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From: Speaker's Office <speaker@guamlegislature.org>
Sent: Tuesday, September 29, 2020 5:20 PM
To: Clerks Office
Cc: Rennae Meno
Subject: M&C Fwd: OPA Report No. 20-06, Mayors' Council of Guam Non-Appropriated Funds' Compliance with Reporting Requirements
Attachments: 20-06 ES.pdf; 20-06.pdf

09/29/20	4:18 PM	09/29/20	Report No. 20-06.*	Office of Public Accountability	35GL-20-2246

Sinseru yan Minagåhet,

Office of the Speaker • Tina Rose Muña Barnes
Committee on Public Accountability, Human Resources & the Guam Buildup

35th Guam Legislature
I Mina'trentai Singko na Liheslaturan Guåhan

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Gumai pribilehu yan konfedensia este siha na mensåhi. Solo espesiåtmente para hågu ma entensioña pat ma aturisa para unrisibi. Sen prubidu kumu ti un ma aturisa para manribisa, na'setbe, pat mandespåtcha. Yanggen lachi rinisibu-mu nu este na mensåhi , put fabot ago' guatu gi I numa'huyong gi as speaker@guamlegislature.org yan despues destrosa todu siha I kopian mensåhi. Si Yu'os ma'åse'.

---------- Forwarded message ---------
From: **Ira Palero** <ipalero@guamopa.com>
Date: Tue, Sep 29, 2020 at 4:18 PM
Subject: OPA Report No. 20-06, Mayors' Council of Guam Non-Appropriated Funds' Compliance with Reporting Requirements
To: OPA <admin@guamopa.com>
Cc: Clariza Roque <croque@guamopa.com>

Hafa Adai All,

Transmitted electronically is OPA Report No. 20-06, Mayors' Council of Guam Non-Appropriated Funds' Compliance with Reporting Requirements. The report can also be found on our website at https://www.opaguam.org.

Thank you and stay safe!

--

Best Regards,

Ira Palero, CPA

Auditor | ***Office of Public Accountability - Guam***

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EXECUTIVE SUMMARY
Mayors' Council of Guam Non-Appropriated Funds'
Compliance with Reporting Requirements
OPA Report No. 20-06, September 2020

Our review of MCOG's Non-Appropriated Fund (NAF) financial reports for 19 municipalities and the MCOG Revolving Fund found that most Mayor's offices were unaware of the different mandated reporting requirements. Our review specifically found:

- Two villages did not submit quarterly NAF reports;
- MCOG Revolving Fund quarterly NAF reports untimely submitted;
- Annual reporting requirements for village NAFs not known and enforced;
- Two Non-Profit Organizations (NPO) did not submit required NPO financial reports; and
- Village festival reports were not consistently submitted.

Two Villages Did Not Submit Financial Reports

MCOG NAF Standard Operating Procedures §0106(4)(b)(iv) recommended quarterly reporting of NAFs to be submitted to OPA, Guam Legislature, and the MCOG Executive Director. From Fiscal Year (FY) 2017 to FY 2019, the overall village NAF revenues and expenses were $6.2 million (M) in receipts and $5.6M in disbursements based on the NAF quarterly reports submitted. However, these amounts only reflect 19 of the 21 NAF funds. Agana Heights and Mongmong-Toto-Maite (NPO) did not submit any NAF reports. Dededo timely submitted quarterly reports for FY 2017 through FY 2019. Other villages inconsistently submitted quarterly reports:

- Five villages (Asan-Maina, Merizo, Talofofo, Tamuning-Tumon-Harmon, and Yigo) provided incomplete NAF reports; and
- 13 villages subsequently submitted all missing quarterly reports as requested.

MCOG Revolving Fund Quarterly Reports Untimely Submission

According to 5 GCA §40135.1(f), no later than *30 days* after the end of *every fiscal quarter*, the *MCOG President* shall submit to the Public Auditor of Guam and the Speaker of *I Liheslaturan Guåhan* and post on its website, in written and electronic format (including, but not limited to, diskettes, CDs and email) a report making full disclosure of the MCOG Revolving Fund. Unlike the 19 municipalities and its established funds, MCOG is mandated to submit *quarterly* MCOG Revolving Fund financial reports. The MCOG Treasurer was unaware of the *quarterly* reporting requirements before the initiation of this compliance audit. As a result, FY 2017 to FY 2019 the MCOG Revolving Fund quarterly reports were submitted in May 2020 and subsequently posted on the MCOG website.

Annual Reporting Requirements for Villages NAFs Not Known and Enforced

According to 5 GCA §40135(e), each *Mayor* shall submit a financial statement at the *end of each fiscal year* to MCOG. Aside from the quarterly reports, we did not find any annual NAF report for each village. More than half of the village Mayor's offices were not aware of the *annual* reporting requirements. Also, proper accounting or financial reporting training could be an underlying factor to help assigned staff complete financial tasks, especially new staff. We found that staff attended regular training primarily for procurement and ethics.

Two NPOs Did Not Submit Required NPO Financial Reports

Of the 19 villages, NPOs operate the NAF of Agana Heights, Mongmong-Toto-Maite, and Tamuning-Tumon-Harmon. These NPOs have specific requirements to maintain their tax-exempt status.

According to 18 GCA §§14102 and 14103, any NPO (except strictly religious organizations) is mandated to annually publish a financial report to include a statement of its income and expenditure within 45 days of the close of its fiscal year. DRT updated the DRT Non-Profit Listing that listed tax-exempt organizations as of August 2019. According to DRT's Tax Exempt Listing, the Agana Heights NPO (Agana Heights Athletes Organization) and Tamuning-Tumon-Harmon NPO (Tatuha, Inc.) were listed. As of this report date, two villages did not submit the requested NPO financial reports.

Village Festival Reports Were Not Consistently Submitted

According to §40115.1, Mayors are granted authority to sponsor and approve concessions, festivals, fiestas, or other village events associated with the promotion of the Chamorro culture, tradition, heritage, and tourism, officially sponsored by MCOG and held within village property under the control of the Mayor or village MPC. The *village Mayor* or *Vice Mayor* will provide a report of the amount of the proceeds that is transmitted to the MPC not more than *30 days* from the last day of such event to the DRT, *I Maga'lahen Guåhan*, the Speaker of *I Liheslatura*, and OPA. However, many Mayors only submitted reports related to festivals that were frequently held. They do not submit reports for village fiestas, holiday celebrations, and memorials. From FY 2017 through FY 2019, Guam held 21 village festivals of which: three (or 14%) festival reports were fully compliant, 12 (or 57%) festival reports were partially compliant, and six (or 29%) festival reports were noncompliant.

Conclusion and Recommendations

The noncompliance of reporting requirements leads to the lack of transparency and accountability, which decreases public confidence that the Mayor's offices serve its purpose in providing equitable and prompt services to Guam's residents. NAF funds are raised under the title of a Mayor's official capacity as an elected government official. With that, Mayors and Vice Mayors should consider their role as stewards of their respective funds and the importance of proper record-keeping practices to aid in completing the required reports. To promote transparency, accountability, and public confidence in the Mayor's offices for the equitable and prompt services provided to Guam's residents, we made several recommendations to MCOG:

- MCOG Officers timely comply with the MCOG Revolving Fund quarterly reporting requirement according to 5 GCA §40135.1(f);
- MCOG Executive Director encourage the use of their NAF SOP to assist each mayor's office staff with their annual reporting requirements under 5 GCA §40135(e);
- Appropriate staff (including, but not limited to, the respective Mayors, Vice-Mayors, and Administrative Assistants) attend accounting, financial reporting, or other similar training regularly or as needed;
- Respective Mayors and/or Vice Mayors' NPOs to submit their missing NAF annual reports and comply with the NPO reporting requirements going forward;
- MCOG Executive Director to work with the Mayors and Vice-Mayors to identify what specific events in 5 GCA §40115.1 require reports; and
- Mayors and/or Vice Mayors timely submit their event reports to DRT, *I Maga'lahen Guåhan*, the Speaker of *I Liheslatura*, and OPA.

Benjamin J.F. Cruz
Public Auditor

Mayors' Council of Guam
Non-Appropriated Funds' Compliance with Reporting Requirements

Compliance Audit
October 1, 2016 through September 30, 2019

OPA Report No. 20-06
September 2020

Mayors' Council of Guam
Non-Appropriated Funds'
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- MCOG Officers timely comply with the MCOG Revolving Fund quarterly reporting requirement according to 5 GCA §40135.1(f);
- MCOG Executive Director encourage the use of their NAF SOP to assist each mayor's office staff with their annual reporting requirements under 5 GCA §40135(e);
- Appropriate staff (including, but not limited to, the respective Mayors, Vice-Mayors, and Administrative Assistants) attend accounting, financial reporting, or other similar training regularly or as needed;
- Respective Mayors and/or Vice Mayors' NPOs to submit their missing NAF annual reports and comply with the NPO reporting requirements going forward;
- MCOG Executive Director to work with the Mayors and Vice-Mayors to identify what specific events in 5 GCA §40115.1 require reports; and
- Mayors and/or Vice Mayors timely submit their event reports to DRT, *I Maga'lahen Guåhan*, the Speaker of *I Liheslatura*, and OPA.

Benjamin J.F. Cruz
Public Auditor

Introduction

This report presents the results of our review of the Mayors' Council of Guam's (MCOG) compliance with Non-Appropriated Funds (NAF) mandated reporting requirements. The audit was requested by a Senator in the 35th Guam Legislature to audit the MCOG NAFs. Additionally, the MCOG NAF audit was part of the Calendar Year (CY) 2019 and 2020 Office of Public Accountability (OPA) Annual Audit Plan.

We reviewed the quarterly financial reports for the 19 municipalities and the MCOG Revolving Fund from October 1, 2016 to September 30, 2019 [fiscal year (FY) 2017 to FY 2019]. We extended the scope to December 31, 2019 for Non-profit Organizations (NPO) since they report on a CY basis. This report focused on MCOG's compliance with the NAF reporting requirements. Other aspects of the MCOG NAFs will be issued in separate audit reports.

Our audit objective was to determine whether MCOG NAFs were reported in compliance with mandated reporting requirements.

The objective, scope, methodology, and prior audit coverage are detailed in Appendices 1 and 2.

Background

In November 2009, Public Law (P.L.) 30-68 granted individual Mayors the authority to sponsor and approve concessions, festivals, fiestas, or other village events associated with the promotion of the Chamorro culture, tradition, heritage, and tourism. The Mayor and the Municipal Planning Council (MPC) of each village are authorized to raise funds through advertising by commercial enterprises on the walls of their sports facilities; and raising funds through fundraising efforts, to include approving concessionaire activities within each Municipality as approved by its MPC, soliciting corporate sponsorships and to accept contributions that are solely beneficial to the sports facilities or village.

Authority to establish a NAF is granted through Title 5, Chapter 40, §40135 of the Guam Code Annotated (GCA). Each village shall establish a fund that will be separate and apart from other funds, under the custody of the respective village MPC. Funds generated will be deposited in the MPC Fund of each village for the operation and maintenance of village facilities and to fund special projects identified by the MPCs. In addition, under 5 GCA §40115.1, the funds and activities generated by MCOG are to be annually audited by OPA. However, due to budget constraints, MCOG NAFs have not been audited since FY 2016.

MCOG NAF Funds

MCOG is comprised of 19 municipalities and the MCOG Administrative Office. Each municipality has separate funds for its NAFs, which are mainly funds from the operation of village night markets, flea markets, fiesta celebrations and festivals, and corporate donations from business entities. Refer to Table 1 for the funds established by type and municipality.

Table 1. Funds Established by Type and Municipalities

	Municipality	NAF	NPO	Total
1	Agana Heights		X	1
2	Agat	X		1
3	Asan-Maina	X		1
4	Barrigada	X		1
5	Chalan Pago-Ordot	X		1
6	Dededo	X		1
7	Hagatna	X		1
8	Inarajan	X		1
9	Mangilao	X		1
10	MCOG Revolving Fund	X		1
11	Merizo	X		1
12	Mongmong-Toto-Maite	X	X	2
13	Piti	X		1
14	Santa Rita	X		1
15	Sinajana	X		1
16	Talofofo	X		1
17	Tamuning-Tumon-Harmon		X	1
18	Umatac	X		1
19	Yigo	X		1
20	Yona	X		1
Total		**18**	**3**	**21**

Agana Heights and Tamuning-Tumon-Harmon operate as NPOs and have separate funds for their operations, which are not included in the independent financial audits. Mongmong-Toto-Maite has two separate funds for its NAF and as an NPO. The MCOG Administrative Office also has a separate revolving fund from the village NAFs. Overall, there are 21 separate funds.

Reporting Requirements for NAFs

Title 5 GCA Chapter 40 outlines the Mayors and Vice Mayors' authority and duties to provide the services needed to the communities of Guam. The specific reporting requirements for the funds established include:

- §40115.1 – The Village Mayor or Vice Mayor will provide a report of the amount of the proceeds that is transmitted to the MPC not more than 30 days from the last day of such event to the Department of Revenue and Taxation (DRT), *I Maga'lahen Guåhan*, the Speaker of *I Liheslatura*, and OPA.
- §40135(e) – Each Mayor shall submit a financial statement at the end of each fiscal year to MCOG.
- §40135.1(f) – No later than 30 days after the end of every fiscal quarter, the President of the MCOG shall submit to the Public Auditor of Guam and the Speaker of *I Liheslaturan Guåhan* and post on its website, in written and electronic format (including, but not limited to, diskettes, CDs and email) a report making full disclosure of the MCOG Revolving Fund. Said report shall be in the form of financial statements or revenue and expenditure reports for the MCOG Revolving Fund.

In addition, Title 18 GCA Chapter 14 outlines the publication of financial information by NPOs.

- §14102 – Any nonprofit organization, except strictly religious organizations, is required by law to publish annually within 45 days of the close of its fiscal year in a newspaper of general circulation in the Territory of Guam a financial report which reports shall include a statement of its income and expenditures for the preceding year and a balance sheet showing its assets and liabilities. Such financial statements shall contain a certificate as to its accuracy by an officer of the organization which financial statement shall be filed with the Director of Revenue and Taxation.

MCOG Standard Operating Procedures (SOPs) for NAFs

In January 2016, MCOG adopted Standard Operating Procedures (SOPs) for its NAFs. Section 0106(4)(b) defines several reporting requirements as follows:

- Monthly – Recommended to be submitted to the Mayor and MPC monthly. The monthly report consists of general and subsidiary ledgers, bank statements, bank reconciliation, monthly, and activity reports from the first to the last day of each month. [§0106(4)(b)(iii)]
- Quarterly – Recommended to be submitted to OPA, Guam Legislature, and MCOG Executive Director. [§0106(4)(b)(iv)]
- Annual – Submitted to the Mayor by July 15 of each year. The annual report consists of general and subsidiary ledgers, bank statements, bank reconciliation, monthly, and activity reports from October 1 to September 30 of each year. [§0106(4)(b)(v)]

Since monthly and quarterly reports were recommended, the criteria used for this compliance audit will focus mainly on the mandated reporting requirements.

Results of Audit

Our review of MCOG's NAF financial reports for 19 municipalities and the MCOG Revolving Fund found that most Mayor's offices were unaware of the different mandated reporting requirements. Our review specifically found:

- Two villages did not submit financial reports;
- MCOG Revolving Fund quarterly reports untimely submitted;
- Annual reporting requirements for village NAFs not known and enforced;
- Two NPOs did not submit required NPO financial reports; and
- Village festival reports were not consistently submitted.

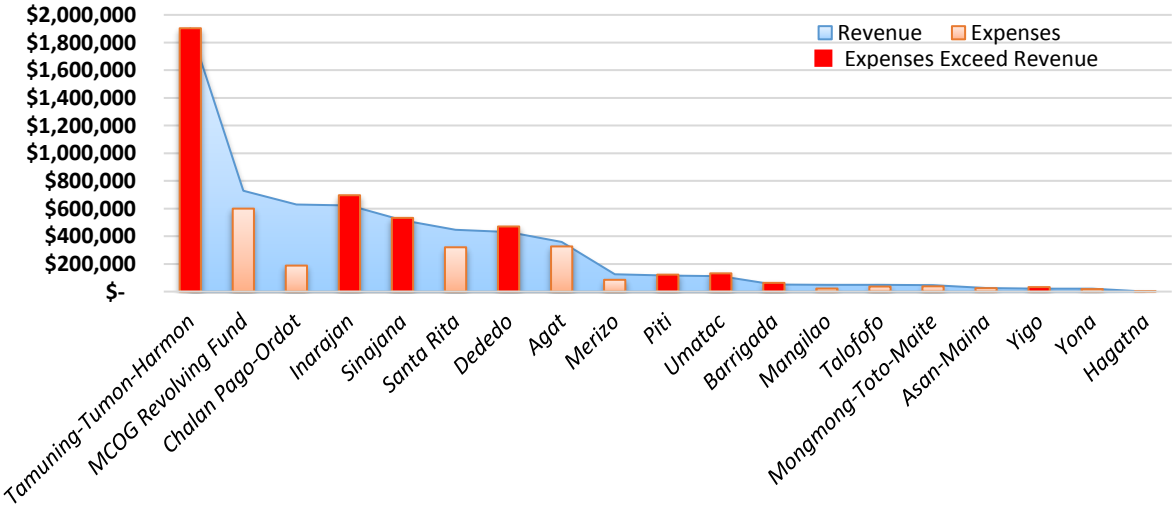
The noncompliance of reporting requirements leads to a lack of transparency and accountability. NAF funds are raised under a Mayor's official capacity as an elected government official. As stewards of their respective funds, proper record-keeping practices must be in place to aid in completing the mandated reports.

Two Villages Did Not Submit Financial Reports

Title 5 GCA §40135 established 19 Municipal Planning Council (MPC) Revolving Funds under the control and custody of the respective village MPCs. Each village shall establish its fund that will be separate and apart from other funds, including the General Fund. Although not mandated, MCOG NAF SOP §0106(4)(b)(iv) recommended quarterly reporting of NAFs to be submitted to OPA, Guam Legislature, and the MCOG Executive Director.

From FY 2017 to FY 2019, overall village revenues and expenses were $6.2 million (M) in receipts and $5.6M in disbursements based on the NAF quarterly reports submitted. However, these amounts only reflect 19 of the 21 NAF funds. Agana Heights and Mongmong-Toto-Maite (NPO) did not submit any NAF reports and are not included in Chart 1 below.

Chart 1: Total NAF Revenue vs. Expenses (FY 2017 – FY 2019)[1]



[1] As an NPO, Tamuning-Tumon-Harmon (Tatuha, Inc.) reports on a CY basis. However, Tatuha, Inc.'s CY 2019 financial report was not submitted.

Dededo timely submitted quarterly reports for FY 2017 through FY 2019. Other villages inconsistently submitted quarterly reports:

- Three villages (Asan-Maina, Merizo, Talofofo, Tamuning-Tumon-Harmon, and Yigo) provided incomplete NAF reports; and
- 13 villages subsequently submitted all missing quarterly reports as requested.

See Appendix 3 for details of the financial reports submitted.

Several village Mayor's staff were unaware of mandated reporting requirements, such as Asan-Maina, Yigo, and Santa Rita. Asan-Maina could not produce reports for the 1st Quarter of FY 2017 due to missing related documents. According to the Yigo Mayor's Office, there was no Administrative Assistant for nearly eight months until a new staff was hired in January 2020. In addition, there was no organization of their files. As a result, Yigo submitted reports for the 3rd Quarter of FY 2017 and the 2nd and 4th Quarters of FY 2018 and was unable to provide any remaining reports.

MCOG Revolving Fund Quarterly Reports Untimely Submission

Title 5 GCA §40135.1 established the MCOG Revolving Fund, which is a separate revolving fund from the 20 village funds. It is under the control and custody of the MCOG Administrative Office. According to 5 GCA §40135.1(f), no later than *30 days* after the end of *every fiscal quarter*, the *MCOG President* shall submit to the Public Auditor of Guam and the Speaker of *I Liheslaturan Guåhan* and post on its website, in written and electronic format (including, but not limited to, diskettes, CDs and email) a report making full disclosure of the MCOG Revolving Fund. Said report shall be in the form of financial statements or revenue and expenditure reports for the MCOG Revolving Fund.

Unlike the 19 municipalities and its established funds, the MCOG Revolving Fund is mandated to submit *quarterly* financial reports. The MCOG Treasurer was unaware of the *quarterly* reporting requirements before the initiation of this compliance audit. As a result, the FY 2017 to FY 2019 MCOG Revolving Fund quarterly reports were submitted in May 2020 and subsequently posted on the MCOG website. Moving forward, we recommend the MCOG Officers timely comply with this quarterly reporting requirement. Also, we suggest the village Mayors and/or Vice Mayors post their financial reports on the MCOG website, if they have not done so.

Annual Reporting Requirements for Village NAFs Not Known and Enforced

According to §40135(e), each *Mayor* shall submit a financial statement at the *end of each fiscal year* to MCOG. Aside from the quarterly reports, we did not find any annual NAF report for each village. More than half of the village Mayor's offices were not aware of the *annual* reporting requirements. Also, proper accounting or financial reporting training could be an underlying factor to help assigned staff complete financial tasks, especially new staff. We found that staff attended regular training primarily for procurement and ethics.

Financial reports provide useful details for MCOG and MPCs such as information on spending, to help develop future forecasts, guide budget planning, and improve decision-making. With that, Mayors and/or Vice Mayors are the stewards of their respective funds and need proper record-keeping practices to aid in completing the required reports. The recommended quarterly reports in their MCOG NAF SOP can supplement their fiscal year-end reporting mandate. As such, we

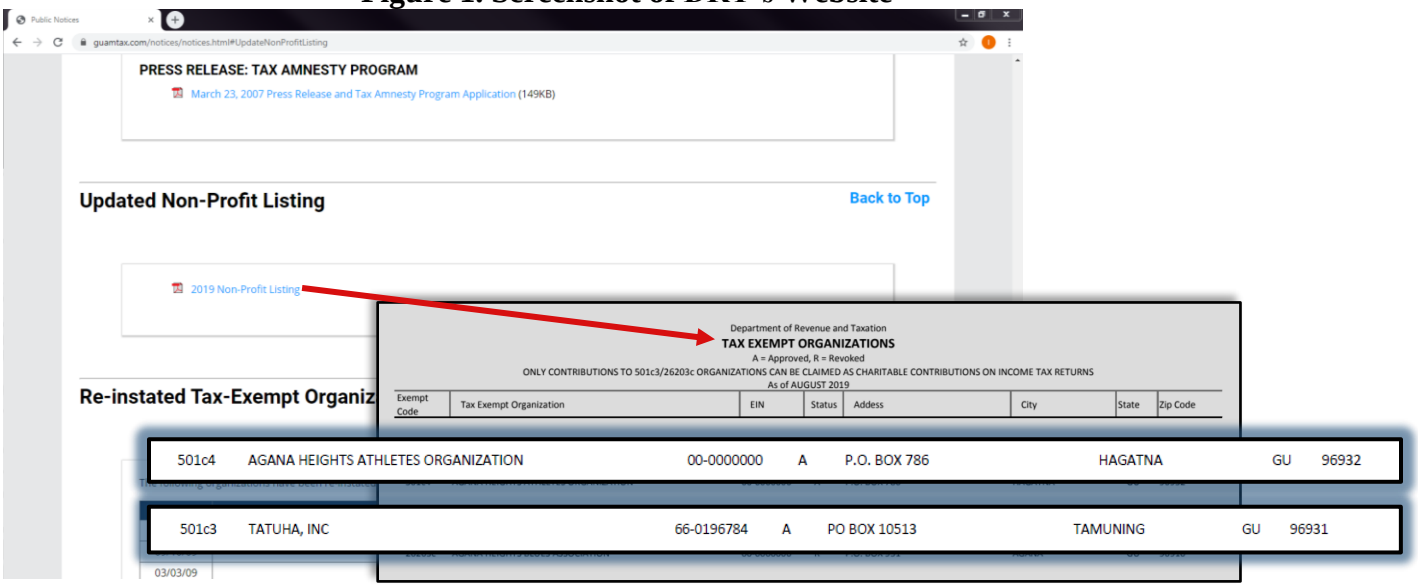
recommend that the MCOG Executive Director encourage the use of their NAF SOP to assist each Mayor's office staff with their mandated reporting requirements. Also, we recommend that the appropriate staff (including, but not limited to, the respective Mayors, Vice Mayors, and Administrative Assistants) attend accounting, financial reporting, or other similar training, regularly or as needed.

Two NPOs Did Not Submit Required NPO Financial Reports

Of the 19 villages, NPOs operate the NAF of Agana Heights, Mongmong-Toto-Maite, and Tamuning-Tumon-Harmon. These NPOs have specific requirements to maintain their tax-exempt status. According to 18 GCA §§14102 and 14103, any NPO (except strictly religious organizations) is mandated to annually publish a financial report to include a statement of its income and expenditure within 45 days of the close of its fiscal year in a newspaper of general circulation in the Territory of Guam a financial report which reports shall include a statement of its income and expenditures for the preceding year and a balance sheet showing its assets and liabilities. As of the date of this report, all three villages did not submit the requested NPO financial reports.

DRT updated the DRT Non-Profit Listing that listed tax-exempt organizations as of August 2019, as shown in Figure 1. According to DRT's Tax Exempt Listing, the Agana Heights NPO (Agana Heights Athletes Organization) and Tamuning-Tumon-Harmon NPO (Tatuha, Inc.) were listed.

Figure 1. Screenshot of DRT's Website



We requested for the three NPOs' financial reports during October 1, 2016 through September 30, 2019, and the following were the responses we received:

- The Agana Heights Athletes Organization was unable to provide the financial reports;
- The Tamuning-Tumon-Harmon Mayor provided Tatuha, Inc.'s CY 2017 and CY 2018 published financial reports. We have yet to receive CY 2019's published financial report, although a transmittal was submitted showing the annual report was received by DRT; and
- The Mongmong-Toto-Maite Mayor was unaware of the NPO reporting requirements and will work on submitting reports to DRT to comply.

Noncompliance by any organization required to file and publish such statement shall cause the DRT Director to revoke the tax-exempt status of such organization; provided, however, that certain conditions specified under 18 GCA §14103 are met. Any officer of an organization who either intentionally fails to publish such financial reports or intentionally falsifies the information shall be guilty of a misdemeanor.

Noncompliant NPOs with their tax-exempt status revoked must pay the proper taxes owed to DRT. As of this report date, DRT did not confirm the compliances for the two tax-exempt NPOs listed, as well as the specific taxes that must be paid if noncompliance was declared. Unlike the NAFs, there are penalties or fines imposed for noncompliance with financial reporting.

In addition, as NPOs, they are not excluded from the mandated annual reporting to MCOG per 5 GCA §40135(e). We recommend the respective Mayors and/or Vice Mayors' NPOs submit their missing NAF annual reports and comply with the NPO reporting requirements going forward.

Village Festival Reports Were Not Consistently Submitted

According to §40115.1, Mayors are granted authority to sponsor and to approve concessions, festivals, fiestas, or other village events associated with the promotion of the Chamorro culture, tradition, heritage, and tourism, officially sponsored by MCOG and held within village property under the control of the Mayor or village MPC. The *village Mayor* or *Vice Mayor* will provide a report of the amount of the proceeds that are transmitted to the MPC not more than *30 days* from the last day of such event to the DRT, *I Maga'lahen Guåhan*, the Speaker of *I Liheslatura*, and OPA.

From FY 2017 through FY 2019, Guam held 21[2] village festivals to include the: Merizo Crab, Agat Mango, Mangilao Donne, Talofofo Banana, Agana Heights Coconut, Inarajan Coconut, Yigo Citrus, and Yona Silebrasion I Dinanna Taotao Tano (Celebration of the Gathering of People of the Land) Festivals. See Table 2 below for details of Guam festival report submissions.

Table 2: Guam Festival Report Submissions for FY 2017 through FY 2019

Village	Festival	Calendar Year	Date of Festival	Date Submitted	Reports Submitted	Timely
Merizo	Crab 	2019	March 22-24, 2019	September 17, 2020	✓	
		2018	March 23-25, 2018	September 17, 2020	✓	
		2017	March 24-26, 2017	September 17, 2020	✓	
Agat	Mango 	2019	May 24-26, 2019	July 3, 2018	✓	
		2018	May 25-27, 2018	June 29, 2018	✓	
		2017	May 26-28, 2017	June 15, 2017	✓	⏱
Mangilao	Donne 	2019	September 13-15, 2019	October 23, 2019	✓	
		2018	September 21-23, 2018	January 16, 2019	✓	
		2017	September 7-10, 2017	October 12, 2017	✓	
Talofofo	Banana 	2019	April 26-28, 2019	June 25, 2019	✓	
		2018	April 20-22, 2018	May 24, 2018	✓	
		2017	April 21-23, 2017	June 5, 2017	✓	

[2] The 21 festivals include festivals that may or may not be held annually.

Village	Festival	Calendar Year	Date of Festival	Date Submitted	Reports Submitted	Timely
Agana Heights	Coconut 	2019	April 26-28, 2019	No Submission	✗	
		2018	April 27-29, 2018	No Submission	✗	
		2017	May 19-20, 2017	No Submission	✗	
Inarajan	 Coconut	2019	May 3-5, 2019	No Submission	✗	
		2018	May 4-6, 2019	No Submission	✗	
		2017	May 3-5, 2019	No Submission	✗	
Yigo	Citrus 	2019	No Festival	N/A		
		2018	November 18, 2018	December 26, 2018	✓	
		2017	November 17-19, 2017	December 18, 2017	✓	⏱
Yona	Silebrasion I Dinanna Taotao Tano	2019	No Festival	N/A		
		2018	June 29-30 & July 1, 2018	July 31, 2018	✓	⏱
		2017	No Festival	N/A		

For this audit, an entity's overall compliance with 5 GCA §40115.1 was categorized into one of the following:

- Fully Compliant: Reports were timely submitted;
- Partially Compliant: Reports were submitted past the 30-day deadline; or
- Non-Compliant: Reports were not submitted as of this report date.

Of the 21 festivals held:

- Three (or 14%) festival reports were fully compliant;
- 12 (or 57%) festival reports were partially compliant; and
- 6 (or 29%) festival reports were noncompliant.

The 30-day mandated reporting requirement defines an *event* as concessions, festivals, fiestas, or other village events associated with the promotion of the Chamorro culture, tradition, heritage, and tourism, and officially sponsored by the mayoral office. This requirement leaves room for interpretation as to what defines an *event*. Many Mayors only submitted reports related to festivals that were frequently held. They do not submit reports for village fiestas, holiday celebrations, and memorials. We recommend the MCOG Executive Director work with the Mayors and Vice Mayors to identify what specific events require reports. Also, we recommend Mayors and/or Vice Mayors timely submit their event reports to DRT, *I Maga'lahen Guåhan*, the Speaker of *I Liheslatura*, and OPA.

Conclusion and Recommendations

Our review of MCOG's NAF financial reports for 19 municipalities and the MCOG Revolving Fund found that most Mayors were unaware of the different mandated reporting requirements. Noncompliance with reporting requirements seems to be common among the Mayor's offices due to the lack of awareness, monitoring, and enforcement by Mayors and oversight officials. Our review specifically found:

- Two villages did not submit financial reports;
- MCOG Revolving Fund quarterly reports untimely submitted;
- Annual reporting requirements for village NAFs not known and enforced;
- Two NPOs did not submit required NPO financial reports; and
- Village festival reports were not consistently submitted.

Unlike the NPOs, there are no penalties or fines imposed on the nonsubmission of *annual* and *quarterly* reports. The noncompliance of reporting requirements leads to the lack of transparency and accountability, which decreases public confidence that the Mayor's offices serve its purpose in providing equitable and prompt services to Guam's residents.

NAF funds are raised under the title of a Mayor's official capacity as an elected government official. With that, Mayors and Vice Mayors should consider their role as stewards of their respective funds and the importance of proper record-keeping practices to aid in completing the required reports.

To promote transparency, accountability, and public confidence in the Mayor's offices for the equitable and prompt services provided to Guam's residents, we made several recommendations to MCOG:

- MCOG Officers timely comply with the quarterly reporting requirement according to 5 GCA §40135.1(f);
- MCOG Executive Director encourage the use of their NAF SOP to assist each Mayor's office staff with their annual reporting requirements under 5 GCA §40135(e);
- Appropriate staff (including, but not limited to, the respective Mayors, Vice Mayors, and Administrative Assistants) attend accounting, financial reporting, or other similar training, regularly or as needed;
- Respective Mayors and/or Vice Mayors' NPOs to submit their missing NAF annual reports and comply with the NPO reporting requirements going forward;
- MCOG Executive Director to work with the Mayors and Vice Mayors to identify what specific events in 5 GCA §40115.1 require reports; and
- Mayors and/or Vice Mayors timely submit their event reports to DRT, *I Maga'lahen Guåhan*, the Speaker of *I Liheslatura*, and OPA.

Classification of Monetary Amounts

	Finding Description	Questioned Costs	Potential Savings	Unrealized Revenues	Other Financial Impact
1	Two Villages Did Not Submit Financial Reports	$ -	$ -	$ -	$ -
2	MCOG Revolving Fund Quarterly Reports Untimely Submission	$ -	$ -	$ -	$ -
3	Annual Reporting Requirements for Village NAFs Not Known and Enforced	$ -	$ -	$ -	$ -
4	Two NPOs Did Not Submit Required NPO Financial Reports	$ -	$ -	$ -	$ -
5	Village Festival Reports Were Not Consistently Submitted	$ -	$ -	$ -	$ -
	Totals	**$ -**	**$ -**	**$ -**	**$ -**

Management Response and OPA Reply

In September 2020, a draft report was transmitted to MCOG and each Mayor's office for their official response. In the same month, we met with MCOG officials to discuss the findings and recommendations, where they expressed their general concurrence with the findings and recommendations.

MCOG's management responses included the MCOG Administrative Office and eight Mayors wherein they all agreed with the findings and recommendations related to the compliance with MCOG NAF reporting requirements. Although all Mayors were given the opportunity to respond, we did not receive responses from the remaining 11 Mayors.

See Appendix 4 for the nine MCOG officials' management responses.

The legislation creating the Office of Public Accountability requires agencies to prepare a corrective action plan to implement audit recommendations, to document the progress of implementing the recommendation, and to endeavor to complete implementation of the recommendations no later than the beginning of the next fiscal year. We will be contacting MCOG to provide the target date and title of the official(s) responsible for implementing the recommendations.

We appreciate the cooperation given to us by the staff and management of MCOG during this audit.

OFFICE OF PUBLIC ACCOUNTABILITY



Benjamin J.F. Cruz
Public Auditor

Appendix 1:

Objective, Scope, and Methodology

The objective of our audit was to determine whether MCOG NAFs were reported in compliance with mandated reporting requirements.

The scope of the report was from October 1, 2016 through September 30, 2019 (FY 2017 through FY 2019). We extended the scope to December 31, 2019 for NPOs since they report on a CY basis. However, Tamuning-Tumon-Harmon only provided its CY 2017 and CY 2018 financial reports. Our review only included the quarterly and annual financial reports that were submitted for 19 municipalities and the MCOG Revolving Fund.

Methodology

The methodology included the review of pertinent laws, rules and regulations, policies and procedures, and other relevant documents about MCOG NAF. The work was primarily performed at the OPA Office located at Suite 401 of the DNA Building in Hagatna, Guam.

We also:

(1) Obtained and analyzed quarterly financial reports submitted for 19 villages and the MCOG Revolving Fund;
(2) Researched laws, rules and regulations, policies and procedures, hotline tips, and audit reports on MCOG to obtain an understanding of the activities and reporting requirements of NAFs/NPOs;
(3) Clarified transactions and requested additional information based on the analysis conducted by emailing questions to appropriate MCOG village officials and staff; and
(4) Surveyed to confirm aspects of the control environment (i.e., attitude, culture, current practices, etc.)

Our audit was conducted in accordance with the standards for performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix 2:

Prior Audit Coverage

OPA Report No. 05-04, Dededo Mayor's Office Non-Appropriated Funds (Issued September 2005)

OPA found that the former Dededo Mayor, Vice Mayor, and Dededo MPC did not establish an adequate system of checks and balances to account for all NAFs collected for the village of Dededo. These conditions occurred because these officials failed to create a system of checks and balances to ensure that all NAFs collected by the village of Dededo would be publicly accountable. Also, these officials failed to comply with approval and reporting requirements, as mandated by law.

MCOG FY 2016 Financial Audit

The MCOG and the Mayors were commended for ending FY 2016 with an unmodified (clean) opinion on its NAF and no material weaknesses or significant deficiencies identified. However, separate management letters were issued to each Mayor and MCOG.

The NPOs that operate the NAFs of Agana Heights and Mongmong-Toto-Maite complied with their December 31, 2015 filings required by DRT, but they were not audited. While Tamuning's NAF is also operated by an NPO, the NPO has not completed all required DRT filings since 2014 and was not audited.

The deficiencies identified mainly included the lack of comparative prices on procurement, unsupported and/or unreceipted collections, and untimely deposits.

- 10 out of 19 villages had issues in compliance with procurement rules and regulations.
- Nine out of 19 villages had issues with their cash receipts process.

Appendix 3:

Details of NAF Reports Submitted

Village	Fiscal Year	Quarter	Date of Submission	Reports Submitted	Posted on MCOG Website
MCOG Revolving Fund	2017	1	5/20/2020	✓	✓
		2	5/20/2020	✓	✓
		3	5/20/2020	✓	✓
		4	5/20/2020	✓	✓
	2018	1	5/20/2020	✓	✓
		2	5/20/2020	✓	✓
		3	5/20/2020	✓	✓
		4	5/20/2020	✓	✓
	2019	1	5/20/2020	✓	✓
		2	5/20/2020	✓	✓
		3	5/20/2020	✓	✓
		4	5/20/2020	✓	✓
Agana Heights Athletes Organization (NPO)	2017	1	No Submission	✗	
		2	No Submission	✗	
		3	No Submission	✗	
		4	No Submission	✗	
	2018	1	No Submission	✗	
		2	No Submission	✗	
		3	No Submission	✗	
		4	No Submission	✗	
	2019	1	No Submission	✗	
		2	No Submission	✗	
		3	No Submission	✗	
		4	No Submission	✗	
Agat	2017	1	3/20/2020	✓	
		2	3/20/2020	✓	
		3	6/15/2017	✓	✓
		4	2/16/2018	✓	✓
	2018	1	6/29/2018	✓	✓
		2	6/29/2018	✓	✓
		3	6/29/2018	✓	✓
		4	10/17/2018	✓	✓
	2019	1	3/13/2019	✓	✓
		2	11/20/2019	✓	✓
		3	7/3/2019	✓	✓
		4	10/21/2019	✓	✓

Appendix 3:

Details of NAF Reports Submitted

Village	Fiscal Year	Quarter	Date of Submission	Reports Submitted	Posted on MCOG Website
 **Asan-Maina**	2017	1	No Submission	✗	
		2	3/20/2020	✓	
		3	3/20/2020	✓	
		4	3/20/2020	✓	
	2018	1	3/20/2020	✓	
		2	3/20/2020	✓	
		3	3/20/2020	✓	
		4	3/20/2020	✓	
	2019	1	3/20/2020	✓	
		2	3/20/2020	✓	
		3	3/20/2020	✓	
		4	3/20/2020	✓	
 **Barrigada**	2017	1	3/11/2020	✓	
		2	3/11/2020	✓	
		3	3/11/2020	✓	
		4	3/11/2020	✓	
	2018	1	3/11/2020	✓	
		2	3/11/2020	✓	
		3	3/11/2020	✓	
		4	3/11/2020	✓	
	2019	1	3/11/2020	✓	
		2	3/11/2020	✓	
		3	3/11/2020	✓	
		4	3/11/2020	✓	
 **Chalan Pago-Ordot**	2017	1	3/20/2020	✓	
		2	3/20/2020	✓	
		3	3/20/2020	✓	
		4	3/20/2020	✓	
	2018	1	3/20/2020	✓	
		2	3/20/2020	✓	
		3	3/20/2020	✓	
		4	3/20/2020	✓	
	2019	1	3/20/2020	✓	
		2	3/20/2020	✓	
		3	3/20/2020	✓	
		4	3/20/2020	✓	

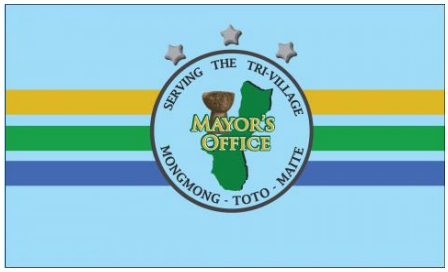
Appendix 3:

Details of NAF Reports Submitted

Village	Fiscal Year	Quarter	Date of Submission	Reports Submitted	Posted on MCOG Website
 **Dededo**	2017	1	1/10/2017	✓	✓
		2	4/10/2017	✓	✓
		3	7/10/2017	✓	✓
		4	10/10/2017	✓	✓
	2018	1	1/10/2018	✓	✓
		2	4/13/2018	✓	✓
		3	7/10/2018	✓	✓
		4	10/10/2018	✓	✓
	2019	1	1/9/2019	✓	✓
		2	4/10/2019	✓	✓
		3	7/31/2019	✓	✓
		4	10/10/2019	✓	✓
 **Hagatna**	2017	1	5/27/2020	✓	
		2	5/27/2020	✓	
		3	5/27/2020	✓	
		4	5/27/2020	✓	
	2018	1	5/27/2020	✓	
		2	5/27/2020	✓	
		3	5/27/2020	✓	
		4	5/27/2020	✓	
	2019	1	5/27/2020	✓	
		2	5/27/2020	✓	
		3	5/27/2020	✓	
		4	5/27/2020	✓	
 **Inarajan**	2017	1	3/30/2020	✓	
		2	3/30/2020	✓	
		3	3/30/2020	✓	
		4	3/30/2020	✓	
	2018	1	1/5/2018	✓	✓
		2	7/10/2018	✓	✓
		3	7/10/2018	✓	✓
		4	10/22/2018	✓	✓
	2019	1	3/27/2020	✓	
		2	3/27/2020	✓	
		3	7/16/2019	✓	
		4	10/15/2019	✓	

Appendix 3:

Details of NAF Reports Submitted

Village	Fiscal Year	Quarter	Date of Submission	Reports Submitted	Posted on MCOG Website
 **Mangilao**	2017	1	4/1/2020	✓	
		2	4/1/2020	✓	
		3	4/1/2020	✓	
		4	10/12/2017	✓	✓
	2018	1	4/1/2020	✓	
		2	4/1/2020	✓	
		3	4/1/2020	✓	
		4	1/16/2019	✓	✓
	2019	1	4/1/2020	✓	
		2	4/1/2020	✓	
		3	4/1/2020	✓	
		4	10/23/2019	✓	✓
 **Merizo**	2017	1	No Submission	✗	
		2	No Submission	✗	
		3	No Submission	✗	
		4	No Submission	✗	
	2018	1	No Submission	✗	
		2	No Submission	✗	
		3	No Submission	✗	
		4	No Submission	✗	
	2019	1	No Submission	✗	
		2	No Submission	✗	
		3	No Submission	✗	
		4	No Submission	✗	
 **Mongmong-Toto-Maite**	2017	1	3/19/2020	✓	
		2	3/19/2020	✓	
		3	3/19/2020	✓	
		4	3/19/2020	✓	
	2018	1	3/19/2020	✓	
		2	3/19/2020	✓	
		3	3/19/2020	✓	
		4	3/19/2020	✓	
	2019	1	3/19/2020	✓	
		2	3/19/2020	✓	
		3	3/19/2020	✓	
		4	3/19/2020	✓	

Appendix 3:

Details of NAF Reports Submitted

Village	Fiscal Year	Quarter	Date of Submission	Reports Submitted	Posted on MCOG Website
Mongmong-Toto-Maite MPC (NPO)	2017	1	No Submission	✗	
		2	No Submission	✗	
		3	No Submission	✗	
		4	No Submission	✗	
	2018	1	No Submission	✗	
		2	No Submission	✗	
		3	No Submission	✗	
		4	No Submission	✗	
	2019	1	No Submission	✗	
		2	No Submission	✗	
		3	No Submission	✗	
		4	No Submission	✗	
Piti	2017	1	5/1/2020	✓	
		2	5/1/2020	✓	
		3	5/1/2020	✓	
		4	5/1/2020	✓	
	2018	1	5/1/2020	✓	
		2	5/1/2020	✓	
		3	5/1/2020	✓	
		4	5/1/2020	✓	
	2019	1	5/1/2020	✓	
		2	5/1/2020	✓	
		3	5/1/2020	✓	
		4	5/1/2020	✓	
Santa Rita	2017	1	5/22/2020	✓	
		2	5/22/2020	✓	
		3	5/22/2020	✓	
		4	5/22/2020	✓	
	2018	1	5/22/2020	✓	
		2	5/22/2020	✓	
		3	5/22/2020	✓	
		4	5/22/2020	✓	
	2019	1	5/22/2020	✓	
		2	5/22/2020	✓	
		3	5/22/2020	✓	
		4	5/22/2020	✓	

Appendix 3:

Details of NAF Reports Submitted

Village	Fiscal Year	Quarter	Date of Submission	Reports Submitted	Posted on MCOG Website
Sinajana	2017	1	4/10/2020	✓	
		2	4/10/2020	✓	
		3	4/10/2020	✓	
		4	4/10/2020	✓	
	2018	1	4/10/2020	✓	
		2	4/10/2020	✓	
		3	4/10/2020	✓	
		4	4/10/2020	✓	
	2019	1	4/10/2020	✓	
		2	4/10/2020	✓	
		3	4/10/2020	✓	
		4	4/10/2020	✓	
Talofofo	2017	1	5/22/2020	✓	
		2	5/22/2020	✓	
		3	6/5/2017	✓	
		4	5/22/2020	✓	
	2018	1	No Submission	✗	
		2	No Submission	✗	
		3	5/24/2018	✓	
		4	No Submission	✗	
	2019	1	No Submission	✗	
		2	No Submission	✗	
		3	6/25/2019	✓	
		4	No Submission	✗	
Tatuha Inc. (NPO)	2017*		7/21/2018	✓	
	2018*		7/31/2019	✓	
	2019*		No Submission	✗	

* CY basis.

Appendix 3:

Details of NAF Reports Submitted

Village	Fiscal Year	Quarter	Date of Submission	Reports Submitted	Posted on MCOG Website
 **Umatac**	2017	1	3/11/2020	✓	
		2	3/11/2020	✓	
		3	3/11/2020	✓	
		4	3/11/2020	✓	
	2018	1	3/11/2020	✓	
		2	3/11/2020	✓	
		3	3/11/2020	✓	
		4	3/11/2020	✓	
	2019	1	3/11/2020	✓	
		2	3/11/2020	✓	
		3	3/11/2020	✓	
		4	3/11/2020	✓	
 **Yigo**	2017	1	No Submission	✗	
		2	No Submission	✗	
		3	12/18/2017	✓	
		4	No Submission	✗	
	2018	1	No Submission	✗	
		2	4/6/2020	✓	
		3	No Submission	✗	
		4	12/26/2018	✓	
	2019	1	No Submission	✗	
		2	No Submission	✗	
		3	No Submission	✗	
		4	No Submission	✗	
 **Yona**	2017	1	3/26/2020	✓	
		2	3/26/2020	✓	
		3	3/26/2020	✓	
		4	3/26/2020	✓	
	2018	1	4/6/2020	✓	
		2	4/6/2020	✓	
		3	7/31/2018	✓	
		4	4/6/2020	✓	
	2019	1	4/6/2020	✓	
		2	4/6/2020	✓	
		3	4/6/2020	✓	
		4	4/6/2020	✓	

Mayors' Council of Guam
Konsehelon Mahot Guåhan

September 23, 2020

Public Auditor Benjamin J.F. Cruz
Office of Public Accountability
Hagatna, Guam 96910

RE: AUDIT RESPONSE – MCoG NON-APPROPRIATED FUNDS (FY17-FY19)

Dear Public Auditor Cruz:

Buenas yan Hafa Adai! In response to the audit findings and recommendations to the MCoG for the referenced audit, I submit the following:

a. I will assure that from hereon forward the 4 villages that operate a non-profit organization in lieu of a Non-Appropriated Account will timely submit their financial reports notwithstanding their non-profit organization status.
b. i. I will ensure that the MCoG Treasurer will submit quarterly reports in a timely manner. This requirement will be addressed to the incoming Treasurer who will be elected in January, 2021.
c. i. Every January of the start of a Mayoral term, a meeting for all Mayors/Vice Mayors and designated Administrative Assistants undergo an orientation and training session to familiarize them to the MCoG Appropriated/Non-Appropriated Funds SOP. This training will now be done annually at the beginning of every year to update all concerned of the requirements in statute and in our SOP's.
   ii. The MCoG does actively encourage all Mayors to allow their Administrative Assistants to be enrolled in any available procurement and/or accounting training programs made available by the Guam Community College. In fact, a group of 5 AA's were to attend a training in March but the onset of COVID-19 cancelled the training. However. The MCoG will immediately enroll as many as is allowable in a training class should it be made available by the Guam Community College.
d. i. Same response as a.
e. i. I will ensure to inform all Mayors/Vice Mayors of the reporting requirements for village festival reports. We will also work with our Oversight Chairman in the Guam Legislature to amend and/or clarify 5GCA Section 40115.1 as there seems to be a redundancy in reports being required. However, it is our position that if these numerous reports will ensure transparency in the handling of village events we will only request for a clarification on the types of events being mandated for a report.
   ii. All villages currently submitting their reports do simultaneously submit the same reports to DRT, *I Maga'lahen/Maga'haga Guahan,* the Speaker of *I Liheslaturan Guahan, and to the OPA.* I will ensure that all non-conforming villages will from hereon forward also submit such reports to the aforementioned entities.

Ancient Latte Stones
P. O. Box 786, Hagåtña, Guam 96932
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E-mail: mcogadmin@teleguam.net

Thank you for the opportunity to provide the MCoG main office response to your findings and recommendations. We will continually strive to correct our deficiencies and to implement your recommendations.

Senseramente,

ANGEL R. SABLAN
Executive Director

Cc: All Mayors/ Vice Mayors

Office of the Mayor
Municipality of Asan-Maina
Frankie A. Salas, Mayor
"Proudly serving the Districts of Asan, Maina, Adelup & Nimitz Hill"

23 September 2020

Public Auditor Benjamin J.F. Cruz
Office of Public Accountability
Hagatna, Guam 96910

Dear Public Auditor Cruz:

Buenas yan Hafa Adai!
Asan-Maina Mayor's Office concurs with the findings identified in the Mayors Council of Guam Non-Appropriated Funds' compliance with Reporting Requirements for the period October 1, 2016 – September 30, 2019.

As per the Office of the Public Auditor's recommendation, to ensure transparency and accountability, the Asan-Maina Mayor's Office will comply with Mayors Council of Guam's Standard Operating Procedures to ensure that our non-appropriated funds are collected and reported.

We are currently reviewing our records alongside the Mayors Council of Guam's standard operating procedures. The Non-Appropriated Fund's Standard Operating Procedures will assist the Asan-Maina Mayor's Staff with annual reporting requirements.

As recommended, the administrative staff and myself will attend accounting, financial reporting, procurement and other similar training as needed.

Your continued guidance will be greatly appreciated. I look forward to working with your office to assure we are in compliance with all public laws pertinent to the process.

Should you have any questions or concerns please feel free to contact our office.

Respectfully,

Frankie A. Salas
Mayor Frankie A. Salas

P.O. Box 786 Hagatna, Guam 96932/141 Nino Perdido Drive Asan, Guam 96910
Office Telephone: (671) 472-6581/479-2726/Fax: 472-6446
Email: asanmainamayor@gmail.com

JUNE U. BLAS
MAYOR

MUNICIPALITY OF
BARRIGADA
OFFICE OF THE MAYOR & VICE MAYOR
124 LUAYAO LANE, BARRIGADA, GUAM 96913

JESSIE P. BAUTISTA
VICE MAYOR

September 23, 2020

Benjamin J.F. Cruz
Public Auditor
Office of the Public Accountability
238 Archbishop Flores Street
Hagatna, GU 96910

Re: Response to Audit Report

Dear Mr. Cruz,

Buenas Yan Hafa Adai!

This letter is in response to the Barrigada audit findings. The audit that was conducted was supportive. Vice Mayor Jessie Bautista and I were not aware of such mandate, to submit an Annual Report. However, we will ensure the public that we will comply and will submit as required. There was never any intent not being accountable or transparent for these funds.

Furthermore, our office will submit the fourth quarter report by the end of the month.

In closing, we concur with your recommendations, and we will abide with the Mayors' Council of Guam Standard Operating Procedure.

We Thank You for your time and assistance.

Respectfully,

JUNE U. BLAS
Mayor

JESSIE P. BAUTISTA
Vice Mayor

P.O Box 786, Hagatña, Guam, 96932 ◊ Office No.: (671) 734-3737/3859 ◊ Office Fax: (671) 734-1988 ◊ E-Mail: barrigadaoffice@gmail.com

Mayor Doris Flores Lujan
POB 786 Hagatna, Guam 96932
Office: 475-2509/10/11 - Fax: 828-2543
Email Addresses: mayordorisfloreslujan@gmail.com
inarajanmayorsoffice@gmail.com

September 22, 2020

Transmitted via email

TO: Mr. Benjamin Cruz
Office of Public Accountability

FROM: Inarajan Mayor's Office

Buenas Yan Hafa Adai

Inarajan Mayor's Office (IMO) concurs with the findings identified in the MCOG Non-Appropriated Funds' (NAFs) Compliance with Reporting Requirements for the period October 1, 2016 – September 30, 2019 October 1, 2016 (FY 2017 through FY 2019).

The following response is provided per your request:

3 (b): ***Untimely submissions of MCOG Revolving Fund quarterly reports***: Quarterly reports for FY 2017 through FY 2019 were not submitted on time, however, reports were submitted and received by the OPA office before the exit conference.

3 (c): ***Annual reporting requirements for village NAFs not known and*** **enforced:** Subject reports were submitted to OPA before the exit conference. Procurement and Ethics Training required by law will be required annually. The MCOG Standard Operating Procedures will be used as a guideline to ensure compliance.

3 (e): ***Village Festival Reports***: The village of Inarajan hosts three (3) fiestas annually: (1) March 19 – Feast of Saint Joseph, Husband of Mary/Re-Enactment of the Arrival of Saint Joseph Statue (2) First weekend in May – Feast of Saint Joseph the Worker, and (3) Weekend after Mother's Day – San Isidro the Farmer Fiesta. Village fiestas are open to the island faithful and community at large. During these celebrations, mini carnivals, music festivals are planned, parades, cultural contest, and sports competitions are held. IMO partners with military sister squadrons, churches, small businesses, and the MCOG to host successful events during this time.

In collaboration with Historic Inalahan, San Jose/San Isidro Parish Councils. Fiesta stipends were approved and awarded to interested residents who agreed to host guests (military, government, High School Junior ROTC) at their home to celebrate and experience the island cuisine, culture, language and family life during village celebrations

During village fiestas, IMO receives the following as revenue generated, and deposited into the Inarajan Municipal Planning Council revolving fund: (1) Cockfight Bids, (2) $100.00 per weekend (non-refundable) for utilities usage, and (3) a deposit in the amount of $100.00 if facilities are not cleaned after the event as applicable.

Alcoholic Beverage License for Temporary On-Sale Beer License for two consecutive weekends in the amount of $100.00 per scheduled fiestas were paid by the Inarajan Mayor's Office. Additionally, IMO pays four percent (4%) gross receipt tax for the cockfight bid.

The Inarajan Coconut Festivals were conducted in May 2018 and May 2019 and sponsored by Saint Joseph Church Pastoral Council. All proceeds such as concessions, queen's committee and raffle tickets were handled by the church. Also, the same applies to San Isidro Rai and La Raina festival sponsored by the Malojloj San Isidro Parish Council.

The Inarajan Mayor's Office and Municipal Planning Council supports the following events during its annual fiestas: (a) Float parade and awarding prizes (1st, 2nd, 3rd and consolation prizes), (b) Host guests (military and high school Junior ROTC marching units) for lunch at several homes to celebrate and experience the island cuisine, culture, language and family, (c) Auto rentals for Saint Joseph Coconut Festival King and Queen and San Isidro Rai and La Raina, and Parade Grand Marshal for each village, (d) Rental of portable toilets and commercial trash bins, and (e) Prizes for sports tournaments and cultural sports.

MCOG Revolving Fund Quarterly Reports. I highly recommend we continue submitting quarterly reports. Also, MCOG should adopt a resolution to amend the law for a bi-annual and annual reporting requirements to maximize municipal staff and management time and effort especially during this unprecedented COVID-19 pandemic to maintain accountability and transparency.

Host Community Premium: I humbly request a separate audit for the Municipality of Inarajan as recommended by Mr. Fred Horecky, Chief Administrative Law Judge, Public Utilities Commission. Attendees will be Mayor Lujan and Linda Borja.

If you need further clarification or question, please do not hesitate to email or contact me or Mrs. Linda Borja.

Sincerementе,

Doris Flores Lujan

DORIS FLORES LUJAN
Mayor

cc: MCOG
File

2

Office of the Mayor

September 23, 2020

Benjamin J. F. Cruz
Public Auditor
Office of Public Accountability
238 Archbishop Flores Street
Hagatna GU 96910

Hafa Adai, Mr. Cruz:

The compliance audit of the Mayors' Council of Guam Non-Appropriated Funds has been a helpful process.

After reviewing the Piti Audit Findings, I would like to express that our reports were submitted and posted once my office was informed of the necessary reporting requirements. Annual reports were not submitted as required because I was not aware of such mandate, but I assure the public that one will be submitted this year; and that there was never any intent of not being transparent or accountable for these funds.

Moreover, I share these same sentiments as the Treasurer for the Mayors' Council of Guam in your review of the Mayors' Council of Guam Revolving Funds.

Ultimately, your findings may cast a negative doubt of transparency, but I agree with your recommendations to abide by the Standard Operating Procedures adopted by the Mayors' Council of Guam.

Si Yu'os ma'ase' for your time and assistance!

Sincerely,

JESSE L.G. ALIG
Mayor of Piti

Telephone: 671.472.1232/3 Email: jesse.alig@pitiguam.com P.O. Box 786 Hagatna, Guam 96932

OFFICE OF THE MAYOR
MUNICIPALITY OF SANTA RITA
Ufisinan I Mahot
183 A.B. Won Pat Lane, Santa Rita, Guam 96915

Honorable
Dale E.A. Alvarez
Mayor

Village Flower
"Gardenia"

September 22, 2020

Via ipalero@guamopa.com

Justice Benjamin J.F. Cruz
Public Auditor
Office of Public Accountability
Suite 401, DNA Building
238 Archbishop Flores Street
Hagatna, GU 96910

Re: Audit Findings for Santa Rita

Buenas yan Hafa Adai:

It is reassuring to know that the Office of Public Accountability is willing to provide assistance to the Mayors in order for our offices to become more informed and that we are in compliance with the laws of the Territory of Guam and with the MCOG's Standard Operating Procedures. The Zoom Conference held on September 17, 2020, was informative and an eye opener.

Santa Rita concurs with the findings of the Office of Public Accountability and will work diligently to prepare and submit quarterly and annual reports on a timely manner.

Should you have any questions or concerns, please do not hesitate to contact my office.

Si Yu'os ma'ase,

Dale E. Alvarez
Mayor, Municipality of Santa Rita

cc: Mr. Angel Sablan, Executive Director, MCOG

Ancient Latte Stones
Office: (671) 565-2514 / 4304 / 4301
Fax: (671) 565-3222

OFFICE OF THE MAYOR – MUNICIPALITY OF UMATAC
MAYOR JOHNNY A. QUINATA
P.O. BOX 786, HAGATNA, GUAM 96932
TELEPHONE: (671)-828-8251/2 | FAX: (671)-828-2676
EMAIL ADDRESS: UMATACMO@GMAIL.COM

September 22, 2020

Mr. Benjamin J.F. Cruz
Public Auditor
Office Of Public Accountability
Suite 401 DNA Building
238 Archbishop Flores Street
Hagatna, Guam
96910

Buenas yan Hafa Adai Mr. Cruz,

In response to the Preliminary Findings and the Mayors Council of Guam (MCOG) Non-Appropriated Funds Reporting Requirements; changes will be implemented as per the Office of Public Accountability's (OPA) recommendation. As per OPA's indication, the Umatac Mayor's Office Mayor, Administrative Assistant, Municipal Clerk will comply with MCOG's standard operating procedures to ensure that our Non-Appropriated Funds are collected and reported to ensure transparency and accountability. In addition to the recommendation, the as mentioned staff will attend as-needed training on accounting, financial reporting, procurement, etc. to provide a systematic response and efficient reports required.

Currently, we are reviewing our records, alongside, the MCOG's standard procedures to establish an improved operations procedure for the Umatac Mayor's Office. We will continue to work with the government entities that require these reports to be in full compliance of the law. This will allow us to effectively serve our community at its full capacity in providing equitable and prompt services.

Should you need additional documents or if information is needed to support our audit report please contact me or Jenna Sanchez, Administrative Assistant at 828-8251/2 or via email at umatacmo@gmail.com. Your attention and support in this matter is greatly appreciated.

We look forward to this continued partnership to better serve the constituents of Humatak and the people of Guam.

Respectfully,

Mayor Johnny A. Quinata

YIGO MAYOR'S OFFICE
"OFFICINAN I TAOTAO"

Rudy M. Matanane, Mayor
Anthony P. Sanchez, Vice Mayor

TO: Mr. Benjamin J. Cruz
Public Auditor, Office of Accountability

FROM: Rudy M. Matanane
Mayor of Yigo

SUBJECT: **Management Response**

Buenas yan Håfa Adai Mr. Cruz,

In response to the Preliminary Findings via our Zoom conversation last week and in following guidelines with the Mayors Council of Guam (MCOG) in regards to the Non-Appropriated Funds Reporting Requirements; The Yigo Mayors Office would like to offer this response:

As per the OPA's finding, our office will work towards complying with the Standard Operating Procedure of the MCOG to ensure proper accountability and reporting of our NAF account for transparency purposes. Our office would also like to suggest proper structured orientation and training and possibly annual refresher trainings to ensure consistency with accounting, financial reporting, procurement and all trainings relevant to the NAF reporting.

As it stands, we are currently reviewing our records to safeguard proper compliance and improve procedures of reporting for the Yigo Mayors Office. We will work diligently with all articles to enable full compliance with the law allowing us to effectively serve our constituents.

Should you have any questions, comments, concerns, or require any further assistance; please do not hesitate to contact the office at 653-9446 / 9119 / 5248 or via email at yigostaff@gmail.com

Senseramente,

Rudy M. Matanane
Mayor of Yigo

Tel: (671) 653-YIGO (9446) & 653-5248 • Email: yigostaff@gmail.com

MUNICIPALITY OF YONA
Mayors' Council of Guam
Konsehelon Mahot Guahan
P.O. Box 786 Agana, Guam 96932

September 28, 2020

Mr. Benajamin J.F. Cruz
Public Auditor
Office Of Public Accountability
Suite 401 DNA Building
238 Archbishop Flores Street
Hagatna, Guam 96910

Buenas yan Hafa Adai Mr. Cruz,

In response to the Preliminary Findings for the Non-Appropriated Funds Reporting Requirements; changes will be implemented as per the Office of Public Accountability's (OPA) recommendation. As per OPA's indication, the Mayor, Administrative Assistant and the Municipal Clerk will comply with MCOG's standard operating procedures to ensure that our Non-Appropriated Funds are collected and reported to ensure transparency and accountability. In addition to the recommendation, the as mentioned staff will attend as-needed training on accounting, financial reporting, procurement, etc. to provide a systematic response and efficient reports required.

Currently, we are reviewing our records, alongside, the MCOG's standard procedures to establish an improved operations procedure for the Yona Mayor's Office. We will continue to work with the government entities that require these reports to be in full compliance of the law. This will allow us to effectively serve our community at its full capacity in providing equitable and prompt services. Should you need additional documents or information is needed to support our audit report please contact me or Rose F. Guerrero, Administrative Assistant at 789-1525/1526 or yonamayor2020@gmail.com.

Your attention and support in this matter is greatly appreciated. We look forward to this continued partnership to better serve our community and the people of Guam.

Respectfully,

Mayor Bill A. Quenga

Appendix 5:

Status of Audit Recommendations

No.	Addressee	Audit Recommendation	Status	Action Required
1	MCOG Officers or designee	Timely comply with the MCOG Revolving Fund quarterly reporting requirement according to 5 GCA §40135.1(f).	OPEN	Please provide the target date and title of the official(s) responsible for implementing the recommendation.
2	MCOG Executive Director or designee	Encourage the use of their NAF SOP to assist each Mayor's office staff with their annual reporting requirements under 5 GCA §40135(e).	OPEN	Please provide the target date and title of the official(s) responsible for implementing the recommendation.
3	Respective Mayors and/or Vice Mayors	Appropriate staff (including, but not limited to, the respective Mayors, Vice Mayors, and Administrative Assistants) attend accounting, financial reporting, or other similar training, regularly or as needed.	OPEN	Please provide the target date and title of the official(s) responsible for implementing the recommendation.
4	Respective Mayors and/or Vice Mayors	NPOs submit their missing NAF annual reports and comply with the NPO reporting requirements going forward.	OPEN	Please provide the target date and title of the official(s) responsible for implementing the recommendation.
5	MCOG Executive Director or designee	Work with the Mayors and Vice Mayors to identify what specific events in 5 GCA §40115.1 require reports.	OPEN	Please provide the target date and title of the official(s) responsible for implementing the recommendation.
6	Respective Mayors and/or Vice Mayors	Timely submit their event reports to DRT, *I Maga'lahen Guåhan*, the Speaker of *I Liheslatura*, and OPA.	OPEN	Please provide the target date and title of the official(s) responsible for implementing the recommendation.

Mayors' Council of Guam
Non-Appropriated Funds' Compliance with Reporting Requirements
Report No. 20-06, September 2020

ACKNOWLEDGEMENTS

Key contributions to this report were made by:

Ira Palero, CPA, Auditor-in-Charge
Clariza Roque, CGFM, CGAP, CICA, Audit Supervisor
Benjamin J.F. Cruz, Public Auditor

MISSION STATEMENT

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: To have an independent and impartial mind.
Professionalism: To adhere to ethical and professional standards.
Accountability: To be responsible and transparent in our actions.

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- **Visit our website at www.opaguam.org**
- **Call our office at 475-0390**
- **Fax our office at 472-7951**
- **Or visit us at Suite 401, DNA Building in Hagåtña**

All information will be held in strict confidence.