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Benjamin J.F. Cruz <senator@senatorbjcruz.com>

Office of Public Accountability | Citizen-Centric Report for FY 2016

2 messages

Michele Brillante <mbrillante@guamopa.com> Tue, Aug 1, 2017 at 2:00 PM
To: "Benjamin J.F. Cruz" <senator@senatorbjcruz.com>, Doris Flores Brooks <dfbrooks@guamopa.com>
Cc: orleen@senatorbjcruz.com, Yukari Hechanova <yhechanova@guamopa.com>, Michele Brillante <mbrillante@guamopa.com>

Hafa Adai Speaker Cruz,

In accordance with 1 G.C.A. §1922, transmitted herewith is an electronic copy of the Office of Public Accountability's (OPA) Citizen-Centric Report for Fiscal Year 2016.

The full report may also be viewed and downloaded from our website at www.opaguam.org. Printed copies will be forthcoming. Thank you!

Kind Regards,

Speaker Benjamin J.F. Cruz

Michele Brillante

Office of Public Accountability
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Tel. (671) 475-0390 ext. 220
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Benjamin J.F. Cruz <senator@senatorbjcruz.com> Tue, Aug 1, 2017 at 2:28 PM
To: Guam Legislature Clerks <clerks@guamlegislature.org>
Cc: "<rennae@guamlegislature.org>" <rennae@guamlegislature.org>, BENJAMIN CRUZ <speaker@senatorbjcruz.com>

8/1/2017	8/1/2017	Office of Public Accountability	Citizen-Centric Report for FY 2016	34-17-804

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Speaker Benjamin J.F. Cruz
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Office *of* Public Accountability

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A REPORT TO OUR CITIZENS for FISCAL YEAR 2016



"Auditing for Good Governance"

OUR ORGANIZATION

Public Auditor

Doris Flores Brooks, CPA, CGFM

Staff

Marisol Andrade
Thyrza Bagana
Michele Brillante
Edlyn Dalisay
Rodalyn Gerardo, CIA, CGFM, CPA, CGAP, CGMA
Yukari Hechanova, CPA, CIA, CGFM, CGAP, CGMA
Jerrick Hernandez, CGAP, CICA
Frederick Jones
Amacris Legaspi
Ira Palero
Andriana Quitugua
Christian Rivera
Clariza Roque
Llewelyn Terlaje, CGAP, CGFM



2017 Inaugural Ceremony for Doris Flores Brooks as the Public Auditor of Guam.

Brooks is Guam's first elected Public Auditor, serving since 2001. In November 2016, Brooks was re-elected to her 5th four-year term. She is the first Chamorro Certified Public Accountant.

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❶ WHO WE ARE
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	2015	2014	2013
*Population**	*161,785*	*161,001*	*160,378*
Debt per Capita**	$13,709	$9,051	$8,919

*Population numbers are projections from the 2015 Guam Statistical Year book and are on a calendar year basis.

**As of report issuance, FY 2016 debt per capita was unavailable. Debt per Capita amounts were calculated by Crawford & Associates, P.C. on a fiscal year basis using the actual population count of 159,358 from the 2010 Census of Population and Housing: Guam.

WHO WE ARE

OUR MISSION

To ensure public trust and assure good governance, we conduct audits and administer procurement appeals, independently, impartially, and with integrity.

OUR VISION

The Government of Guam is the model for good governance in the Pacific.

OPA is a model, robust audit office.

OUR GOALS

Protect the independence of OPA.
Deliver impactful, reliable, and quality reports.
Recruit and retain qualified staff.
Increase public knowledge and trust of OPA's mission, work, and impact.

OUR CORE VALUES

OBJECTIVITY:
To have an independent and impartial mind.

PROFESSIONALISM:
To adhere to ethical and professional standards.

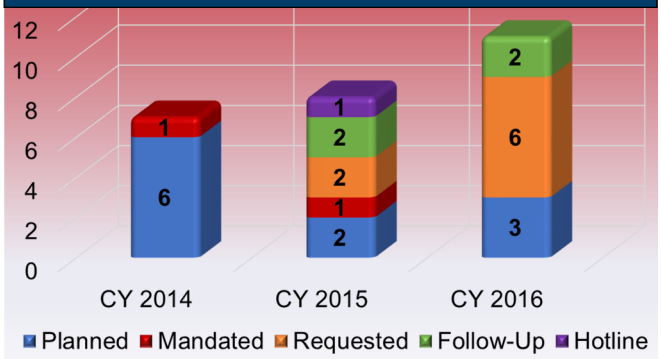
ACCOUNTABILITY:
To be responsible and transparent in our actions.

OUR SERVICE TO THE PEOPLE OF GUAM

OPA serves the people of Guam as an instrumentality of the Government of Guam (GovGuam), but independent of the executive (Governor), legislative (Senators), and judicial (Courts) branches. We audit GovGuam programs, oversee GovGuam financial audits, and hear and decide procurement appeals.

Suite 401, DNA Building 238 Archbishop Flores St. Hagatna, Guam 96910
(671) 475-0390 | (671) 472-7951 | www.opaguam.org | Hotline: (671) 47AUDIT
Doc. No. 34GL-17-0804.*

Initiation of Performance Audits

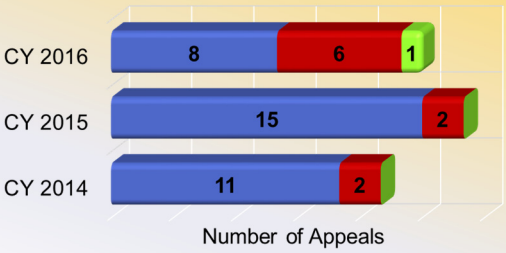


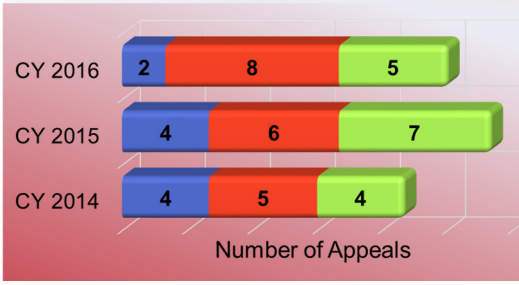
Performance Audits	CY 2014	CY 2015	CY 2016
Issued	7	8	11
Planned	11	6	17
% of Planned Audits	64%	133%	65%
Avg. Hours / Audits Issued	1,250	908	950
Avg. Hours Budgeted	1,100	1,200	1,200
% of Avg. Hours Budgeted	114%	76%	79%

Staff Input	% of Available Hours	CY 2016	CY 2015	CY 2014
Direct Hours				
Performance Audits/Investigative	42.6%	11,530	7,270	8,752
Procurement Appeals	8.2%	2,214	2,295	1,618
Legislative Mandates	3.0%	817	936	2,344
Financial Audits	10.8%	2,923	3,011	3,639
Total Direct Hours	64.5%	17,484	13,512	16,353
Indirect Hours (Administrative & Training)	20.5%	5,554	7,547	7,863
Benefits Hours (Leave & Holiday)	15.0%	4,058	3,310	4,488
Total	**100.0%**	**27,096**	**24,369**	**28,704**



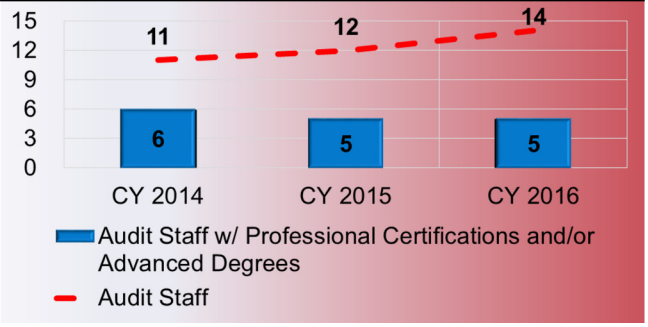
Procurement Appeals





*Unresolved, because appeal is stayed, pending the Superior Court's decision.
**No decision due to no formal hearing because appeal was dismissed or is stayed.

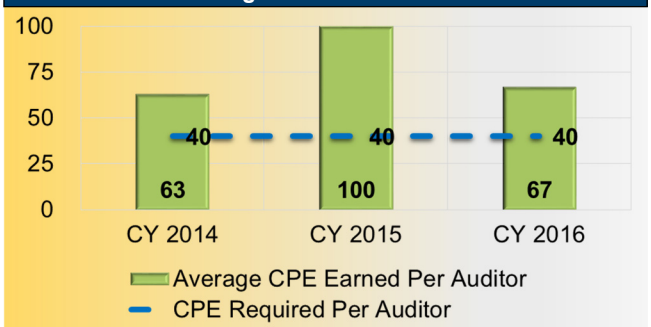
Audit Staff Qualifications & Professional Achievements



Oversight on Financial Audits	FY 2016	FY 2015	FY 2014
Total Financial Audits	23	23	23
Clean Opinion on Financial Statements	23	23	22
Issued in 9 Months (June 30)	23	23	21
Issued Past Due (after June 30)	0	0	2
Total Received Federal Funding	10	10	10
Questioned Costs	$502,457	$348	$270,770
Low-Risk Auditees	**6**	**4**	**2**
Total Non-Federal Funded	13	13	13
OPA Recognition*	**6**	**5**	**n/a**

*OPA is recognizing those agencies/funds not subject to an audit for federal funding but achieved a similar low-risk status, starting with the FY 2015 financial audits.

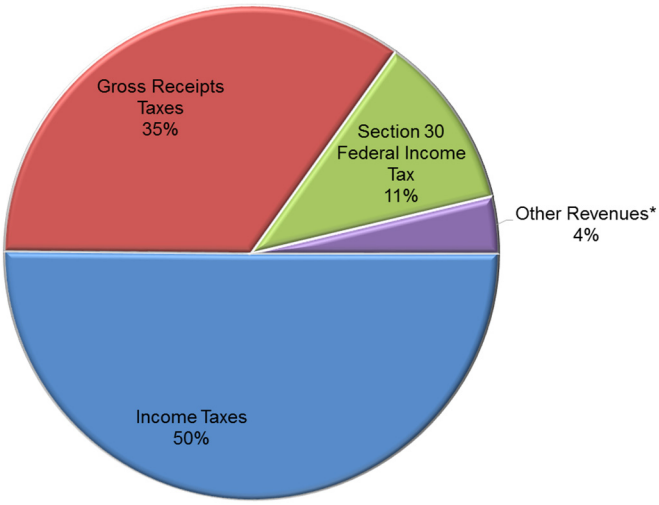
Continuing Professional Education



Note: Issuance of performance audits, procurement appeals, and financial audits are reported on a calendar year basis.



Government Revenues - Where Did Government Funds Come From?



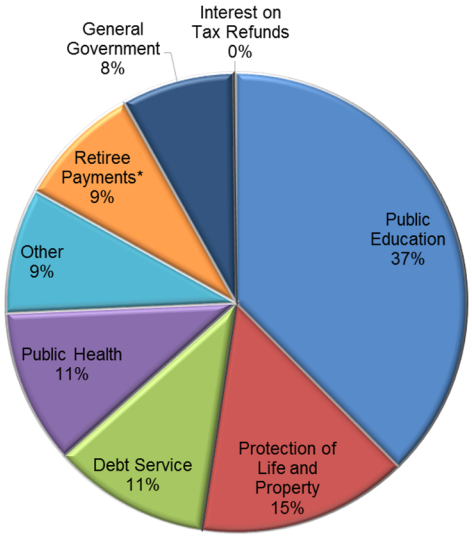
*Other Revenues includes Other Taxes.

Government of Guam Revenues	FY 2016	FY 2015	Dollar Change
Income Taxes	$343,836,465	$324,402,392	$19,434,073
Gross Receipts Taxes	238,304,786	226,592,159	11,712,627
Section 30 Federal Income Tax	78,467,450	71,446,424	7,021,026
Other Taxes	2,937,715	2,690,851	246,864
Subtotal Taxes	**$663,546,416**	**$625,131,826**	**$38,414,590**
Other Revenues	5,869,099	9,996,064	(4,126,965)
Charges and Fines	6,345,507	4,144,732	2,200,775
Licenses and Permits	5,916,066	5,636,191	279,875
Intergovernmental	4,065,459	2,839,778	1,225,681
Subtotal Other Revenues	**$22,196,131**	**$22,616,765**	**($420,634)**
Total Revenues	**$685,742,547**	**$647,748,591**	**$37,993,956**

Government Expenditures - Where Did the Government Spend It?

Government of Guam Expenditures	FY 2016	FY 2015	Dollar Change
Public Education	$275,892,498	$276,599,153	($706,655)
Protection of Life and Property	109,012,247	111,566,515	(2,554,268)
Debt Service	80,992,439	88,970,278	(7,977,839)
Public Health	79,795,829	39,734,335	40,061,494
Other	64,816,571	63,610,305	1,206,266
Retiree Payments*	64,235,954	60,414,932	3,821,022
General Government	58,147,869	58,152,002	(4,133)
Interest on Tax Refunds	1,529,555	1,021,759	507,796
Total Expenditures	**$734,422,962**	**$700,069,279**	**$34,353,683**
Other Financing Sources (Uses), Net	62,047,043	(7,164,374)	69,211,417
Net Change in Fund Balance (Deficit)	**$13,366,628**	**($59,485,062)**	**$72,851,690**
Fund Balances (Deficit) at Beginning of Year	(119,100,127)	(59,615,065)	(59,485,062)
Fund Balances (Deficit) at End of Year	**($105,733,499)**	**($119,100,127)**	**$13,366,628**

*Retiree Payments include Special Revenue Section 2718 funds of $15,243,673 and $20,572,173 for FY 2016 and FY 2015, respectively.



Note: An independent government-wide financial audit was conducted by Deloitte & Touche, LLP, which resulted in a clean audit opinion on GovGuam's financial reporting. Complete financial information can be found at www.opaguam.org.

OPA Expenditures - Where Did We Spend It?

OPA's FY 2016 appropriation totaled $1.6 million (M) and expenditures totaled $1.5M. Significant increases in expenditures were due in part to the implementation of TeamMate audit management software and the recruitment of additional staff. OPA has been operating with limited staff resources for more than 10 years. Supplies also increased significantly to prepare for a potential fund shortage when OPA was not authorized to carry over its unused funds into FY 2017. Rent increased with the acquisition of additional office space.

Note: OPA's financials are included in GovGuam's government-wide financial audit. Although a separate opinion is not issued, Deloitte reviews OPA's financial statements, for which no management letter was issued. OPA's complete financial information can be found at www.opaguam.org.

OPA Expenditures	% of Total	FY 2016	FY 2015	FY 2014
Salaries and Benefits	67%	$1,030,982	$872,926	$854,834
Contractual Services	16.5%	254,051	162,456	171,391
Rent	8%	117,659	107,723	107,723
Equipment	4%	63,886	81,415	17,191
Miscellaneous	2%	30,175	26,495	61,464
Supplies	2%	26,568	5,994	4,511
Travel	1%	12,922	14,501	18,301
Communications	0%	2,659	2,914	2,879
Total	**100%**	**$1,538,902**	**$1,274,424**	**$1,238,294**

Staffing Levels	FY 2016	FY 2015	FY 2014
Actual Employees	15	13	12
Budgeted Positions	21	21	21
% of Budgeted Positions	71%	62%	57%



VISION & OUTLOOK

OPA is a model, robust audit office

- ❑ To issue impactful, reliable, and quality performance audit reports.
- ❑ To resolve procurement appeals within 120 days of filing.
- ❑ To render procurement appeal decisions within 30 days of the hearing's conclusion.
- ❑ To pass our 2017 Peer Review by the Association of Pacific Islands Public Auditors.

GovGuam is the model for good governance in the Pacific

- ❑ To qualify as low-risk auditees for all GovGuam agencies receiving federal funding.
- ❑ To achieve a similar low-risk status (OPA Recognition) with a clean audit opinion, no material weaknesses, no significant deficiencies, and no questioned costs for three consecutive fiscal years for all GovGuam agencies not receiving federal funding.
- ❑ To receive no questioned costs in all GovGuam financial audits.
- ❑ To release all GovGuam financial audits within six months after fiscal year end.

CHALLENGES

- ♦ Implementation of revised OPA Compensation Plan. The plan was reviewed and updated by the Department of Administration's Human Resources Division.
- ♦ OPA's authority to carry over unused funds has not been consistent. OPA requests for authorization to carry over unused funds, similar to the elected offices for the Governor of Guam, the Guam Legislature, the Attorney General, and the Mayors as well as the University of Guam, the Guam Community College, the Commission on Decolonization, and the Judiciary of Guam.
- ♦ OPA's Strategic Plan to be updated with assistance by the Pacific Association of Supreme Audit Institutions (PASAI).
- ♦ Implementation of top five areas identified in the SAI Performance Measurement Framework report scheduled to be released in December 2017.
- ♦ GovGuam's financial management information system is a relic of the 1980s despite being a billion dollar enterprise. The Department of Revenue and Taxation (DRT) manually processes tax revenues.
- ♦ GovGuam's overestimation of revenues with no corresponding decreases in expenditures and continued preferential benefits. GovGuam's cumulative fund deficit is $105.7M, as of FY 2016.
- ♦ Earned Income Tax Credits continue to grow to 45% of tax refunds, or $58.8M, requiring a closer scrutiny by DRT.
- ♦ GovGuam's unfunded liability for retirement pensions is $1.3 billion, as of FY 2016, but expected to be fully amortized by FY 2033.





First Lady of Guam Christine Calvo visits OPA for GovGuam's Relay for Life Purplicious Challenge.

We want to hear from you! Do you like this report? Would you like to see any other information? Please let us know by contacting Michele Brillante at 475-0390 ext. 220 or mbrillante@guamopa.com.

Doc. No. 34GL-17-0804.*