

**Submission of FY 2006 2nd Quarter  
Financial Reports**

**Legislative Mandate  
January 1, 2006 through March 31, 2006**

**OPA Report No. 06-09  
July 2006**



OFFICE OF THE PUBLIC AUDITOR

## **Submission of FY 2006 2<sup>nd</sup> Quarter Financial Reports**

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Distribution:

Governor of Guam  
Speaker, 28<sup>th</sup> Guam Legislature  
Senators, 28<sup>th</sup> Guam Legislature  
Director, Department of Administration  
Director, Bureau of Budget and Management Research  
Chief Justice, Supreme Court of Guam  
U.S. Department of Interior  
Office of Inspector General – Pacific Field Office  
Guam Media via e-mail



OFFICE OF THE PUBLIC AUDITOR

July 19, 2006

Honorable Felix Camacho  
Governor  
Office of the Governor  
P.O. Box 2950  
Hagatna, Guam 96932

Honorable Mark Forbes  
Speaker  
28<sup>th</sup> Guam Legislature  
324 W. Soledad Ave.  
Hagatna, Guam 96910

Subject: Submission of FY 2006 2<sup>nd</sup> Quarter Financial Reports  
for the three month period ended March 31, 2006

Dear Governor Camacho and Speaker Forbes:

Pursuant to P.L. 28-68 Chapter V Section 3, we hereby submit our review of the submission of 2<sup>nd</sup> Quarter Financial Reports by various government of Guam entities, as required by law. See Appendix 1 for details of this section of the law.

### **Subsequent 1<sup>st</sup> Quarter Report Submissions**

In OPA Report 06-02 submitted April 2006, we reported that eight entities did not submit 1<sup>st</sup> quarter financial reports. They were:

- Guam Housing & Urban Renewal Authority (GHURA)
- Guam Housing Corporation
- Guam International Airport Authority
- Guam Power Authority
- Guam Retirement Fund
- Guam Waterworks Authority
- Judiciary of Guam
- Port Authority of Guam

Of the eight entities, GHURA still has not submitted 1<sup>st</sup> quarter financials reports as of the date of this report.

The Committee on Finance, Taxation, and Commerce (“Committee”) of the Office of Finance and Budget, confirmed that 52 entities are required to submit quarterly reports, rather than 48 entities as was provided by the Committee’s Compendium of Required Reports and as reported in our 1<sup>st</sup> quarter report. The four entities not included in the 1<sup>st</sup> quarter review were:

- Guam Board of Accountancy (GBOA)
- Guam Economic Development and Commerce Authority (GEDCA)
- Guam State Clearinghouse
- Office of Veteran's Affairs

However, GBOA's 1<sup>st</sup> quarter financial report was submitted by the Bureau of Budget and Management Research (BBMR) on January 30, 2006. GEDCA submitted their 1<sup>st</sup> quarter financial report on June 22, 2006. Guam State Clearinghouse and Office of Veteran's Affairs have still not submitted 1<sup>st</sup> quarter financial reports as of the date of this report. These two entities receive general fund appropriation and may be subject to deappropriation.

### **Interpretation of P.L. 28-68 by Committee on Finance**

Based on difficulties encountered during our review of 1<sup>st</sup> quarter financial reports, we requested the Committee's clarification of the requirements and penalties for noncompliance of P.L. 28-68 Chapter V Section 2. The Committee responded on June 9, 2006. See Appendix 2.

A summary of the Committee's comments follows:

- 1) OPA will report on the submission and non-submission of the quarterly financial reports by department/agency.
- 2) The due date for submission of the 2<sup>nd</sup> quarter financial report was April 30, 2006. Entities may be subject to deappropriation if financial reports are submitted after this date.
- 3) Entities that do not post quarterly financial reports on their websites may be subject to deappropriation.
- 4) The department/agency head must submit the financial reports in order to be compliant. BBMR's submission of financial reports on behalf of the entity does not meet this requirement and therefore the entity may be subject to deappropriation.

Based on these guidelines, we evaluated an entity to be in full compliance if 2<sup>nd</sup> quarter financial reports met these three requirements:

- 1) Submitted by entity's department/agency head and not by BBMR
- 2) Submitted by April 30, 2006
- 3) Posted on the entities' websites

### **Entities that Fully Complied**

Of the 52 entities required to submit quarterly financial reports, we identified seven entities that met all three requirements. These entities are:

ENTITY		DATE RECEIVED BY I LIHESLATURAN GUAHAN	WEBSITE ADDRESS
1	Bureau of Budget and Management Research (BBMR)	4/28/06	<a href="http://www.guamgovernor.net/BBMR/index.html">http://www.guamgovernor.net/BBMR/index.html</a>
2	Department of Corrections	4/04/06	<a href="http://depcor.com/">http://depcor.com/</a>
3	Guam Memorial Hospital Authority	4/14/06	<a href="http://www.gmha.org/">http://www.gmha.org/</a>
4	Guam Public School System	4/17/06	<a href="http://www.gdoe.net/">http://www.gdoe.net/</a>
5	Guam Visitors Bureau	4/28/06	<a href="http://visitguam.org/">http://visitguam.org/</a>
6	Judiciary of Guam	4/11/06	<a href="http://www.justice.gov.gu/">http://www.justice.gov.gu/</a>
7	Office of the Public Auditor	4/17/06	<a href="http://www.guamopa.org/">http://www.guamopa.org/</a>

### **Entities that Did Not Fully Comply**

We identified five entities that did not meet any of the three requirements. These entities are:

- Commission on Decolonization
- Guam Ancestral Lands Commission
- Guam Housing and Urban Renewal Authority (GHURA)
- Guam State Clearinghouse
- Office of Veteran's Affairs

We contacted the five agencies to confirm that they did not submit 2<sup>nd</sup> quarter financial reports to the Legislature as of the date of this report. Based on the Committee's guidelines these five entities may be subject to deappropriation. However, only GHURA does not receive General Fund appropriation for its operations.

### **Entities that Partially Complied**

The remaining 40 entities partially complied with the Committee's interpretation, meeting at least one, but not all of the requirements. See Appendix 3 for details and a list of the entities.

#### **Submitted by Department / Agency Head**

Of the 40 entities that partially complied, 23 of the reports were submitted by the heads of the entities but only seven reports were submitted by the April 30, 2006 due date. The remaining 16 entities submitted their reports after the due date.

Of the seven entities that submitted reports by the due date, three placed links on their websites to the BBMR report and four did not post financial reports on their websites.

Of the 16 entities that submitted after the due date, eight entities posted the financial report on their websites, four entities placed a link to the BBMR report on their websites, and four did not post financial reports on their websites. See Appendix 4.

### **Submitted by BBMR**

Second quarter financial reports for 17 entities were not submitted by the department/agency head. Instead, BBMR submitted the 2<sup>nd</sup> quarter financial reports on behalf of the 17 entities on April 28, 2006. Of these 17 entities, the Department of Labor was the only entity to post the financial report on its website. There were five entities that linked the BBMR report on their websites and 11 entities did not post the financial reports on their websites. See Appendix 5.

These 40 entities may be subject to deappropriation based on the Committee's interpretation because they did not meet all three requirements. However, seven of the 40 entities, Government of Guam Retirement Fund, Guam Economic Development and Commerce Authority, Guam Housing Corporation, Guam International Airport Authority, Guam Power Authority, Guam Waterworks Authority, and Port Authority of Guam do not receive appropriations from the General Fund for their operations.

### **Entities That Do Not Have a Website**

Pursuant to P.L. 28-57, each government department or agency is required to develop and maintain a homepage or website. The following seven entities do not have a website:

- Commission on Decolonization
- Department of Chamorro Affairs
- Department of Integrated Services for Individuals with Disabilities
- Department of Military Affairs
- Guam Ancestral Lands Commission
- Office of the Chief Medical Examiner
- Office of Veteran's Affairs

### **Report Format**

There were inconsistencies in the amount of information that was provided in the financial reports. P.L. 28-68 states that the reports "shall be in the format of Financial Statements and/or revenue and expenditure reports... or in the format as may be required by I Liheslaturan Guahan." We noted that some reports were itemized as to the nature of the expenditures; however, some reports, such as the ones submitted by BBMR for the 17 entities, disclosed only lump sum expenditures for the funds administered by the entity. A lump sum expenditure report does not sufficiently provide details on expenditure patterns of the entity.

### **Report Submission Site**

We found that some entities continue to submit reports to the Office of Finance and Budget rather than the Office of the Speaker of *I Liheslaturan Guahan* (Speaker's Office). We informed these entities that the Committee confirmed agencies are not in compliance unless the reports have been submitted to the Speaker's Office. These entities subsequently submitted their reports to the Speaker's Office.

## Conclusion

In summary, based on the Committee's guidance, the department/agency head of each entity, not BBMR, must submit 2<sup>nd</sup> quarter financial reports by the April 30, 2006 due date and post the financial reports on the entity's website to comply with P.L. 28-68. Seven entities fully complied, five entities did not submit a 2<sup>nd</sup> quarter financial report, and 40 entities partially complied by meeting at least one requirement, but not all three. As a result, 45 entities may be subject to deappropriation based on the Committee's interpretation. Further, seven entities have not developed websites as required by P.L. 28-057.

With this quarterly monitoring, although fewer entities complied, we noted an improvement in the reporting by the various entities. For the 1<sup>st</sup> quarter reporting we only looked at the requirement of timeliness and we found only eight entities that did not comply. For the 2<sup>nd</sup> quarter there were three requirements and we found 45 entities that did not fully comply. We continue to look to the Committee for guidance in the submission of 3<sup>rd</sup> quarter reports which are due July 31, 2006.

Senseramente,



Doris Flores Brooks, CPA, CGFM  
Public Auditor

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**Appendix 1:**  
**Public Law 28-68 Chapter V Sections 2 & 3**

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**ADMINISTRATIVE PROVISIONS.**

**Section 2. Reporting Requirements.** Thirty (30) days after the close of each quarter of Fiscal Year 2006, each department/agency head in the Executive Branch of the government of Guam, all autonomous, semi-autonomous agencies and Public Corporations inclusive of the Public Auditor of Guam, the Attorney General of Guam, the Administrator of the Courts, the Public Defender of Guam, the President of the Mayors Council of Guam, the Superintendent of the Guam Public School System, the President of the University of Guam, the President of the Guam Community College, the Administrator of the Guam Memorial Hospital Authority, the General Manager of the Guam Visitors Bureau, the Administrator of the Guam Economic Development and Commerce Authority, and the Director of the Guam Election Commission, shall submit in written and electronic format (including, but *not limited to*, diskettes, CD, and/or email) to the Speaker of *I Liheslaturan Guåhan* a report containing full disclosure of ALL funds under its purview and administration for the preceding quarter. Such disclosure shall be in the format of Financial Statements and/or revenue and expenditure reports for each of the funds he or she administers (appropriated, non-appropriated and other sources) or in the format as may be required by *I Liheslaturan Guåhan* and shall post the same on the department/agencies website. This, and all other reporting requirements as mandated in this Act are subject to the following:

(a) Fifteen (15) days after the report's due date, *I Maga'lahi*, through the Bureau of Budget and Management Research, shall notify the responsible Department/Agency Head of the Executive Branch, of non-compliance and the imminent deappropriation of funds.

(b) Fifteen (15) days after the report's due date, the Chairpersons of all applicable Boards and Commissions shall notify the responsible reporting Official, listed in this Section, of non-compliance with reporting requirements and the imminent deappropriation of funds.

**Section 3. Deappropriation of Funds.** Failure to comply with reporting requirements as mandated in this Act, after the forty-fifth (45<sup>th</sup>) day from the original report due date, shall result in the automatic deappropriation of funds of five percent (5%) of the appropriations made to the non-compliant entity for EACH requirement not met. This Section shall *not* apply when the island is declared to be in the Condition of Readiness One or when *I Maga'lahi* has declared a state of emergency. The Public Auditor shall certify the deappropriation and report it to *I Maga'lahen Guåhan* and the Speaker of *I Liheslaturan Guåhan*. The Bureau of Budget and Management Research shall adjust the appropriation/allotment to effectuate any deappropriation and submit a report of such deappropriation(s) along with copies of the appropriation/allotment modification to the Speaker of *I Liheslaturan Guåhan*.



*I Mina'Bente Ocho Na Liheslaturan Guåhan*  
**Senator Edward J.B. Calvo**  
**SECRETARY OF THE LEGISLATURE**  
**Chairman, Committee on Finance, Taxation & Commerce**  
**Office of Finance and Budget**

June 9, 2006

Ms. Doris Flores Brooks, Public Auditor  
Office of the Public Auditor  
Suite 401, Pacific News Bldg.  
238 Archbishop Flores Street  
Hagåtña, Guam 96910

Dear Ms. Brooks:

*Hafa Adai!* In a recent meeting with the Committee on Finance, Taxation and Commerce (Committee) and the Office of the Public Auditor (OPA), the following questions were discussed with respect to the filing of quarterly financial reports by government agencies as mandated by Public Law 28-68, Chapter V, Section 2. The Committee's responses, with guidance from the Legal Counsel of the Legislature, to the questions posed by the OPA are as follows:

OPA: Are we only to report on the submission of quarterly financial reports?

**Response: Yes. Report on the submission and non-submission of the quarterly financial reports by department/agency.**

OPA: Are the agencies subject to deappropriation if reports are not submitted by the due date or not until after 45 days after the due date?

**Response: The agencies are "subject" to deappropriation if the reports are not submitted by the due date. Deappropriation of funds is automatic after the forty-fifth (45<sup>th</sup>) day from the original report due date.**

OPA: Are the agencies subject to deappropriation if they do not post reports on their website?

**Response: Yes.**

155 Hesler Place  
Hagåtña, Guam 96910

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**Appendix 2:  
Committee on Finance, Taxation and Commerce  
Interpretation of P.L. 28-68 Chapter V Section 2**

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(Page 2 of 2)

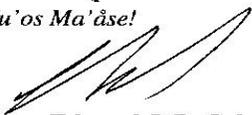
Ms. Doris Flores Brooks, Public Auditor  
Page 2 of 2

OPA: Is the submission of reports by BBMR sufficient to satisfy the reporting requirement?

**Response:** No. The submission of reports shall come from each “department/agency head”, of the Executive Branch of the government of Guam, all autonomous, semi-autonomous agencies and Public Corporations inclusive of the Public Auditor of Guam, the Attorney General of Guam, the Administrator of the Courts, the Public Defender of Guam, the President of the Mayors Council of Guam, the Superintendent of the Guam Public School System, the President of the University of Guam, the President of the Guam Community College, the Administrator of the Guam Memorial Hospital, the General Manager of the Guam Visitors Bureau, the Administrator of the Guam Economic Development and Commerce Authority and the Director of the Guam Election Commission.

The Committee wishes to thank the Office of the Public Auditor for their continued support and assistance in this matter.

*Si Yu'os Ma'åse!*



Senator Edward J. B. Calvo

### Appendix 3: Entities that partially complied with P.L. 28-68

Entity Name	1) Submission of Report:		2) Date of Submission:		3) Website Posting	
	Head of the Department/ Agency	BBMR	By Due Date (April 30, 2006)	After Due Date	Posted on the entities' website	Linked to BBMR Report
1 Office of the Attorney General		✓	4/28/06			✓
2 Board of Professional Engineer, Architects and Land Surveyors	✓		4/28/06			
3 Bureau of Statistics and Planning	✓			5/3/06		✓
4 Chamorro Land Trust Commission	✓			5/22/06	✓	
5 Civil Service Commission	✓			5/1/06		✓
6 Customs and Quarantine Agency		✓	4/28/06			✓
7 Department of Administration	✓		4/26/06			✓
8 Department of Agriculture	✓		4/7/06			✓
9 Department of Chamorro Affairs		✓	4/28/06			
10 Department of Integrated Services for Individuals with Disabilities		✓	4/28/06			
11 Department of Labor		✓	4/28/06		✓	
12 Department of Land Management		✓	4/28/06			✓
13 Department of Mental Health and Substance Abuse		✓	4/28/06			
14 Department of Military Affairs	✓		4/20/06			
15 Department of Parks and Recreation		✓	4/28/06			
16 Department of Public Health and Social Services		✓	4/28/06			✓
17 Department of Public Works	✓		4/13/06			
18 Department of Revenue and Taxation		✓	4/28/06			
19 Department of Youth Affairs		✓	4/28/06			✓
20 Government of Guam Retirement Fund	✓			6/27/06		✓
21 Guam Board of Accountancy		✓	4/28/06			
22 Guam Community College	✓			5/1/06	✓	
23 Guam Contractors License Board	✓			6/23/06		✓
24 Guam Council on the Arts and Humanities Agency	✓		4/24/06			
25 Guam Economic Development and Commerce Authority	✓			6/23/06	✓	
26 Guam Educational Telecommunication Corporation	✓			5/1/06	✓	
27 Guam Election Commission		✓	4/28/06			
28 Guam Environmental Protection Agency		✓	4/28/06			
29 Guam Fire Department		✓	4/28/06			
30 Guam Housing Corporation	✓			6/23/06		
31 Guam International Airport Authority	✓			5/18/06	✓	
32 Guam Police Department	✓			5/24/06		
33 Guam Power Authority	✓			7/3/06		
34 Guam Public Library System	✓		4/5/06			✓
35 Guam Waterworks Authority	✓			6/29/06	✓	
36 Mayors Council of Guam		✓	4/28/06			
37 Office of the Chief Medical Examiner		✓	4/28/06			
38 Port Authority of Guam	✓			6/23/06	✓	
39 Public Defender Services Corporation	✓			5/10/06		
40 University of Guam	✓			5/1/06	✓	
<b>Total</b>	<b>23</b>	<b>17</b>	<b>24</b>	<b>16</b>	<b>9</b>	<b>12</b>

**Appendix 4:**  
**2<sup>nd</sup> Quarter Financial Reports Submitted by the Department/Agency Head**

Entity Name		Date of Submission		Website Posting	
		By Due Date (April 30, 2006)	After Due Date	Posted on the entities' websites	Linked to BBMR Report
1	Board of Professional Engineers, Architects and Land Surveyors	4/28/06		-	-
2	Bureau of Statistics and Planning		5/03/06		<a href="http://www.guamgovernor.net/content/view/235/280">http://www.guamgovernor.net/content/view/235/280</a>
3	Chamorro Land Trust Commission		5/22/06	<a href="http://www.cltcguam.org/">http://www.cltcguam.org/</a>	
4	Civil Service Commission		5/01/06		<a href="http://www.geocities.com/civilservicegovguam/home.htm">http://www.geocities.com/civilservicegovguam/home.htm</a>
5	Department of Administration	4/26/06			<a href="http://www.admin.gov.gu/department/admin.html">http://www.admin.gov.gu/department/admin.html</a>
6	Department of Agriculture	4/07/06			<a href="http://www.guamdawr.org/">http://www.guamdawr.org/</a>
7	Department of Military Affairs	4/20/06		-	-
8	Department of Public Works	4/13/06		-	-
9	Government of Guam Retirement Fund		6/27/06		<a href="http://www.ggrf.com/">http://www.ggrf.com/</a>
10	Guam Community College		5/01/06	<a href="http://www.guamcc.edu/bfd/Expenditure%20Report.htm">http://www.guamcc.edu/bfd/Expenditure%20Report.htm</a>	
11	Guam Contractors License Board		6/23/06		<a href="http://www.guamgovernor.net/content/view/235/280/">http://www.guamgovernor.net/content/view/235/280/</a>
12	Guam Council on the Arts and Humanities Agency	4/24/06		-	-
13	Guam Economic Development and Commerce Authority		6/23/06	<a href="http://investguam.com/2006/mayfin2006.htm">http://investguam.com/2006/mayfin2006.htm</a>	
14	Guam Educational Telecommunication Corporation		5/01/06	<a href="http://www.kgtf.org/">http://www.kgtf.org/</a>	
15	Guam Housing Corporation		6/23/06	-	-
16	Guam International Airport Authority		5/18/06	<a href="http://guamairport.com/main/">http://guamairport.com/main/</a>	
17	Guam Police Department		5/24/06	-	-
18	Guam Power Authority		7/03/06	-	-
19	Guam Public Library System	4/05/06			<a href="http://www.admin.gov.gu/gpls/index.html">http://www.admin.gov.gu/gpls/index.html</a>
20	Guam Waterworks Authority		6/29/06	<a href="http://www.guamwaterworks.org/">http://www.guamwaterworks.org/</a>	
21	Port Authority of Guam		6/23/06	<a href="http://www.portofguam.com/">http://www.portofguam.com/</a>	
22	Public Defender Service Corporation		5/10/06	-	-
23	University of Guam		5/01/06	<a href="http://www.uog.edu/admnfin/comptroller/comptroller.htm">http://www.uog.edu/admnfin/comptroller/comptroller.htm</a>	

**Total:            7                            16                            8                            7**

**Appendix 5:**  
**2<sup>nd</sup> Quarter Financial Reports Submitted on April 28, 2006 by BBMR**

		Website Posting	
Entity Name		Posted on the entities' websites	Linked to BBMR Report
1	Office of the Attorney General		<a href="http://www.guamattorneygeneral.com/">http://www.guamattorneygeneral.com/</a>
2	Customs and Quarantine Agency		<a href="http://www.guamcustoms.org/">http://www.guamcustoms.org/</a>
3	Department of Chamorro Affairs	-	-
4	Department of Integrated Services for Individuals with Disabilities (DISID)	-	-
5	Department of Labor	<a href="http://www.guamdol.net/">http://www.guamdol.net/</a>	
6	Department of Land Management		<a href="http://www.admin.gov.gu/dlm/index.html">http://www.admin.gov.gu/dlm/index.html</a>
7	Department of Mental Health and Substance	-	-
8	Department of Parks and Recreation	-	-
9	Department of Public Health and Social Services		<a href="http://www.dphss.govguam.net/index.htm">http://www.dphss.govguam.net/index.htm</a>
10	Department of Revenue and Taxation	-	-
11	Department of Youth Affairs		<a href="http://www.guamyouth.org/pages/index.php">http://www.guamyouth.org/pages/index.php</a>
12	Guam Board of Accountancy	-	-
13	Guam Election Commission	-	-
14	Guam Environmental Protection Agency	-	-
15	Guam Fire Department	-	-
16	Mayors' Council of Guam	-	-
17	Office of the Chief Medical Examiner	-	-
<b>Total:</b>		<b>1</b>	<b>5</b>