined 32 individuals from other participating members of PASAI and the Caribbean Organisation of Supreme Audit Institutions.

*Guam's ClimateScanner Assessment results were published in October 2024 as OPA Report No. 24-11.*



## RMI OAG PEER REVIEW

*July 1-5, 2024*

*Republic of the Marshall Islands*

The OPA and the Yap State Office of the Public Auditor conducted a peer review of the Republic of the Marshall Islands Office of the Auditor-General (RMI OAG) for RMI OAG performance and financial audits issued from January 1, 2020 to December 31, 2023. OPA Supervising Accountability Auditor Vincent Duenas served as the team leader of the peer review team, while Jerrick Hernandez and Maryann Manglona served as observers to be trained on the peer review process.

# **APIPA 2024 CONFERENCE**

*August 26-30, 2024  
Koror, Palau*



Public Auditor Benjamin J.F. Cruz, Supervising Accountability Auditor Vincent Duenas, and Accountability Auditors Mariella Cruz and Thomas Quichocho attended the 35<sup>th</sup> APIPA Conference held in Koror, Palau, from August 26-30, 2024. The one-week conference provided a wide range of courses with relevant topics on audit, finance, accounting, grants management, and fraud investigation; and aimed to strengthen and enhance valuable skills each professional needs in today's organization.



# **PASAI HR CHAMPIONS PROGRAM**

*November 18-22, 2024  
Auckland, New Zealand*

Accountability Auditor Jerrick Hernandez attended Module 6 of the PASAI Human Resources (HR) Champions Program held in Auckland, New Zealand, from November 8-22, 2024. The HR Champions Program was launched by PASAI to support SAIs to strengthen its HR processes, which is in line with one of PASAI's strategic priorities to enhance SAI capacity and capability by supporting SAIs to improve their approaches to managing human resources and related matters.

As a result of the program, the OPA was able to issue its first-ever HR Strategy, which was published in June 2024.



## UOG INTERNSHIP PROGRAM

*Fañomnåkan 2024*

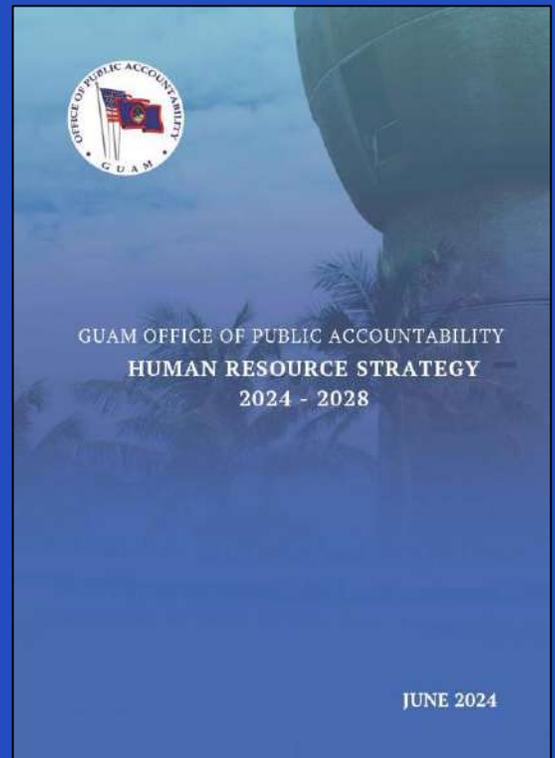
The OPA continued its partnership with UOG for the Accounting Internship course with the selection of Abigail Naputi during the Fañomnåkan (Spring) 2024 semester.

## OPA HUMAN RESOURCES STRATEGY FOR 2024-2028

The OPA completed its first ever HR Strategy: “Enhancing employee recruitment, performance management, and the training and development process to be more competency-based.”

The International Organization of Supreme Audit Institutions (INTOSAI) Lima declaration (ISSAI 1) recognizes that an effective Supreme Audit Institution (SAI) is dependent on its capacity to recruit, retain, and effectively deploy highly skilled staff. The very nature of a SAI’s core activities makes human resources capabilities crucial to achieve high level performance.

This HR Strategy is in line with OPA’s overall Strategic Plan for the next five years (2024 – 2028), specifically, Strategic Priority 5: Recruit and Retain Competent, High-Performing Staff to Provide Impactful and Quality Service, Objective 5.1: Develop HR Strategy to Improve Recruitment and Retention of Staff. OPA will monitor and evaluate the success of our HR Strategy as part of the monitoring and evaluation of our overall strategic plan in accomplishing our objectives.



# REPORT FRAUD, WASTE, AND ABUSE 47-AUDIT (671.472.8348)

The OPA has a hotline where citizens can report government fraud, waste, and abuse by calling the OPA hotline number or completing the Hotline/Citizen Concern Report Form on the OPA's website.

Fraud involves obtaining something of value through willful misrepresentation.

Waste is the act of using or expending resources carelessly, extravagantly, or for 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.

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.

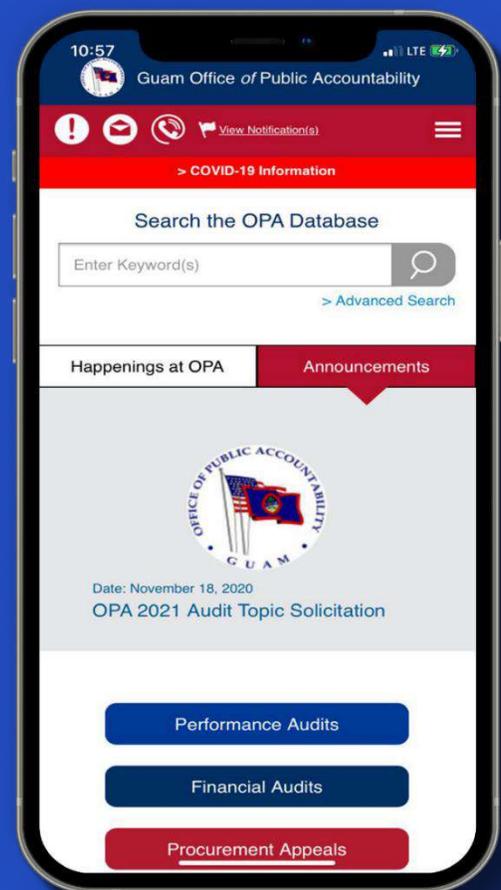
## OPA'S MOBILE APP

Accountability at your fingertips...

The OPA's mobile app was designed to be synced up with its national award-winning website, [www.opaguam.org](http://www.opaguam.org), but still provide a user-friendly and professional experience.

When the 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 2024



**Benjamin J.F. Cruz**  
Public Auditor



**Vincent Duenas**  
Supervising Accountability Auditor



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

**Joy Esperanza, CGFM**  
Accountability Auditor III

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



**Maryann Manglona, CPA**  
Accountability Auditor III

**Frederick Jones, MBA, CICA, CFE**  
Accountability Auditor II

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



**Mariella Cruz**  
Accountability Auditor II

**Ren Erbil Jalandoni, CFE, CICA**  
Accountability Auditor II

**Selina Onedera-Salas, CGFM**  
Accountability Auditor I



**Kayleen Concepcion**  
Accountability Auditor I

**Thomas Quichocho**  
Accountability Auditor I

**Melissa Ngiralmu, MPA**  
Accountability Auditor I



**Leonanie Leon Guerrero**  
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:**

Mariella Cruz  
Accountability Auditor II

Selina Onedera-Salas, CGFM  
Accountability Auditor II

Maryann Manglona, CPA  
Accountability Auditor III

Vincent Duenas  
Supervising Accountability Auditor

Benjamin J.F. Cruz  
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