A REPORT TO OUR CITIZENS FY 2019

OFFICE OF PUBLIC ACCOUNTABILITY

SUITE 401 DNA BLDG.
238 Archbishop Flores Street
Hagåtña, Guam
96910

OUR MOTTO
AUDITING FOR GOOD GOVERNANCE

TABLE OF CONTENTS
ABOUT US 1
PERFORMANCE 2
FINANCIALS 3
OUTLOOK 4

ABOUT OPA
Public Law 21-122 created 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.

WHO IS OUR PUBLIC AUDITOR?
BENJAMIN J.F. CRUZ, J.D.

Public Auditor Cruz was sworn into office on September 13, 2018. Prior to becoming Public Auditor, Mr. Cruz was the Speaker of the 34th Guam Legislature and served as Chief Justice of the Supreme Court of Guam from 1999 to 2001.

OUR SERVICE TO THE PEOPLE OF GUAM
OPA seeks 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 analysis, and objective recommendations on how best to use government resources in support of the well-being of our island and its constituents.

WHAT WE DELIVER TO OUR STAKEHOLDERS
OPA conducts performance audits, hears and decides procurement appeals, remains involved in monitoring and oversight over financial audits, and responds to legislative mandates to either audit specific government-related activities, be a member of commissions and committees, submit periodic reports, and receives various records from GovGuam agencies.

FINANCIAL AUDIT
We provide oversight on GovGuam entities’ financial statements audit.

PERFORMANCE AUDIT
We provide independent, nonpartisan, accurate and timely assessments of GovGuam’s financial and operating activities in accordance with Yellow Book.

PROCUREMENT APPEALS
We hear and render decisions on GovGuam procurement appeals.

LEGISLATIVE MANDATES
We also respond to legislative mandates and requests to review other government-related activities.

OUR 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.

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

OUR CORE VALUES
Objectivity
To have an independent and impartial mind.

Professionalism
To adhere to ethical and professional standards.

Accountability
To be responsible and transparent in our actions.

ROLE OF THE PUBLIC AUDITOR
QUALIFICATIONS
- Certified Public Accountant,
- Attorney at Law, or
- At least five years of experience in government budgets

PUBLIC AUDIT
The Public Auditor shall, annually, audit or cause to be conducted post audits of all the transactions and accounts of all departments, offices, corporations, authorities, and agencies in all of the branches of GovGuam.

TEAM OPA
As of December 2019, OPA had 10 auditors.

Collectively, seven OPA auditors attained professional certification.

Three OPA auditors hold a Master’s Degree.

We are a member of the following professional organizations.

FINISHED
October 2020

DID YOU KNOW?
The first Public Auditor election took place in November 2000.
HOW ARE WE DOING

ROAD TO 2023

In 2019, we released our Strategic Plan 2019 through 2023, Stakeholders Engagement Strategic Plan 2019 through 2023, and the Pacific Association of Supreme Audit Institutions’ (PASAI) Performance Measurement Framework (PMF) assessment of our office on a holistic approach.

Although we continually work towards achieving our goals and in 2023, we can definitely assess how far we have improved from today, the PMF assessment provides us now where we can improve in our operation. We are working on this.

PMF ASSESSMENT

Selected data points for each Domain.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Indicator Name</th>
<th>Overall Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domain A</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SAI-1</td>
<td>Independence of OPA</td>
<td>2</td>
</tr>
<tr>
<td>SAI-2</td>
<td>Mandates of OPA</td>
<td>2</td>
</tr>
<tr>
<td>Domain B</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SAI-5</td>
<td>Outsourced Audits</td>
<td>2</td>
</tr>
<tr>
<td>SAI-6</td>
<td>Leadership and Internal Communication</td>
<td>3</td>
</tr>
<tr>
<td>SAI-8</td>
<td>Audit Coverage</td>
<td>3</td>
</tr>
<tr>
<td>Domain C</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SAI-12</td>
<td>Performance Audit Standards and Quality Management</td>
<td>3</td>
</tr>
<tr>
<td>SAI-14</td>
<td>Performance Audit Results</td>
<td>3</td>
</tr>
<tr>
<td>Domain D</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SAI-21</td>
<td>Financial Management, Assets and Support Services</td>
<td>3</td>
</tr>
<tr>
<td>Domain E</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SAI-22</td>
<td>Human Resource Management</td>
<td>2</td>
</tr>
<tr>
<td>SAI-23</td>
<td>Professional Development and Training</td>
<td>1</td>
</tr>
<tr>
<td>Domain F</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SAI-25</td>
<td>Communication with the Media, Citizens and Civil Society</td>
<td>2</td>
</tr>
</tbody>
</table>

Low scores will highlight opportunities for improvement, whereas high scores will be sign of good practices. Scoring is on a 1 to 4 point system, 1 being the lowest.

BY THE NUMBERS

NO. OF REPORTS WE ISSUED THIS YEAR

9 PERFORMANCE AUDITS

We identified a total financial impact of $51.5M from our performance audits.

11 PROCUREMENT APPEALS

The dollar values of these appeals amounted to $204M.

23 FINANCIAL AUDITS OVERSIGHT

All 23 GovGuam entities’ financial statements audit reports were released before or by the end of June 2019 compared to the previous year.

In 2019, we commend eight GovGuam entities for issuing their FY 2018 financial audits by March 31.

OPA has been advocating for GovGuam entities audits financial statements issuance six months after the close of the fiscal year or March 31.

In 2019, we commend eight GovGuam entities for issuing their FY 2018 financial audits by March 31, 2019.

We strive to resolve appeals within 90 to 120 days from the time of filing.

We met this goal in 2019.

In 2019, we started publishing our annual audit plan in 2019. This is in response to the PMF assessment.

We strive to resolve appeals within 90 to 120 days from the time of filing.

We met this goal in 2019.

OPA has been advocating for GovGuam entities audits financial statements issuance six months after the close of the fiscal year or March 31.

In 2019, we commend eight GovGuam entities for issuing their FY 2018 financial audits by March 31, 2019.

We strive to resolve appeals within 90 to 120 days from the time of filing.

We met this goal in 2019.

No. of Financial Audit Reports Issued in the Last Five Years

Average No. of Days Procurement Appeals Resolved

No. of Procurement Appeals Filed in the Last Five Years

No. of Procurement Appeals Filed in the Last Five Years

No. of Financial Audit Reports Issued

Monthly Comparison

Application of new GASB pronouncement in FY 2017 delayed audit report issuance for some GovGuam entities.

Did you know? The Charter Schools are the new addition to our annual financial audit oversight.
Fiscal Years 2019 and 2018
Comparative
Our Finances
Where we received our money

<table>
<thead>
<tr>
<th></th>
<th>FY 2019</th>
<th>FY 2018</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Grants</td>
<td>$ -</td>
<td>$ 69,286</td>
<td>↓</td>
</tr>
<tr>
<td>Interest Income</td>
<td>3,118</td>
<td>3,515</td>
<td>↓</td>
</tr>
<tr>
<td>Other Income</td>
<td>-</td>
<td>8,747</td>
<td>↓</td>
</tr>
<tr>
<td></td>
<td>3,118</td>
<td>81,548</td>
<td>↓</td>
</tr>
</tbody>
</table>

Where we spent our money

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>732,755</td>
<td>997,250</td>
</tr>
<tr>
<td>Benefits</td>
<td>234,963</td>
<td>328,937</td>
</tr>
<tr>
<td>Rent</td>
<td>122,259</td>
<td>122,259</td>
</tr>
<tr>
<td>Travel</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Training</td>
<td>7,248</td>
<td>11,179</td>
</tr>
<tr>
<td>Supplies &amp; Other</td>
<td>11,889</td>
<td>3,286</td>
</tr>
<tr>
<td>Contractual Services</td>
<td>81,414</td>
<td>125,832</td>
</tr>
<tr>
<td>Utilities and Telephone</td>
<td>3,300</td>
<td>2,694</td>
</tr>
<tr>
<td>Equipment and Furniture</td>
<td>1,271</td>
<td>507</td>
</tr>
<tr>
<td>Amount we used on our operation</td>
<td>1,195,098</td>
<td>1,591,943</td>
</tr>
<tr>
<td>Amount left from our operation</td>
<td>(1,191,980)</td>
<td>(1,510,396)</td>
</tr>
</tbody>
</table>

Other sources of money or uses

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>GovGuam Appropriation</td>
<td>1,258,365</td>
<td>1,396,898</td>
</tr>
<tr>
<td>Federal Grant Expenses</td>
<td>-</td>
<td>(69,286)</td>
</tr>
<tr>
<td>Other Expense</td>
<td>-</td>
<td>(1,005)</td>
</tr>
<tr>
<td></td>
<td>1,258,365</td>
<td>1,326,607</td>
</tr>
</tbody>
</table>

Leftover money, end of fiscal year

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ 66,385</td>
<td>$(183,789)</td>
</tr>
</tbody>
</table>

We received $138,533 less in GovGuam appropriations compared to FY 2018 of $1,396,898. GovGuam appropriation is our primary source of revenue to fund our operations. Although we had less appropriations in 2019, we reduced our expenses by $396,845 from $1,591,943 the previous year to $1,195,098.

TOP 3 PAYMENTS IN FY 2019
- **$968k** PERSONNEL
- **$122k** OFFICE RENT
- **$81k** CONTRACTUAL SERVICES

Our cash reserves in FY 2018 helped pay for the shortfall in our GovGuam appropriation.

**DID YOU KNOW?**
Public Auditor Cruz presided on some procurement appeal hearings which saved us $34K.

**Major Expense FY 19**
- Rent 10%
- Personnel
- Contractual Services 7%
- Other Expenses 2%

Other Expenses include:
- Equipment & Furniture
- Utilities & Telephone
- Supplies & Other
- Training

**Major Revenue FY 19**
- Interest Income
- GovGuam Appropriation

Our revenues virtually come from GovGuam appropriations.

Visit our website for a detailed financial information.
WHAT’S AHEAD

INDEPENDENCE

Our office is established in Title 1 Guam Code Annotated Chapter 19. This legislation provides the appointment, term, cessation of functions of the Public Auditor, and the independence of the decision-making powers. Basically, the Guam Legislature can interfere with our office’s independence.

In our Strategic Plan 2019 through 2023, we are addressing this issue. Without legal protection of our independence from the Organic Act of Guam, this jeopardizes our existence to be objective, impartial, and independent. We are seeking support from a member of the U.S. Congress, lobby group, civil society or professional institution to amend the law that no future legislation shall pass that impairs our independence.

STRONGER COMMUNICATION WITH STAKEHOLDERS

In PASAI’s PMF report on a holistic assessment of our office’s operations, we poorly received points for Domain F: Communication and Stakeholder Management.

As a measure to beef up our communication with our stakeholders, we released in February 2019 our Stakeholders Engagement Strategic Plan 2019 through 2023 which immediately came into effect.

In this report, we identified plans how we are going to engage with our external and internal stakeholders. By applying this plan, it will enable appropriate notification of OPA’s key stakeholders of audit activities on a regular and timely basis.

DID YOU KNOW?

OPA is ahead among its peers for creating a successful strategic plan.

30TH ANNUAL CONFERENCE

APIPA 2019

In 2019, our office hosted the 30th Association of Pacific Islands Public Auditors (APIPA) Annual Conference from August 26 to 30.

More than 450 Pacific Island Nation participants, including representatives from Fiji and New Zealand, attended the one week event.

This will be Guam’s fifth time hosting the APIPA conference since its inception in 1989 having previously hosted in 1996, 2002, 2009, and 2015. The annual conference is rotated among its ten-member nations.

Support from the annual conference were provided by the U.S. Department of Interior Office of Insular Affairs, Office of the Inspector General, the Pacific Islands Training Initiative, and Graduate School USA.

Attending conferences such as APIPA help us fulfill the required Continuing Professional Education (CPE) under auditing standards.

FIVE-YEAR STRATEGIC PLAN

2019 - 2023

OUTCOMES

1. PROTECT OPA’S INDEPENDENCE
2. DELIVER QUALITY AUDIT REPORTS THAT ARE TIMELY AND IMPACTFUL
3. DELIVER QUALITY DECISIONS ON PROCUREMENT APPEALS
4. ENGAGE EFFECTIVELY WITH STAKEHOLDERS

KEY OBJECTIVES

TO MEET OUR KEY STAKEHOLDERS NEEDS

GUAM LEGISLATURE

Improve the understanding of OPA mandates and roles.

OPA EMPLOYEES

Improve staff knowledge and understanding of OPA mandates as the engage with stakeholders.

AUDITED ENTITIES

Improve the understanding of OPA mandates and roles.

PEOPLE OF GUAM VIA MEDIA

Engage the media to distribute accurate message contents of OPA reports to the public.

AUDITING FIRMS

Foster professional relationship and open lines of communications with contracted audit firms.