

*I MINA'TRENTAI KUATTRO NA LIHESLATURAN GUAHAN*  
**Informational Briefing/ Oversight Hearing / Roundtable Hearing**

<b>REPORT</b>	<b>STANDING COMMITTEE / SENATOR</b>	<b>DATE</b>	<b>DATE FILED</b>	<b>NOTES</b>
<b>Oversight Hearing</b>	Committee on Guam-U.S. Military Buildup, Infrastructure, and Transportation	9/5/18 3:00 p.m.	10/2/18 10:51 a.m.	Committee Report on the Oversight of the Guam Regional Transit Authority



COMMITTEE ON

Guam U.S. Military Buildup | Infrastructure | Transportation

I MINA' TRENTAI KUÁTRO NA LIHESLATURAN GUÁHAN | 34<sup>th</sup> GUAM LEGISLATURE



Senator  
**FRANK B. AGUON, JR.**  
Chairman

Senator  
**Thomas A. Morrison**  
Vice Chairman

Senator  
**Dennis G. Rodriguez, Jr.**  
Member

Senator  
**Joe S. San Agustin**  
Member

Senator  
**Régine Biscoe Lee**  
Member

Senator  
**Louise Borja Muña**  
Member

Senator  
**Fernando B. Esteves**  
Member

Speaker  
**Benjamin J.F. Cruz**  
Ex-Officio

The Honorable Acting Speaker Therese M. Terlaje

Vice Speaker  
*I Mina' Trentai Kuátro Na Liheslaturan Guáhan*  
155 Hesler Place, Suite 107  
Hagåtña, Guam 96910

VIA: The Honorable Régine Biscoe Lee RBL  
Chairperson, Committee on Rules

**RE: Committee Report on the Oversight Hearing of the Guam Regional Transit Authority**

Dear Acting Speaker Terlaje:  
Transmitted herewith is the Committee Report, pursuant to Section 11.06(a) of Rule XI, on the Oversight Hearing of the Guam Regional Transit Authority.

Respectfully,

**SENATOR FRANK B. AGUON, JR.**  
Committee Chairman of Guam U.S. Military Buildup | Infrastructure | Transportation  
*I Mina' Trentai Kuátro Na Liheslaturan Guáhan | 34<sup>th</sup> Guam Legislature*

2018 OCT 01 AM 10:51G5

**RECEIVED**  
OCT 01 2018  
*[Signature]*  
COMMITTEE ON RULES  
9:57 am.



COMMITTEE ON

Guam U.S. Military Buildup | Infrastructure | Transportation

I MINA' TRENTAI KUÁTRO NA LIHESLATURAN GUAHAN | 34<sup>th</sup> GUAM LEGISLATURE



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Member

Speaker  
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Ex-Officio

# COMMITTEE REPORT

on the

## Oversight Hearing

of the

## Guam Regional Transit Authority



## 1st Notice – Oversight Hearing on Wednesday, September 5, 2018, at 3:00 PM

2 messages

Office of Sen. Frank B. Aguon, Jr. <committee@frankaguonjr.com>

Wed, Aug 29, 2018 at 9:07 AM

To: Committee Director <committee@frankaguonjr.com>

Cc: Senator Aguon Media <media@frankaguonjr.com>, Communications & Media <communications@frankaguonjr.com>, "Frank Blas Aguon Jr." <aguon4guam@gmail.com>, "Office of Senator Frank Aguon, Jr. Admin" <admin@frankaguonjr.com>, Rosanna O'Mallan <staff@frankaguonjr.com>, Senator Aguon's Assistant <officeassistant@frankaguonjr.com>, "T.J. Quichocho" <outreach@frankaguonjr.com>

Bcc: phnotice@guamlegislature.org

August 29, 2018

### MEMORANDUM

To: All Senators, Media, and Stakeholders

Fr: SENATOR FRANK B. AGUON, JR.

Subject: 1st Notice – Oversight Hearing on Wednesday, September 5, 2018 at 3:00 PM

In accordance with the Open Government Law of Guam, relative to notice for public meetings, please be advised that the Committee on Guam U.S. Military Buildup, Infrastructure, and Transportation, will convene an Oversight Hearing on Wednesday, September 5, 2018 at 3:00 PM. Included on the agenda for discussion is the following topic:

1. Guam Regional Transit Authority ('GRTA')

- a) Discussion of the Office of Public Accountability audit on the Guam Regional Transit Authority's (GRTA) non-appropriated funds (FUND) between April 2016 to March 2018.

The Hearing will broadcast on local television, GTA Channel 21 and Docomo Channel 117 or streamed online at: [www.guamlegislature.com](http://www.guamlegislature.com). The Committee requests that, if written testimonies are to be presented at the oversight hearing, copies be submitted one day prior to the oversight hearing date, to the Office of Senator Frank B. Aguon, Jr. at Suite 503 DNA Bldg. 238 Archbishop Flores St. Hagåtña, Guam, or via fax to 475-GUM3(4863), or via email to: [aguon4guam@gmail.com](mailto:aguon4guam@gmail.com). Individuals requiring special accommodations, auxiliary aids, or services should contact our office at 475-4861/62. Please feel free to contact my office should you have any questions or concerns.

Un Dangkolo Na Si Yu'os Ma'ase!

--

Respectfully,

Committee on Guam US Military Buildup, Infrastructure, and Transportation  
Office of Senator Frank B. Aguon, Jr.

Ste. 503 DNA Bldg, 238 Archbishop Flores St. Hagatna, Guam 96910

Tel: (671) 475-GUM1/2 (4861/2)

Fax: (671) 475-GUM3 (4863)

[aguon4guam@gmail.com](mailto:aguon4guam@gmail.com) | [www.frankaguonjr.com](http://www.frankaguonjr.com)

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 1st Notice.pdf  
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August 29, 2018

## MEMORANDUM

To: All Senators, Media, and Stakeholders

Fr: SENATOR FRANK B. AGUON, JR.

Subject: 1<sup>ST</sup> Notice – Oversight Hearing on Wednesday, September 5, 2018 at 3:00 PM

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- a) Discussion of the Office of Public Accountability Audit on the Guam Regional Transit Authority's (GRTA) non-appropriated funds (FUND) between April 2016 to March 2018.

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*Un Dangkolo Na Si Yu'os Ma'ase!*  
SENATOR FRANK B. AGUON, JR.Committee Chairman on Guam U.S. Military Buildup | Infrastructure | Transportation  
*I Mina' Trentai Kuátro Na Liheslaturan Guåhan* | 34<sup>th</sup> Guam LegislatureSenator  
FRANK B. AGUON, JR.  
ChairmanSenator  
Thomas A. Morrison  
Vice ChairmanSenator  
Dennis G. Rodriguez, Jr.  
MemberSenator  
Joe S. San Agustin  
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Régine Biscoe Lee  
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Louise Borja Muña  
MemberSenator  
Fernando B. Esteves  
MemberSpeaker  
Benjamin J.F. Cruz  
Ex-Officio



**2nd Notice – Oversight Hearing on Wednesday, September 5, 2018, at 3:00 PM**

1 message

Office of Sen. Frank B. Aguon, Jr. <committee@frankaguonjr.com>

Fri, Aug 31, 2018 at 10:16 AM

To: Committee Director <committee@frankaguonjr.com>

Cc: Senator Aguon Media <media@frankaguonjr.com>, Communications & Media <communications@frankaguonjr.com>, "Frank Blas Aguon Jr." <aguon4guam@gmail.com>, "Office of Senator Frank Aguon, Jr. Admin" <admin@frankaguonjr.com>, Rosanna O'Mallan <staff@frankaguonjr.com>, Senator Aguon's Assistant <officeassistant@frankaguonjr.com>, "T.J. Quichocho" <outreach@frankaguonjr.com>

Bcc: phnotice@guamlegislature.org

August 31, 2018

**MEMORANDUM**

**To: All Senators, Media, and Stakeholders**

**Fr: SENATOR FRANK B. AGUON, JR.**

**Subject: 2nd Notice – Oversight Hearing on Wednesday, September 5, 2018 at 3:00 PM**

In accordance with the Open Government Law of Guam, relative to notice for public meetings, please be advised that the Committee on Guam U.S. Military Buildup, Infrastructure, and Transportation, will convene an Oversight Hearing on Wednesday, September 5, 2018 at 3:00 PM at the Guam Congress Building public hearing room located in Hagåtña. Included on the agenda for discussion is the following topic:

**1. Guam Regional Transit Authority ('GRTA')**

- a) Discussion of the Office of Public Accountability Audit on the Guam Regional Transit Authority's (GRTA) non-appropriated funds (FUND) between April 2016 to March 2018.

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Un Dangkolo Na Si Yu'os Ma'ase!

--  
Respectfully,

**Committee on Guam US Military Buildup, Infrastructure, and Transportation  
Office of Senator Frank B. Aguon, Jr.**

Ste. 503 DNA Bldg, 238 Archbishop Flores St. Hagatna, Guam 96910

Tel: (671) 475-GUM1/2 (4861/2)

Fax: (671) 475-GUM3 (4863)

[aguon4guam@gmail.com](mailto:aguon4guam@gmail.com) | [www.frankaguonjr.com](http://www.frankaguonjr.com)

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**2nd Notice.pdf**  
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August 31, 2018

## MEMORANDUM

To: All Senators, Media, and Stakeholders

Fr: SENATOR FRANK B. AGUON, JR.

Subject: 2<sup>ND</sup> Notice – Oversight Hearing on Wednesday, September 5, 2018 at 3:00 PM

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- a) Discussion of the Office of Public Accountability Audit on the Guam Regional Transit Authority's (GRTA) non-appropriated funds (FUND) between April 2016 to March 2018.

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SENATOR FRANK B. AGUON, JR.Committee Chairman on Guam U.S. Military Buildup | Infrastructure | Transportation  
*I Mina' Trentai Kuátro Na Liheslaturan Guahan* | 34<sup>th</sup> Guam LegislatureSenator  
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Benjamin J.F. Cruz  
Ex-Officio



COMMITTEE ON

**Guam U.S. Military Buildup | Infrastructure | Transportation**

*I MINA' TRENTAI KUÁTRO NA LIHESLATURAN GUAHAN | 34<sup>th</sup> GUAM LEGISLATURE*



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Chairman**

**Senator  
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Joe S. San Agustin  
Member**

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Régine Biscoe Lee  
Member**

**Senator  
Louise Borja Muña  
Member**

**Senator  
Fernando B. Esteves  
Member**

**Speaker  
Benjamin J.F. Cruz  
Ex-Officio**

## **OVERSIGHT HEARING AGENDA**

**Wednesday, September 5, 2018 at 3:00 PM**

*I Liheslaturan Guahan's Public Hearing Room, Hagåtña*

- I. Call to Order at 3:00PM**
- II. Opening remarks/Announcements**
  - **Guam Regional Transportation Authority ('GRTA')**
    - a. Discussion of the Office of Public Accountability Audit on the Guam Regional Transit Authority's (GRTA) non-appropriated funds (FUND) between April 2016 to March 2018.
- III. Closing Remarks**
- IV. Adjournment**



COMMITTEE ON GUAM U.S. MILITARY BUILDUP, INFRASTRUCTURE & TRANSPORTATION

*| Mina' Trentai Kuatro Na Liheslaturan Guahan | 34th Guam Legislature*



**SENATOR FRANK B. AGUON, JR.**

**CHAIRMAN**

**Oversight Hearing**

**on the Guam Regional Transit Authority**

**Wednesday, September 5, 2018 at 3:00 PM**

<b>Name (Please Print)</b>	<b>Agency/Organization</b>	<b>Contact Number</b>	<b>Email Address</b>
LUISE RIVERA	GRTA BOARD	888-1540	luiserivera.tutaha@gmail.com
Enrique Agustin	GRTA	489-7414	
JOE ROBERTO	"	486 7491	NA
Ann Roman	—	789-1875	
Lyn TADINGCO	SINA	488-1430	

COMMITTEE ON GUAM U.S. MILITARY BUILDUP, INFRASTRUCTURE & TRANSPORTATION

*I Mina' Trentai Kuãtro Na Liheslaturan Guåhan | 34th Guam Legislature*

**SENATOR FRANK B. AGUON, JR.**

**CHAIRMAN**

**Oversight Hearing**

**on the Guam Regional Transit Authority**

**Wednesday, September 5, 2018 at 3:00 PM**



Name (Please Print)	Agency/Organization	Contact Number	Email Address
RALBY Plifoman	GRTA	300-7261	
Ginger Porter	Public	472-6150	
Myra Somino	GRTA	475-4686	
E. Duendes	Self		
Brad Kloppenburg	KEI		

COMMITTEE ON GUAM U.S. MILITARY BUILDUP, INFRASTRUCTURE & TRANSPORTATION

*I Mina' Trentai Kuatro Na Liheslaturan Guahan | 34th Guam Legislature*

**SENATOR FRANK B. AGUON, JR.**

**CHAIRMAN**

**Oversight Hearing**

**on the Guam Regional Transit Authority**

**Wednesday, September 5, 2018 at 3:00 PM**



Name (Please Print)	Agency/Organization	Contact Number	Email Address
Noel Lazaga	Gym	727-6635	noel.lazaga.2015@gmail.com
Hikie Lazaga	Gym	727-6635	
Yuka Hechanova	OPA	475-0390	yhechanova@guamopa.com
Ira Palero	OPA	475-0390	ipalero@guamopa.com
Penni Atorje	GRTA	475-4686	

**COMMITTEE ON GUAM U.S. MILITARY BUILDUP, INFRASTRUCTURE & TRANSPORTATION**

*I Mina' Trentai Kuãtro Na Liheslaturan Guåhan | 34th Guam Legislature*

**SENATOR FRANK B. AGUON, JR.**

**CHAIRMAN**

**Oversight Hearing**

**on the Guam Regional Transit Authority**

**Wednesday, September 5, 2018 at 3:00 PM**



<b>Name (Please Print)</b>	<b>Agency/Organization</b>	<b>Contact Number</b>	<b>Email Address</b>
James Cruz	Public		

September 5, 2018

Honorable Senator Frank. B. Aguon, Jr. , Chair  
Committee on Guam-U.S Military Buildup, Infrastructure, and Transportation  
34<sup>th</sup> Guam Legislature  
Ste. 503 DNA Bldg.  
238 Archbishop Flores St.  
Hagatna, GU 96910

Buenas Senator and Chairman Frank Aguon and Committee Members,

I am Ginger Porter, a resident of Asan and a former member of the Board of Directors, Guam Regional Transit Authority. I have 14 years of engagement in transit issues and seven successful years of management at Guam Community College. I appreciate the opportunity to speak on the topics addressed by this oversight hearing.

The issue of this oversight hearing, GRTA's Non Appropriated Funds, is of interest to me. As a Board member, I had opportunity to observe and report to other board members the failure of the Executive Manager to appropriately manage finances for economy and efficiency of transportation services where spending *failed to follow protocol of seeking Board review and permission to proceed*, as evidenced by the implementation of a Southern Shuttle service that cost the agency close to a million dollars.

I recently had the opportunity to review documents that were requested under the Freedom of Information Act for Non-Appropriated Fund activity from April 7, 2016 through August 17, 2018 that provided detail of all documents supporting the expenses for 'parts and repairs / services' category as identified in the OPA Report No. 18-06. I have attached for your review the summary of these documents, which did not include other services provided to the agency, as requested. It is my understanding that the NAF funds also provide payment for cleaning services provided to the agency office.

My review reflected *concerns expressed by GRTA office staff regarding necessary check and balance processes for expenditures from NAF*. Of concern is the dual role the Executive Manager assumed in providing approval for payments and being one of two signers of a check for payment. The second signer was Board Chairwoman Louise Rivera. *Based on the documents provided under the FOIA request, most purchases lacked quotes and purchase orders*. Both Executive Manager Agustin and Board Chairwoman signed for payment with the appearance that Ms. Rivera likely signed checks without requesting or reviewing supporting documentation.

Payments to Americana Suppliers appear to be made under an arrangement of open procurement of \$24,999 for which there was lacking evidence of any supporting

documentation of quotes, bid processes, or purchase order. No official purchase order was provided. In evidence was a Americana Suppliers shop hand written note on a balance sheet where next to a line for purchase order is written the amount of \$24,999, with the initials Q.F. Invoices for work orders signed by Eric Flores were provided for payment.

There are a few charges for GRTA's Rav 4 and Ford F150 truck, which are used by the Executive Manager and the Transportation Supervisor to travel daily between their residence and place of employment. I twice questioned the usage, which is governed by Executive Order 76-6, restricting personal use of government vehicles, once while a Board member and again as a member of the public. The Board minutes of July 18 report that the Board designated two vehicles as 24-hour vehicles, one for the North and one for the South. A line of questioning about the frequency of call outs requiring those vehicles to be in service outside of the hours of 8am - 5 pm would be in order. If the responses fail to meet the test, it would indicate that public dollars for fuel and maintenance are going towards personal use under the permission of the Executive Manager and the Board Chairwoman. Perhaps this arrangement should be questioned by this Committee, as it has the appearance of a trade for the GRTA 2006 Kia van that is assigned to Mayor Rivera's Tatuha office. Although there are procedures for transferring equipment between agencies, the van remains on the GRTA inventory and is noted on GRTA's schedule for vehicle registration renewal.

The NAF audit and the requested FOIA documents raise a red flag on the financial operations of GRTA under the management of Mr. Enrique Agustin and oversight of Board Chairwoman Louise Rivera. Management has ignored proper governmental expenditure processes in spite of completing government procurement training. Actions in regards to NAF fund expenditures have been questioned by GRTA staff, with a plea for help for external review and intervention. You will note that not all staff are present at this hearing. They are likely to provide information that supports what is observed in the FOIA documents.

Supervision of management under the Chairmanship of Louise Rivera has been loosely applied. The Chairwoman is known to avoid placing anything in writing, relying on verbal communication. Therefore, there is little to no documentation of corrective action, communication, or directives. Both the Executive Manager and the Chairwoman rely on too many jungle rules and 'Father Knows Best' management. This is grinding the operations of GRTA into the ground.

The Chairwoman recently stated that GRTA is heading in a good direction under new management. In truth, the management of Mr. Agustin is ending its 4<sup>th</sup> year and GRTA operational services are bleak. This week only one of eleven ARBOC buses is in operational condition. Service has been disrupted for the lack of vehicles and drivers. Management failure to retain provider owned vehicles within the Scope of Work for a 3-year contract provided no structure for provider compliance to maintain a sufficient fleet of operational vehicles. Management has failed to apply

the Scope of Work conditions of penalty for the lack of operators for available vehicles, which by examination of two such incidents on June 23, 2018, garner a penalty total of \$1500.

I don't know what the Board is waiting for. Contrary to the Chairwoman's public statements, GRTA is not improving. It is in fact diminishing in service to the public. In previous communications, I provided Board members with information of poor performance relevant to regression in areas of Finance and ADA accessibility as noted in FTA's 2017 State Management Review, reduced reliability of service, failure to address required processes, failure to provide for planned maintenance of GRTA vehicles, lack of attention to overpayment concerns, failure to make progress towards accessibility requirements, lack of knowledge of GRTA policy and FTA guidelines, poor transparency and communication, failure to meet all FOIA requests, violation of the mini-Hatch Act, approval of personal use of government vehicles, and hostile management responses to external guidance from agency personnel, board members, and riders. Most recently, there was failure to bring the NAF audit report and management's response of August 20, 2018 to the Board's attention at the August 21, 2018 Board Meeting.

The present management has not provided a futures plan, a coordinated transportation plan, a succession plan, or a budgetary plan to increase revenue through means available by the enabling legislation. He has pushed away individuals who can provide him with assistance. The Governor provided a public statement requesting his resignation. This Legislative Committee chastised his inability to properly respond to their questioning and his failure to ensure public safety within operations. The riding public is bearing the brunt of his actions and the general public is seeing questionable expenditure of their tax dollars. His sole public supporter has been the Board Chairwoman. Perhaps it is time to review her performance as head of the Board of Directors.

I have twice made public my appeal to the Board to make a change in Management. Mr. Chairman, I ask that you take direct action and provide pointed guidance to the Chairwoman and the present Board members to change management. In all the years that I have been involved in searching and selecting personnel, I know that given the opening of this position, there is talent in this community that can provide better management and future direction for GRTA.

Respectfully submitted,

Ginger S. Porter, M.Ed.

**GRTA Non Appropriated Fund Account**

Summary of documents from ED FOIA Request. Incomplete. Office cleaning services not provided.

Date	Expense Amt	Income Amt	Vendor	Purpose	Notes.	Arboc	MV1
12.5.16	\$ 44.50		AK Service Dept.	Diagnostic - Check Engine Light	2015 RAV 4. E. Agustin drives vehicle between residence and GRTA daily.		1
1.25.17	\$ 15.00		One Stop Auto Care	Tire repair - 1	Petty Cash. No vehicle designation.		2
3.7.17	\$ 15.00		Kloppenbug Enterprises	Tire repair - 1. Reimburse.	PT005. United Tire invoice 132228		3
3.7.17	\$ 35.00		Kloppenbug Enterprises	Drill & rethread bracket bolt. Reimburse.	PT 010 Sam Sung Machine Shop Invoice 10371		4
3.22.17		\$ 20,000.00	Takagi & Associates	Insurance. Property Damage Settlement.	PT 106 Collision 12.19.16.. Chk#44071	✓	5
4.26.17	\$ 39.77		Triple J	Coolant - 1	PT002. Petty Cash.	✓	6
4.26.17	\$ 28.94		Triple J	Power Steering fluid - 2	PT002. Petty Cash.	✓	7
5.2.17	\$ 48.00		Diamond Auto Parts	16 qt Performance motor oil	PT003. 3 quotes Petty Cash.	✓	8
5.5.17	\$ 27.14		AK Parts	Coolant - 1	Arboc, Chevy. Petty Cash.	✓	9
5.10.17	\$ 100,000.00		Treasurer of Guam	to GRTA Rev. Acct #331757001	Bus fares. IFB for major & minor repairs of GRTA owned vehicles.		10
5.12.17	\$ 15.00		United Tire	tire repair - 1	PT010. Petty Cash	✓	11
5.18.17	\$ 25.00		United Tire	Tire repair - 1	PT105. Petty Cash	✓	12
5.25.17	\$ 15.00		United Tire	Tire repair - 1	PT008. Petty Cash	✓	13
6.8.17	\$ 15.00		United Tire	Tire repair - 1	PT010. Petty Cash	✓	14
6.9.17	\$ 30.00		Guam Sanko	Tire replacement - 2	PT103 Petty Cash	✓	15
7.27.17	\$ 45.00		Commercial Tire Depot	Tire replacement w/ spare	PT100 Petty Cash	✓	16
11.22.17	\$ 125.00		Big Ben	Towing charge. AK to DPW compound	PT 100	✓	17
12.6.17	\$ 10,000.00		Fukuda Enterprises	Bus damage repair of accident 12.19.16. 50% down payment	PT106. NAF Check #127	✓	18
1.31.18	\$ 10,000.00		Fukuda Enterprises	Bus damage repair of accident 12.19.16. Payment	PT106. NAF Check #133	✓	19
11.30.17	\$ 9,000.00		Fukuda Enterprises	Bus damage repair of accident 12.19.16. balance due payment	PT106. PO176A04208	✓	20
6.19.18	\$ 78.20		Car Quest	Coolant - 5, Brake fluid - 2	Approved for payment E. Agustin, Check signer E. Agustin & L. Rivera		21



Date	Expense Amt	Income Amt	Vendor	Purpose	Notes.		
6.19.18	\$ 3,400.00		Americana Suppliers	Air compressor - 1, remove and install	PT110 No quotes shown. Approved for payment E. Agustin, Check signer E. Agustin & L. Rivera. Noted Americana - 24,999 Q.F.	✓	22
6.27.18	\$ 1,900.00		Americana Suppliers	Replace wheel bearing - 2; replace tire stud, replace wiper motor, clear AC button.	PT006 No quotes shown. Approved for payment E. Agustin, Check signer E. Agustin & L. Rivera. Noted Americana - 24,999 - Q.F.		✓ 23
6.28.18	\$ 375.00		Americana Suppliers	Muffler exhaust repair	PT100 No quotes shown. Approved for payment E. Agustin, Check signer E. Agustin & L. Rivera. Noted Americana - 24,999 Q.F.	✓	24
7.9.18	\$ 1,323.00		Americana Suppliers	Injector remove, replace - 1; coil pack remove replace	PT109. No quotes shown. Approved for payment E. Agustin, Check signer E. Agustin & L. Rivera. Noted Americana - 24,999 Q.F.	✓	25
7.18.18	\$ 5,850.00		Americana Suppliers	Remove replace tail light - 1; remove replace speed sensor & wheel bearings - 4; remove replace wiper motor - 1/ remove replace ABS module - 1	PT008 No quotes shown. Approved for payment E. Agustin, Check signer E. Agustin & L. Rivera. Noted Americana - 24,999 Q.F.		✓ 26
7.19.18	\$ 2,740.00		Americana Suppliers	Invoice 5015. Repair and maintenance: remove/replace front shocks - 2, rear pressure switch w/hose - 1	PT110. No quotes shown. Charged to PO Amount \$24,999 w/o PO documentation submitted	✓	27
7.20.18	\$ 109.99		Cars Unlimited via Mark Crisostomo	Express Detail package with wax. For Liberation Day Parade.	F150 truck. Petty Cash. No 3 quotes. MC daily drives vehicle between Umatac residence and GRTA		28
8.1.18	\$ 9.50		Triple J	Transmission fluid - 1	Petty Cash. No vehicle designation.		29
8.14.18	\$ 2,785.00		Americana Suppliers	Invoice 3907. Alternator/Fan Belt. No document	PT100. No quotes shown. No documents. Charged to PO Amount \$24,999 w/o documentation submitted	✓	30
8.15.18	\$ 655.00		Americana Suppliers	Invoice 3914. Brakes. No document	PT109. No quotes shown. No documents. Charged to PO Amount \$24,999 w/o documentation submitted	✓	31

Date	Expense Amt	Income Amt	Vendor	Purpose	Notes.		
8.15.18	\$ 887.00		Americana Suppliers	Invoice 3915. Brakes & A/Tank. No document	PT105. No quotes shown. No documents. Charged to PO Amount \$24,999 w/o documentation submitted	✓	32

**Written Testimony from Enrique Agustin, Executive Manager of the Guam Regional Transit Authority (GRTA), for the Oversight Hearing pertaining to the Non Appropriated Funds (NAF) under the control of GRTA. 5 September 2018**

**Good Afternoon Mr. Chair, Senators of this oversight hearing.**

I am Enrique Agustin, Executive Manager for the Guam Regional Transit Authority.

We are here today as a results of the most recent audit of our non-appropriated funds (NAF) by the Office of Public Accountability (OPA).

With me today is my board Chairwoman, the Honorable Mayor Rivera, board member the Honorable vice mayor of Dededo, Mr. Frank Benavente, director Andrew Tydingco, director David Arentz as well as my key staff, those that are involved in handling NAF transactions.

To my left is Jennifer Cruz my acting Administrative Officer, and to my right is Rally Pilipina my chief planner.

Behind me is Penni Atoigue, GRTA board secretary and Mr. Joe Roberto a SCSEP worker from department of labor recently assigned to work temporarily with GRTA.

Two months ago, I have a total staff of 9 people, not including myself, and now down to 6. My transportation supervisor is currently on leave to witness his Son graduate from the aviation (helicopter) maintenance school and two of my staff hired less than a year ago and not involved in NAF activities are back at the office to handle day to day office administration during this over sight hearing.

To begin with the main body of my written testimony, the question is "why did GRTA open a checking account?" and the answer is that, the bus fare monies collected many years ago and up to the time we opened the checking account in April 2016 was never given or credited to GRTA and was being used elsewhere. GRTA is a very small autonomous agency and is barely funded by both the Guam Highway Fund (GHF) through the liquid fuel tax and the Public Transit Fund via the Mass transit automotive surcharge. These are not "General funds" but are Special funds.

Our enabling act Public Law 30-05 back in March 2009 states that all funds regardless of the source of the funding will be deposited into the GRTA checking account.

Attachment "A" one of my attached documents responding to the OPA audit findings, I asked the OPA to conduct both a financial audit and a performance audit. This was requested way back on December 24, 2015.

I asked for these two audits, because during my due diligence research of the history and financial status of GRTA, I discovered that a very large sum of money, **\$20 million dollars** was to be used to purchase fifty (50) transit buses by the year 2015 and for the building of a bus maintenance facility completing around the same time frame.

**Where is the \$20 million dollars and why was it not spent to purchase 50 transit buses and build a transit vehicle maintenance facility?**

Additionally, GRTA was not getting their fair share of the liquid fuel tax which was shared by DPW and GRTA. Instead tens of millions of dollars over many years were diverted and use by several non-transportation agency. This was brought up recently by Ms. Doris Brooks the former Public Auditor.

**Further, Public Law 30-05 dictates that all personnel, real estate assets, documents and other previously owned assets by the former Guam Mass Transit Authority (GMTA) were to revert to GRTA upon a board quorum in March 2009.** Only 5 of 13 personnel was actually transferred to GRTA and the old public transit Hagatna office building was never returned. As a result, GRTA staff have moved four (4) times already and we still do not have a permanent office.

**Senators, GRTA is not reliving the past despite the nature of my written testimony.....however, the “Sins of the Past” have continued to haunt us and we are currently suffering from extreme shortage of staff and lacking the necessary funds to have a well-functioning transit agency able to provide good transportation for our ridership...tax payers.**

**Now back to the question of why GRTA opened a checking account?**

In 2015, GRTA bought 12 transit vans (ARRA funded in 2009) and in 2016 bought 11 transit buses (FTA funded in 2008). Despite the fact these vehicles was in full view at the DPW compound and was general knowledge by the community and the transit ridership, no Gov. Guam monies were allocated nor budgeted for the maintenance of these new vehicles.

Both the ARRA and FTA federal funds were for vehicle purchases only and that the federal grant did not allow for these funds to be used for any vehicle maintenance contract.

After two years the arduous procurement journey to turn the “month to month bus service contract” into a long term bus service contract was finally awarded on 23 November 2016, and the complete hand over of the 23 transit operational vehicle was executed in January 2017.

All of these vehicles have a manufacture's "bumper to bumper" warranty of 36,000 miles or 36 months, but were being used for 15 hours a day 6 days a week and rapidly ate up the mileage and ran into faster than normal "fair, wear and tear" of vehicle main components and parts.

Despite the fact that GRTA was not given a maintenance budget by our local government, these vehicles were put into service so that the transit riders would enjoy a better ride with more bus frequency and better transportation coverage of our island.

It took a few months to write the scope and specification for a vehicle maintenance program and in May 2017 a procurement request was transmitted to GSA to bid out and award a vehicle maintenance contract. One hundred thousand dollars (\$100,000) of NAF monies was allocated for this procurement activity.

Pending the award of the \$100K (NAF money) vehicle maintenance contract by GSA, in the interim, GRTA took the initiative of procuring a small vehicle maintenance contract (less than \$25,000) to repair as many GRTA vehicles as possible and keep our vehicle fleet operational.

Additionally, GRTA used portion of the NAF monies to award a short ground maintenance contract (90 days), purchase newly printed bus fare tickets as well as purchase of other items to make repairs to bus shelters as well as keep GRTA functional and operational.

For your information Senators and especially to the viewing public, GRTA's budget for fiscal 2019 is \$3.2 million....or a budget cut of \$445,000 (12.1%) compared to the last three fiscal years budget of \$3.6 million each year.

**To put it into perspective Senators, the old Guam Mass Transit Authority (GMTA's) budget back in fiscal year 1998 (20 years ago) was \$3.2 million with only ten (10) vehicles compared to the present GRTA fleet of 23 operational vehicles.**

**I just finish mentioning what has transpired in the past that adversely affects GRTA to the present time, however I am ready to answer and provide specific answers to the NAF audit that is today's agenda and how to move forward in addressing our NAF tracking procedures.**



COMMITTEE REPORT DIGEST

Senator Frank B. Aguon, Jr. Chairman

Senator Thomas A. Morrison Vice Chairman

Senator Dennis G. Rodriguez, Jr. Member

Senator Joe S. San Agustin Member

Senator Régine Biscoe Lee Member

Senator Louise Borja Muña Member

Senator Fernando B. Esteves Member

Speaker Benjamin J.F. Cruz Ex-Officio

I. OVERVIEW

The Committee on Guam US Military Buildup, Infrastructure, and Transportation convened an Oversight Hearing on Wednesday, September 5<sup>th</sup>, 2018 at 3:00 PM at the Guam Congress Building's Public Hearing Room in Hagåtña. Included on the agenda for discussion was the following topic:

- a. Discussion of the Office of Public Accountability Audit on the Guam Regional Transit Authority's (GRTA) non-appropriated funds (FUND) between April 2016 to March 2018.

Public Notice Requirements

Notices were disseminated via e-mail to all senators and all main media broadcasting outlets on Wednesday, August 29, 2018 (5-Day Notice), and again on Friday, August 31, 2018 (48-Hour Notice).

Senators Present

- Senator Frank B. Aguon, Jr., Chairperson
Senator Joe S. San Agustin, Committee Member
Senator Régine Biscoe Lee, Committee Member
Senator Telena C. Nelson

II. SUMMARY OF TESTIMONY & DISCUSSION

The Oversight Hearing was Called-to-Order at 3:00 PM.

Chairman Aguon:

Håfa adai ladies and gentlemen. This Oversight Hearing on the Guam Regional Transit Authority is hereby convened by the committee on the Guam U.S. Military Buildup Infrastructure and Transportation. Just in compliance with the open government law, I want to notify the public that the initial notification for this oversight hearing was sent out on Wednesday August 29<sup>th</sup> and the subsequent notification which is also a requirement by the open government law, the second notice was sent out on August 31<sup>st</sup>. The items on the agenda today would be primarily the discussion of the office of public accountability audit on the Guam Regional Transit Authorities, GRTA Non-Appropriated Funds between the timelines of April 2016 to March 2018. At this time, I'd like to recognize my colleague for joining me this afternoon, Senator San Agustin, thank you very much

**Chairman Aguon:**

If I can invite Mr. Rick Agustin, who's the general manager for GRTA and any of the board members or other administrators that you would like to have join you. If you can invite them up to the front. I do see representatives of the Office of Public Accountability. Would you like to also join in the discussion? Just for the information of the community, on August 21<sup>st</sup> 2018, the performance audit that was conducted on the Non-Appropriated Funds for the Guam Regional Transit Authority was released to the appropriate stakeholders, inclusive of the Governor and members of the legislatures, also the public and the part of the findings of that particular audit reflected several things and I would like to highlight this and then allow the administrator of the Guam Regional Transit Authority to be able to provide appropriate response. The purpose of this oversight hearing is to understand, to recognize not only the recommendations and the findings of the Office of Public Accountability, but since the completion of this performance audit on the Non-Appropriated Fund, what has management at GRTA, what actions have they undertaken in terms of addressing some of these concerns and some of these findings. It's very important that when we're dealing with Non-Appropriated Fund that in fact there are appropriate mechanisms in place to ensure that there's no misuse or unlawful taking of some of these proceeds. I will read captions of the summary that was provided to the chair and also was inclusive in the audit report. The objective of the audit initially was to determine whether GRTA's fund was properly managed and accounted for in accordance with applicable laws, regulations and best practices and like was mentioned a little earlier, the time frame in which the performance audit was conducted is within the dates of April 2016 to March 2018.

The results of the audit, and I will allow management to be able to provide their appropriate response. The results of the audit found that no accounting system and lack of basic controls were in place. Secondly, also that \$55,000 in bus fares were not deposited. Third, no monitoring or reporting of GRTA fund and then fourth, finding was no significant deficiencies on the disbursements. The conclusion by the Office of Public Accountability was, we found that the GRTA fund was not properly managed and accounted for in accordance with applicable laws regulations and best practices. GRTA management did not prioritize internal controls over the fund to reduce risks of theft and misuse of GRTA's program income. As a result, \$55,000 in GRTA bus fares reported in the contracted bus operator's contractor invoices were not deposited into the fund. Recommendations included five items. Mr. general manager, Mr. Agustin, what I will do is I will read the recommendations and then we will go back to number one, the first recommendation and then we'll start off with that in terms of any action that you as the manager of GRTA has undertaken in addressing some of the recommendations provided by the Office of Public Accountability.

So, the first recommendation was to include specifications for the process of depositing bus fares collected by the contractor in its formal contract, including more detailed reporting of bus fares and ticket sells, i.e. cash, check, credit card payments, collected by the contractor and each subcontractor to allow GRTA to reconcile against deposits. The second recommendation was to assign staff to actively monitor receipts and verify the completeness of bus fare deposits. The third recommendation was to adopt proper control activities, including establishing effective policies and SOP's, maintaining a check register and performing bank reconciliations.

**Chairman Aguon:**

Fourth recommendation was to send appropriate staff to NAF which is Non-Appropriated Fund management training and the fifth recommendation by the Office of Public Accountability was to be more transparent and accountable by reporting the funds activity to those charged with governance including the GRTA board and if requested by the legislature or the Governor. Mr. Agustin, before I allow you to provide any feedback in response to some of the recommendations, if the Office of Public Auditor has any additional comments, you would like to provide the committee before we open it up for presentation by GRTA representatives?

**Ms. Yuka Hechanova:**

Yes, thank you Mr. Chair. We did have some communication after the audit was issued and so GRTA, Mr. Agustin himself had reached out to us to ask from some assistance in how to implement their new SOP's and what have you.

**Chairman Aguon:**

I'm sorry, just for the record if you can identify yourself, for the record.

**Ms. Yuka Hechanova:**

Oh yes, Yuka Hechanova deputy public auditor at the OPA.

**Chairman Aguon:**

Thank you.

**Ms. Yuka Hechanova:**

So, we wanted to offer some assistance but had to caution him that we have to remain independent in case we come back and audit again. We cannot come back and audit our own work. So as much as we wanted to provide the guidance that he requested, we instead referred him to some websites, like at the Association of Government Accountants for some best practices and but did let him know that it would be his responsibility to come up with the SOP's and the guidance that they would need to close the recommendations.

**Chairman Aguon:**

And also, did you want to add about the reconciliation of the \$55,000 that was identified and not deposited, after your audit was completed?

**Ms. Yuka Hechanova:**

Actually, Ira is the staff auditor who just did the comparison of what they had reported in the invoices versus the bank statements and she noticed that there was \$40,000 that was not deposited and so when we went to talk to them about the \$40,000, GRTA went to the contractor and it turns out that there was another \$15,000 that was not deposited. The contractor did deposit the \$55,000 shortly after that. So, the money has been deposited, but we're only looking at a two-year period. We didn't go back and look at the other periods and we're not sure if there's any other funds that might be missing.

**Chairman Aguon:**

Okay. I just wanted to ensure that from your perspective, having conducted the audit over the timeframe that was highlighted, that the \$55,000 was identified to not have been deposited was remitted after you identified that as a concern.



**Ms. Yuka Hechanova:**

Yes, after we brought it to their attention.

**Chairman Aguon:**

Okay, because that was one of your findings in the performance audit and I just want the people of Guam to understand that yes, the funds were remitted. The issue here comes back to control and the mechanism to be able to ensure accountability of all the funds.

**Ms. Yuka Hechanova:**

Yes. Absolutely. That's exactly right. Thank you.

**Chairman Aguon:**

Thank you very much, Yuka. Mr. Agustin, if you can identify yourself and then those who have joined you on the table and then you can provide response to. I will ask you the first question. The first recommendation that was provided and I will repeat it. It's to include specification for the process of depositing bus fares collected by the contractor in this formal contract including more detailed reporting of bus fares and ticket sells collected by the contractor and each subcontractor to allow GRTA to reconcile against deposits. So that is the first recommendation that was provided by the OPA with regards to the performance audit and if you can identify yourself for the record and then respond to that particular recommendation. And if you notice the format of the hearing is, there's already a recognition of findings. My concern as chair is, what has been undertaken and what has GRTA done to be able to assure that these recommendations are either addressed or respond whether there's already a system in place. Mr. Agustin please.

**Executive Manager Enrique Agustin:**

Thank you, Mr. Chair, Senator Lee, Senator San Agustin. My name is Enrique Agustin the executive manager for Guam Regional Transit Authority. Two of my senior staff, on my left is Myra Abayas is still on leave, but she came back from the Philippines to be part of this and Rally Pilipina my chief planner, but most importantly, I have the honorable Mayor Louise Rivera, the board chair. I have an opening remark, Senator, but I will forego that and I will give it to your staff. On item number one, maintaining a check register. Our original method of conducting and collecting our records is through bank statement and deposit slips from the vendor. However, we are very lacking on and short of people. We don't have an accountant, but however, I did find somebody that, is an expert on Excel, one of the newest employee, our PC2 and I offer a check register that was developed as a sample. So, to answer the recommendation on item number one, we have developed a check register. This has not yet been approved by the board. We are having a board meeting on the 18<sup>th</sup> of this month and we will go through this check register and ask the board and other staff if there's any additional information or a better product of this sample here. This is just a sample of the 2017 register that captures all of our expenses and all of our revenues.

**Chairman Aguon:**

Mr. Agustin, was this in existence prior to, or was this created subsequent to the performance audit?

**Executive Manager Enrique Agustin:**

This was created after the performance audit. I did reach out to the deputy OPA and she referred me to a green book. I think it's an accounting process done at the federal level. But this is something that we came up with and it was my PC2 that actually drafted this excel. So, we have a better way of tracking all the debits and credits.

**Chairman Aguon:**

So, this, I mean I understand that the board is going to be reviewing this and adopting it. Madam Mayor have you had the opportunity to review this? Okay. Another thing, is this register formatted document would encompass each and every transaction?

**Executive Manager Enrique Agustin:**

The way this is formatted right now, Senator is it would capture all invoices, all receipts, bank statements and whatever it is that we need to have a solid NAF tracking process.

**Chairman Aguon:**

Can I also recommend before, and this is coming from the chair, recommend that prior to having the board adopt this format because at least you have a resource now. You have a document that based on your understanding would incorporate each and every transaction associated with the non-appropriated funds account, GRTA account. I would recommend that you also seek guidance from your sister agency and I literally say sister agency, Department of Administration that deals with non-appropriated funds, or any of the other Government of Guam agencies that deal with similar accounts because rather than reinventing the wheel, it's about looking at what already is existing within the Government of Guam family and seeing if in fact this is sufficient to address your concern and the findings of the OPA. Do you have any guidance or recommendations, Yuka?

**Ms. Yuka Hechanova:**

If they have. As we go through the process when they submit us documentation, to close the recommendations that's the time when we would review whatever they, but we haven't seen anything yet so far, so I couldn't promise—

**Chairman Aguon:**

Okay, because it's still subject to the board's consideration.

**Ms. Yuka Hechanova:**

Yes.

**Chairman Aguon:**

Okay.

**Board Chairwomen Louise Rivera:**

And if I may.

**Chairman Aguon:**

Yes, Madam Mayor.

**Board Chairwomen Louise Rivera:**

Because with the Mayor's Council of Guam, we get audited annually and so, you know if this is something that's needed, we've already been through the process and this is something I can share with GRTA, you know, how we keep our book with Mayor's Council of Guam. Because you know, like I said, we do have our annual audit and then we can get advice from the OPA. If it'll work because it's you know, NAF that we deal with and then the reporting mechanisms to follow.

**Chairman Aguon:**

Thank you, mayor. Now one follow-up question. Now how would you cross-check this register, which is reflective of all the transactions in the non-appropriate funds account with the activities of the contractor, the bus operator? Because that, I believe is where the discrepancy appeared, where \$55,000 over a two-year time frame was not registered until such time that the books were looked at between the contractor and what GRTA had in place and then that's where the \$55,000 had to be reconciled. So that's my question. How would you reconcile this register with the contractor's information, the number of bus riders, the fees that are generated on a daily basis and whatnot?

**Executive Manager Enrique Agustin:**

We do have a document that the contractor gives us as part of their billing and revues. On another note, Mr. Chair while we're waiting for my handout. Is that I did reach out to the OPA and I asked specifically, is there another agency similar to ours that has an NAF, Non-Appropriated Fund that we will use that as a model so we can, in fact, make sure that we're headed in the right direction and the model was not suggested to us because it would compromise the audit process, I believe in the future.

**Chairman Aguon:**

But just on that note, Mr. Agustin, the mayor just alluded to the Mayor's Council of Guam, working with Non-Appropriated Fund. So that's I mean —

**Executive Manager Enrique Agustin:**

I agree that we would.

**Chairman Aguon:**

You have a mayor that already has access to a similar program that should be able to share some of that information.

**Executive Manager Enrique Agustin:**

Okay.

**Chairman Aguon:**

Okay. Senator's we're going to go through the five items that were recommended by the OPA and then I will open it up to questions. So, Mr. Agustin, I'm still waiting for that response in terms of how the contractor's information would be reconciled with this register.

**Executive Manager Enrique Agustin:**  
I'll provide that as soon as we find her.

**Chairman Aguon:**

Okay. The next recommendation by the OPA was to assign staff to actively monitor receipts and verify the completeness of bus fare deposits and obviously it all deals with the same fund account. So, Mr. executive manager?

**Executive Manager Enrique Agustin:**

I have asked the board Secretary to look at courses that are offered, either Excel or other QuickBooks is one of the recommendation. We want to make sure that we have a program that is not excessively costly, but it's sufficient enough for what we're trying to do. I have another handout here of what eventually would happen.

**Chairman Aguon:**

But Mr. Agustin, have you assigned staff?

**Executive Manager Enrique Agustin:**

Yes.

**Chairman Aguon:**

Okay.

**Executive Manager Enrique Agustin:**

I have assigned my secretary to look at courses so-

**Chairman Aguon:**

No but, have you assigned staff specifically to monitor the receipts and verify the bus fare deposits?

**Executive Manager Enrique Agustin:**

Yes, it would be the acting ASO because Myra is retiring this month. So, I would send Jennifer, person that's acting in the capacity of Myra and I would send the board secretary. Those are the two that I would send. I've already had discussed this with them previously.

**Chairman Aguon:**

Okay, so you've identified two staff members, one would be the board secretary and then the other one would be a program coordinator 2?

**Executive Manager Enrique Agustin:**

No, the program coordinator 2 is actually does a lot of work.

**Chairman Aguon:**

Okay, who's' the other individual? Jennifer and

**Executive Manager Enrique Agustin:**

Jennifer's the acting

**Chairman Aguon:**

Okay, so you've identified two staff that are going to undergo, and we're going into one of the other follow-on questions or recommendations, but you've identified two personnel that would be responsible for undergoing some necessary training and then also ensuring that the records reflect and reconcile the account activity with the contractor information.

**Executive Manager Enrique Agustin:**

That's correct. The handout that is being made.

**Chairman Aguon:**

Yes, what's your timeline, Mr. Agustin? For the training. You've already identified two individuals. I take it that they have now been assigned to undertaking this responsibility?

**Executive Manager Enrique Agustin:**

They have been verbally assigned and the board secretary has been instructed to call GCC to find out what courses are available in accounting. Especially on Excel or Quick Book.

**Chairman Aguon:**

Okay, so what's your timeline for participation in a training program and completion?

**Executive Manager Enrique Agustin:**

As soon as there's a course available and the board approves the costs for that training. So probably by this month, not probably. By this month, I would ask the board to approve the training, pending when the training is actually going to be conducted and then we will know when those courses are available.

**Chairman Aguon:**

Okay.

**Executive Manager Enrique Agustin:**

As soon as the course becomes available. We'll be able to send people.

**Chairman Aguon:**

We have some excellent resources in the Government of Guam family also that certainly can provide at least an initial informal training on the identification and accounting and the responsibilities associated with unappropriated of funds in the interim.

**Executive Manager Enrique Agustin:**

Yes.

**Chairman Aguon:**

Until such time that training is completed. So please take that into consideration. The third recommendation as to adopt proper control activities, including establishing effective policies and, SOP's maintaining a check register, which you provided us a copy, and performing backward bank reconciliations. So, have you undertaken any action on that recommendation?

**Executive Manager Enrique Agustin:**

We do have a resolution that followed by policy and procedures on how to handle petty cash. We will now have to develop a policy to address every issue that the auditor shown us and that we will take action on it. Yes, policy and procedures for GRTA. This was not done recently. This has always been in our system.

**Chairman Aguon:**

So, you're presenting the committee with petty cash fund procedures, petty cash request and reimbursement, petty cash custodian agreement. OPA representatives, have you had an opportunity to review some of these documents?

**Ms. Yuka Hechanova:**

Yes, those are specifically for petty cash. They had a separate SOP for handling the checking account, but it really lacked a lot of control features. It was maybe a page or two long and it wasn't complete. So, we did see the petty cash, but the petty cash is just one component of an expenditure that they make from the fund.

**Chairman Aguon:**

Okay, did you recognize and understand that recommendation?

**Executive Manager Enrique Agustin:**

Yes, yes, I do.

**Chairman Aguon:**

So, what SOP's have you pursued or are you working on establishing that would address the Non-Appropriated Fund, the entire fund, not just petty cash.

**Executive Manager Enrique Agustin:**

We have not started that SOP, Mr. Chair. If you would refer to this handout, this handout will now dictate how our SOP will move forward. If I may be allowed to read effective 1 October, this is pending the board's approval. No GRTA bus tickets will be sold at the vendor's facility. All bus tickets will be bought at the Treasure of Guam, located at the ITC building, first floor. We currently have that process. Bulk sell of bus tickets for all Government agencies will be done at GRTA office via a voucher or cashier's check or agency's check. We will not accept cash. Third, GRTA staff personnel will pick up from the vendor' facility. All money, this is cash that people put on the fare box and will be collected. The money that was collected from the previous day's will be picked up and made deposit to the bank. So, when we have two shifts with the drivers, when they first come in as they do now, they put it in an envelope and it's counted later by the vendor's accountant. We will be the one in control of that envelope, who will pick it up that afternoon and on the night shift when they come in at the end of the day at 8:30, that cash we will pick the next day from that envelope and deposit to the bank. I have spoken to my —

**Chairman Aguon:**

Do you have an SOP or a policy that highlights that step, that procedure?

**Executive Manager Enrique Agustin:**

No, this is what I'm saying Mr. Chair. Is that because this is something that I'm recommending to the board that once it's accepted, we will come up with an outline and a policy addressing specifically moving forward how we're going to do things.

**Chairman Aguon:**

So where are the bus riders on this? Your proposal that you just presented, is that all payments for bus fares now would be centralized, but at the contractor's facility and also at GRTA.

**Executive Manager Enrique Agustin:**

I don't understand the question. You said, where is the bus riders?

**Chairman Aguon:**

So, all the payments and the receipt of bus fares will now be collected at the Treasurer of Guam. Is that correct? At ITC building?

**Executive Manager Enrique Agustin:**

No, the process is this, when.

**Chairman Aguon:**

Please, because some of our riders are listening.

**Executive Manager Enrique Agustin:**

When a rider gets onboard the bus, they put their money in the bus fare collection. If they have a ticket, they will show it to the driver. Those tickets already been previously bought and accounted for. So, the money, the coins, the \$0.35, the \$1.50, at the end of this shift will be collected and put in an envelope. That day after that shift ends, we will pick those envelopes plus the envelop from the previous night because the bus driver doesn't come in until around 8:30 at night. So, take those envelopes and go directly to Bank of Guam and deposit the money to Bank of Guam. We have thought of using a company, maybe like G4S but that's going to be too expensive. We have other, better things to do with our NAF funds. So, Mr. Chair, we don't have that policy yet, it's pending. The discussion with the board and then we would outline an SOP and create an SOP. And then have them approve it and then we will provide a copy to you and the OPA. I think it's important to note also that I have a short-term solution. Which is in one of my response to the OPA findings itself and that is to hire a bookkeeping firm to maintaining all records, invoices, vouchers and make a monthly report to GRTA executive manager so that this will be reported during the GRTA board meeting and the reason why I'm doing that is we wanted a professional to start us off in the right direction and the long term is to actually get ourselves a staff who is actually an accountant. We were authorized accountants before, however that was removed from our organizational chart.

**Chairman Aguon:**

Okay. So right now, it's still pending. Any board decision in regards to your recommendations and then we're still probably months away, if not a year away from formulating an SOP?

**Executive Manager Enrique Agustin:**

No. The SOP shouldn't take that long.

**Chairman Aguon:**

Because the SOP would be reflective of something that the staff would have to adopt or it would be adopted by the board, implemented by yourself, the staff would have to understand it and ensure that everyone is properly trained, especially the two individuals that you identified, would be responsible for the receipt and the accounting of all of the proceeds. So now I'm hearing that you also want to hire a bookkeeping firm. I'm thinking about your staffing pattern and seeing if there's anyone that, you already identified two individuals that would be responsible for initial bookkeeping and accountability and formulating the registrar that you provided us. Then now we're looking at also adding to that and hiring a bookkeeper.

**Executive Manager Enrique Agustin:**

I'm recommending that that's what we do on the onset while we're sending people to training. The two people that I mentioned is a secretary, a board secretary, she's not an accountant.

**Chairman Aguon:**

Yeah.

**Executive Manager Enrique Agustin:**

Jennifer is not an accountant. There's not a lot to learn to maintain this, but they have to understand accounting principles. So, it's not going to take a whole year, we have a very small staff and it's getting smaller, but we will make it happen. But it's not going to take a whole year, Senator.

**Chairman Aguon:**

And I believe that anyone that's dealing directly with cash collections and deposits that they have to undergo an initial training over at Department of Administration and how to handle cash and they have to be certified from that perspective. So, take a look at that, Mr. Agustin, take a look at what the requirements are of the Government of Guam in terms of actually dealing with cash because there are some initial requirements if you're dealing with a massive amount of cash and it's a bonding insurance requirement for certain agencies, but if you're dealing with Non-Appropriated Fund, there's another mechanism that is required to ensure that the public's funds are properly expended, collected and accounted for. Okay, the other question, you already answered, Mr. Agustin, send appropriate staff to Non-Appropriated Fund management training, you said that you're going to try to identify training opportunities for the two of the staff members that you have identified to be responsible for this and then provide the chair as well as others inclusive of the board. Updates on that. So, the final recommendation by the Office of the Public Auditor was being more transparent and accountable by reporting the Funds activities to those charged in governance including GRTA board and if requested by the legislature or the Governor. And I take exception and if requested because there's a mandate in every budget law that requires any agency inclusive of Non-Appropriate Funds that on a quarterly basis that the fund activity has to be reported to the Governor's office and to the legislature.



**Chairman Aguon:**

So, it's not about a recommendation, this is really not a recommendation when it comes to including the legislature and the Governor's office, it is a mandate by law, so that we, my office had done a little bit of research, just the last two years in terms of communications from GRTA, and we have yet to receive any financial accounting or register that reflects the funding activities of the GRTA Non-Appropriated Fund. So that's another mechanism, another requirement, Mr. Agustin that has to be complied with and I encourage you to take a look at the law because it does specify exactly what the requirements are on a, at least I believe it's a minimal of a quarterly basis that the fund activity be reported to the respective chairs as well as the speaker of the Guam legislature and the Governor's office. So, can we anticipate receiving some financial report on the fund? Madam chair, let's say within 60 days?

**Executive Manager Enrique Agustin:**

Yes.

**Board Chairwomen Louise Rivera:**

Yeah, I'm sure we can manage that. And I really apologize for not bringing that up, you know when we first opened up this NAF account because you know, I do know, with us at the Mayor's Council of Guam, with our NAF we are to report it, you know, to the Governor and the legislature and you know, all our different places, you know that need to be informed of what's going on especially if it deals with our government offices. So right now, I know, we are learning a lot, we're just trying to get off, you know, off the ground and make things right. There was a lot of stuff that were not don't at all and so now that we're trying to get personnel in, you know, to do things accordingly and make sure that everything is done correctly and you know. Again, we never put in a report because I don't think it was brought up and we really appreciate it when you guys send staff to our monthly meetings so that whatever we discuss and is needed, any concerns or advice that you guys can give us, we welcome it. To move forward and to do things correctly.

**Chairman Aguon:**

Thank you very much Mayor and it really just comes down to the accountability and responsibility as we deal with Non-Appropriated Funds because that's actual cash collected on-site within an agency and we want to ensure that whatever comes in is actually accounted for and expended appropriately. So just, you understand the magnitude of this Madam Mayor, and Mr. Agustin, I'm sure you do. And this is one of the authorization that you as executive manager had requested. The authorization to establish a special fund, the Non-Appropriated Funds a few years ago, so that you can be able to expend it as you see fit in accordance with the laws to take care of some of your operational needs. So that's where we, I mean it's been two years. If the OPA had not conducted this performance audit, \$55,000 of unaccounted for cash from bus fares would never have been reconciled, would never have been reconciled. And I say that because the OPA is a third party outside of the entity, looking at the paperwork and when that was identified, it was recognized as unaccounted for cash where the contractor immediately stepped in and remitted the \$55,000. So, it's not a question of challenging and saying no, that was not the case, it was recognized as an unaccounted-for cash that was otherwise generated by the agency for the services that you provide the community that could have been utilize specifically in the last two years for other operational requirements.

**Chairman Aguon:**

So that's what we're here for in terms of looking forward. What have you done? What are your plans? What are your timelines? Who have you identified to be responsible for this cash accounting process, especially with Myra leaving. Myra, on behalf of the members of the legislature and our people, we want to thank you for your service to the community. You have been invaluable to Mr. Agustin and to the board members over the past several years, you'll be missed but we need to make sure that we fill the gap in terms of your absence and your departure from the department. So, I thank you.

**Ms. Myra Abayas:**

Thank you very much Mr. Chair and Senators.

**Chairman Aguon:**

Thank you. I'm going to open the questioning now to the members of the body. Senators San Agustin, any questions?

**Senator Joe S. San Agustin:**

Thank you, Mr. Chair. You know, just looking at your listing of the results of OPA, one specific question Mr. Agustin. When was the mass transit, Guam Regional Transit Authority created and when did you take over?

**Executive Manager Enrique Agustin:**

The Guam Regional Transit Authority was created March 2009.

**Senator Joe S. San Agustin:**

2009. And when did you take over, sir?

**Executive Manager Enrique Agustin:**

September 2014.

**Senator Joe S. San Agustin:**

September 2014. And what happened in 2014. I'm trying to be very specific Mr. Agustin so I just don't want to beat around the bush for you. I'm looking at this OPA report, it talks about April 2016 till March 2018 and I'm looking at these great papers you're giving out. GRTA check register. Your recommendation for your, I guess, your SOP and stuff like that and you've been around in the Gov Guam for a while, am I correct? Rick, you've been around, right?

**Executive Manager Enrique Agustin:**

About 18 months of the Port Authority.

**Senator Joe S. San Agustin:**

Okay. So, I know, other than the mayor's office being very well knowledgeable about NAF, but so is DOE, and DOE has been on the news about NAF forever. So, we want to talk about NAF and if you need any help, I know that DOE would have helped you. I would have asked, if you needed help you could have just reached over and asked me. But I'm going to ask most of them to reach out and help you, on what you're doing. They've got internal auditors that can help you, because I understand where the OPA's coming from.

**Senator Joe S. San Agustin:**

They can only lead you to the door, it's up to you know to walk in the door and figure out what you need. What just bothers me a little bit Mr. Agustin, is that March 2018. It's September. When we met last year, remember we talked about GRTA and you asked me, you needed funding, you needed a source of funding. Currently if I'm correct, you're being funded by the Liquid Fuel Tax. How is your funding? Is it true the Liquid Fuel Tax through DPW?

**Executive Manager Enrique Agustin:**

The Liquid Fuel Tax is something that we share or DPW shares —

**Senator Joe S. San Agustin:**

Are you being funded sir, that's my question

**Executive Manager Enrique Agustin:**

No.

**Senator Joe S. San Agustin:**

You're not being. How are you being funded then?

**Executive Manager Enrique Agustin:**

The Guam Highway Fund.

**Senator Joe S. San Agustin:**

Guam Highway Fund, and how much do you receive sir? The reason, what I'm trying to get at is number one, \$55,000 what OPA finds. Mass transit or Guam Regional Transit started in 2009, 2014 we're finding out there's \$55,000 unaccounted for. I'm just curious before you got on board, how much money was lost? I remember in the past, I remember I even brought this up to you last year, why hasn't somebody thought of putting parking meters all over the place to help your funding. Everybody parks everywhere and nobody's providing you funding in some source. I want to help you. I want to be able to help everybody out there that needs a ride to get around Guam. But I need to see that the Guam Regional Transit Authority is going to be efficient. Not just a bunch of vehicles running around the road and not having true accountability, because I know, and I'm almost sure you have your own checking account. What monies receive, you know where it's going to go, what you need to pay. It's basic. It's not a lot, it's not a hard course and you're familiar, I'm a former tax investigator. I know exactly what you need to do to count for money and I just bothers me that, March 2018, Mr. Agustin, and I'm. If you're trying to find a course, being the oversight, chair of education, I would have had Mr. Underwood found you a course or I would have even asked Dr. Okada to find you a course to help you out. I mean it's that easy sir. I would only ask you, reach out, fan to us. You need help, reach out because I'm willing to help you. I want to see the Guam Regional Transit Authority succeed. We have too many cars on the road. There's a lot of people who'd love to get on the bus. I know a lot of family members that have ridden the bus, but they want the bus to be on time. They want the bus. And you know, you and I, like we said, we talked last year. I want to help you. I want to help everybody on Guam. Not just necessarily you, because times have changed, whether it be somebody else, even like the Mayor, she'll be retired, she'll move on, but I like to see.

**Senator Joe S. San Agustin:**

After reading this OPA report, I'm like, wow. Mr. Agustin, I extend my hand to help you and your agency. Please reach out, and you don't need to rebut anything. I understand the dilemma you're in. I just wanted to express that. I just hate to see your staff get a beating throughout the remainder of the year and they really can't get their foot into solid foundation where when the OPA starts going over another performance audit, they're gonging to find the same things. If you need some support, I think John Fernandez will help you. If you need a course, I think Dr. Christ at UOG or Dr. Okada will find a way to help you guys for a course, if you really need it and if that's the kind of help you need, I know we can reach out for you. Okay?

**Executive Manager Enrique Agustin:**

And I will reach out for you.

**Senator Joe S. San Agustin:**

Thank you, sir.

**Chairman Aguon:**

Thank you, Senator San Agustin, Senator Lee?

**Senator Regine Biscoe Lee:**

Thank you, Mr. Chairman. Thank you all for joining us today. In an earlier response to the chairman, Mr. Agustin, you were mentioning, and I had questions about this too in terms of the OPA audit and their concerns about putting proper accounting protocols in place and you said that you would have your board secretary and the acting ASO be sent to training, is that correct?

**Executive Manager Enrique Agustin:**

That's correct.

**Senator Regine Biscoe Lee:**

Where are you sending them?

**Executive Manager Enrique Agustin:**

If the training reviews that they have it at GCC or one of the training establishment here on Guam, then that's who we will send them to.

**Senator Regine Biscoe Lee:**

Okay, and you were saying that they'd be trained in Excel or QuickBooks?

**Executive Manager Enrique Agustin:**

Excel or QuickBooks so that we can have a better understanding on how to capture all of the debits and credits and vouchers and everything else that we have.

**Senator Regine Biscoe Lee:**

Okay. Just so that you're aware, there's also a lot of free Excel and QuickBooks online training that's available to them and they could totally take advantage of them at any time. They wouldn't have to wait to sign up for a class at GCC.

**Senator Regine Biscoe Lee:**

That being said, I want to ask you, you know, you mentioned that Myra is leaving us and I also want to thank you Myra for your service to the government, but I wanted to ask you, more holistically, do you have succession planning in place? What is your succession plan?

**Executive Manager Enrique Agustin:**

The succession plan is what is the Department of Administration process. If I need an accountant for example, first I have to be that position have to be open. Or given to GRTA. Then —

**Senator Regine Biscoe Lee:**

So, for example, Myra's position, you have somebody that's in place? You have an acting ASO that will take over for Myra.

**Executive Manager Enrique Agustin:**

No, this is only going to be there in the acting capacity because Myra's position based on the budget, I believe we cannot hire from —

**Senator Regine Biscoe Lee:**

So, you don't have a succession plan for your agency in place?

**Executive Manager Enrique Agustin:**

No no no. the succession plan would be, I would go to DOA. I have a vacancy for Myra, please send me somebody so we can interview them.

**Senator Regine Biscoe Lee:**

So, you don't have anybody within your agency that you're training.

**Executive Manager Enrique Agustin:**

Yes.

**Senator Regine Biscoe Lee:**

To come into these positions. That's a succession plan sir.

**Executive Manager Enrique Agustin:**

I do have Jennifer.

**Senator Regine Biscoe Lee:**

Okay, so your succession plan, has it been approved by the board?

**Executive Manager Enrique Agustin:**

The board did not approve my succession. This is an interim plan. Jennifer needs to be qualified to qualify as the ASO. If she's not qualified, she's only there holding down the position until we can find somebody qualified.

**Executive Manager Enrique Agustin:**

So, the succession plan is really based on the position vacancy, whether the funding is available, and DOA would let us know who is qualified for the position and then they will send those people to me for an interview panel and then we'll make the selection. That is the succession plan that I understand from the Government of Guam. I just can't say that okay, Jennifer you'll be in this position for six months and then you'll be the administrator by default.

**Senator Regine Biscoe Lee:**

And I think that some of the challenges that we're finding government-wide is that you know, in these agencies, we have people longtime public servants that have served in their capacities that have incredible institutional knowledge and then they get ready for retirement and we don't really have people that we're training up for the weeks and the months and the years to stop into their place and so that's what I mean when I say succession planning and you need to be able to come up with a concrete plan, have that plan approved, reviewed by your board and approved, sir and so that's really something that you should take a look at, not just for this particular position and it's an incredibly important one, but for all of the other people that are employed with GRTA.

**Executive Manager Enrique Agustin:**

I understand Senator.

**Senator Regine Biscoe Lee:**

Okay, also.

**Ms. Myra Abayas:**

Senator can I add more to it?

**Senator Regine Biscoe Lee:**

Sure.

**Ms. Myra Abayas:**

Okay. Since decided to retire at the end of the fiscal year, Jennifer is now an acting AA. Administrative Assistant because I'm still sitting on the AO position. Okay. So, what we did, we cut our GG1 to make her detailed to 1AA while she is on the AA position, I am training her. Okay. Now once my position is completely vacated, then we are going to cut a GG1 for recruitment for my replacement. But right now, Jennifer is acting as administrative assistant doing all, mostly, 99% of my present duties and responsibilities are being assigned to her, and I am overseeing her.

**Senator Regine Biscoe Lee:**

Thank you, Ms. Myra. Mr. Agustin, we also hear time and time again from our riders, you know, they come into our office, they call our office and there's constant complaints that the buses are late, that maybe we have some issues with the drivers and it just reduces services overall. So, my question to you is how many vans do we have in the fleet?

**Executive Manager Enrique Agustin:**

We have 12 vans and 11 buses.

**Senator Regine Biscoe Lee:**

12 vans. Of those vans, how many are operational?

**Executive Manager Enrique Agustin:**

Let me get out my notes. Right now, none of the buses are —

**Senator Regine Biscoe Lee:**

I'm sorry, let's just go with vans first. So how many vans, there's 12 vans in the fleet. I asked how many are operational?

**Chairman Aguon:**

Senator Lee, I'm going to allow you to get a response of this, but we're going to isolate this particular oversight hearing, specifically to what the agenda item is, and that is the OPA Non-Appropriated Funds report, specifically and then we would consider subsequent hearing.

**Executive Manager Enrique Agustin:**

We will provide that information right after this meeting and we get back to the office and we would give it to you.

**Senator Regine Biscoe Lee:**

So, you're not sure how many vans are in operation?

**Executive Manager Enrique Agustin:**

I know how many we have.

**Senator Regine Biscoe Lee:**

I apologize Mr. Chair. I just want to follow up with one additional question. So

**Executive Manager Enrique Agustin:**

We've got 6 vans that are operational

**Senator Regine Biscoe Lee:**

Okay. Then how many buses are in the fleet?

**Executive Manager Enrique Agustin:**

11 buses.

**Senator Regine Biscoe Lee:**

11 buses. And how many of those buses are operational?

**Executive Manager Enrique Agustin:**

We do not have any GRTA bus that is operational. Let me go further. We were waiting for a long-term \$100,000 NAF funded, IFB in the interim, we use our own NAF for \$25,000 and we had a short-term bus repair program. However, that \$25,000 is already being used up. So, buses do break, you bring them in for batteries one day and the next day, they break down for transmission. So, the \$25,000 we already spent. And we're waiting for the \$100,000 to be approved so we can award to the next vendor.

**Senator Regine Biscoe Lee:**

So, you used Non-Appropriated funds to repair the buses, but just so I'm clear, you have 12 vans in the fleet and only half of them are operational, so six. You have 11 buses in the fleet and none of them are operational as of today.

**Executive Manager Enrique Agustin:**

Yes.

**Senator Regine Biscoe Lee:**

And you've exhausted all of your Non-Appropriated Funds attempting to repair these vehicles?

**Executive Manager Enrique Agustin:**

No, I have not exhausted all of mine Non-Appropriated Funds. The \$25,000 that was identified is almost exhausted. We're waiting for the \$100,000, IFB to be awarded. And if that does not get awarded, then we will go out again for a \$25,000 purchase. We are allowed up to \$25,000.

**Senator Regine Biscoe Lee:**

And what's the timeline on that \$100,000? I'm just very concerned Mr. Agustin because no buses are working, not one. Not one out of the 11 in your fleet and only half of the vans are working.

**Executive Manager Enrique Agustin:**

I understand that Senator.

**Senator Regine Biscoe Lee:**

Do you?

**Executive Manager Enrique Agustin:**

I understand that Senator, we've done our part to request procurement to award an IFB and I was told that it was going to be awarded on the 8<sup>th</sup> of this month. The 8<sup>th</sup>, which is Saturday. Whether that's going to be actually the award date, it remains to be seen, but we have done our part since May 2017 to get this IFB. And here it is already September 2018.

**Chairman Aguon:**

We'll have a possible follow on oversight hearing that would deal with the operational issues as well as the buses. Senator Lee, so.



**Ms. Myra Abayas:**

Senator Lee, just for everyone's information, the \$100,000 for the repairs and maintenance, we used the NAF funds for it because we don't have money for the local budget. So, we use the \$100,000 to fund the repairs and maintenance invitation for bid. The bid process has been completed. It's just it hasn't been awarded yet. So, we are waiting for GSA to award contract or to cut the purchase order and give it to whoever the lowest bidder.

**Executive Manager Enrique Agustin:**

Additionally, we have never been given maintenance money from local funds until I think it's projected for next year, is when we're actually going to get money from local funds for maintenance. In the meantime, we've been using our NAF.

**Chairman Aguon:**

Okay, Senator Lee, any other questions on the Non-Appropriated Fund performance audit? Thank you, Senator Lee, Senator Nelson? Any questions?

**Senator Telena Nelson:**

Thank you, Mr. Chair. Mr. San Agustin, what is GRTA's mission?

**Executive Manager Enrique Agustin:**

It's Agustin Ma'am.

**Senator Telena Nelson:**

Oh, I'm sorry. Mr. San- What did I say? Mr. San Agustin. Mr. Agustin

**Executive Manager Enrique Agustin:**

Otherwise I'd be related to the Senator here.

**Senator Telena Nelson:**

Dispensa yu'. Mr. Agustin. Senator San Agustin was being so nice in the questioning I forgot that I thought you guys were related, so. So, Mr. Agustin, please forgive me. What is GRTA's mission?

**Executive Manager Enrique Agustin:**

To provide reliable transportation at an affordable cost.

**Senator Telena Nelson:**

To provide affordable, reliable and accessible island-wide public transportation services.

**Executive Manager Enrique Agustin:**

Yes.

**Senator Telena Nelson:**

Okay. So that's your mission statement.

**Executive Manager Enrique Agustin:**

That's my mission statement, but I don't believe that's correct, providing island-wide because we do not have the assets to provide island-wide. We follow FTA rules.

**Senator Telena Nelson:**

And how long have you been the executive manager?

**Executive Manager Enrique Agustin:**

September 2014.

**Senator Telena Nelson:**

September 2014, so almost 4 years, no?

**Executive Manager Enrique Agustin:**

That's right.

**Senator Telena Nelson:**

Okay. So, because we are restricted to inquiring about Non-Appropriated Funds, thank you Mr. Chair for making that very clear. The short-term solution that you presented before the body, is hire a bookkeeping firm to maintain all records, invoices, vouchers and a monthly report to GRTA executive manager so that this will be reported during the GRTA monthly board meeting. What is the cost of this bookkeeping firm?

**Executive Manager Enrique Agustin:**

We do not know and that's why we're going to go out and ask. I was told that it's probably \$500 a month, maybe \$1,000 a month. \$1,000 a month bookkeeping firm I think is less than to hire an accountant with benefits at \$36,000 for example.

**Senator Telena Nelson:**

Okay so you have not bid for that yet?

**Executive Manager Enrique Agustin:**

No.

**Senator Telena Nelson:**

Okay. What is the purpose of the administrative officer?

**Ms. Myra Abayas:**

I am in charge of budget.

**Senator Telena Nelson:**

So, bookkeeping Ms. Myra?

**Ms. Myra Abayas:**

Actually, accounting is included in it, because —

**Senator Telena Nelson:**

Do you also do invoices and vouchers?

**Ms. Myra Abayas:**

It's figures and also, I'm in charge of the overall procurement of the agency and the HR personnel issues. Okay. This NAF is brand new to us, okay. We only opened the bank account in 2015, okay.

**Senator Telena Nelson:**

So, it's not brand new, it's about 3 years old now.

**Ms. Myra Abayas:**

Yes.

**Senator Telena Nelson:**

Okay.

**Ms. Myra Abayas:**

Okay. But then our activities, our NAF activities are very simple and not that much or big volume of activities that we are doing every day. Okay, the volume is such very limited okay. So, I was thinking, we were thinking before that since our activities in the NAF, we didn't really think about, you know, the bank recon and support because each item that we spend, okay. Let's say we cut the check, we can easily explain or identify what did we use that check for or the payment for because also whenever we procure any item, we follow the procurement rules and regs. We get three quotations before we cut the check and —

**Senator Telena Nelson:**

I know, Ms. Myra, I understand you have a lot on your plate.

**Ms. Myra Abayas:**

I have a lot on my plate yes.

**Senator Telena Nelson:**

I understand that and I commend you for the work that you've been doing.

**Ms. Myra Abayas:**

Yes.

**Senator Telena Nelson:**

And I thank you for that.

**Ms. Myra Abayas:**

You're welcome.

**Senator Telena Nelson:**

But you are not the executive manager.

**Ms. Myra Abayas:**

I'm not

**Senator Telena Nelson:**

Okay. And Mr. Agustin, what is the chief planners position there? What does the chief planner do?

**Executive Manager Enrique Agustin:**

The chief planner plans our program moving forward.

**Senator Telena Nelson:**

I'm sorry sir, can you please speak into the mic?

**Executive Manager Enrique Agustin:**

Our chief planner plans our program for forward getting direction from me that when I first came in the chief planner, Mr. Pilipina was a PC3. He was doing PC3, PC2 and plan our work. So, he was overwhelmed.

**Senator Telena Nelson:**

Okay, so if the chief planner gets direction from you, that makes you the subject-matter expert, right?

**Executive Manager Enrique Agustin:**

Not necessarily.

**Senator Telena Nelson:**

So, they hired an executive manager that would not be a subject matter expert in transportation?

**Executive Manager Enrique Agustin:**

I would not be subject matter expert on all government issues. I am a subject matter expert on transportation issues.

**Senator Telena Nelson:**

No, we are just talking about transportation issues. Not government issues. We are talking about transportation and program coordinator IV. What is the program coordinator IV? I'm going through your organizational chart and this is just the people you directly oversee. So what does your program coordinator IV do?

**Executive Manager Enrique Agustin:**

Our program coordinator IV got on board less than a year —

**Senator Telena Nelson:**

But they are a program coordinator IV, which means they are qualified and experienced for the job they were hired into. They've been through levels one to three and understand program coordination. So, what does your program coordinator IV do?

**Executive Manager Enrique Agustin:**

My program coordinator does everything that you mentioned, but she's not too familiar with —

**Senator Telena Nelson:**

I did not mention anything, I am asking you what they do.

**Executive Manager Enrique Agustin:**

They coordinate federal grants, which is what they learned from Rally. Particularly in the area of transportation. FTA is slightly different than the other agencies that we get money from you have to understand FTA circulars. So, this has been trained up, the hand off between the PC4 and the previous PC, who is now our chief planner has been completed. The PC4 has not gone through transportation 101 if I may say that. She's scheduled to go through transportation training.

**Senator Telena Nelson:**

Who authorized the hiring of PC4 if they don't know anything about transportation 101?

**Executive Manager Enrique Agustin:**

The PC4 comes in as a PC4. We can train people up to a very specific narrow field like transportation. A PC4 can do —

**Senator Telena Nelson:**

Well wouldn't you want to hire someone that's well versed in transportation, especially at that level?

**Executive Manager Enrique Agustin:**

When people, when I get —

**Senator Telena Nelson:**

Especially at the most basic they have not gone through transportation 101?

**Executive Manager Enrique Agustin:**

When I get a list of people to be interviewed by DOA, that's the list of people that I interview and the one that comes closest is who I select. We cannot just select and wait and wait and wait, because.

**Senator Telena Nelson:**

Okay, what is your salary of your PC4?

**Executive Manager Enrique Agustin:**

Say again?

**Senator Telena Nelson:**

What is the salary of your PC4? How much does your PC4 make annually?

**Executive Manager Enrique Agustin:**

I can give you the exact amount, but I can guess right now, about \$50,000 annually. I do not know what direction this set of question is going, Senator.

**Senator Telena Nelson:**

Okay. Because if you're going to pay someone \$50,000 I would expect you as the executive manager to see that they are more than qualified and do not need to be trained on transportation 101. That's the direction I'm getting, because your mission statement is to provide affordable, reliable and accessible island-wide public transportation services. This mission statement basically says that you, your buses will be at the locations on time, not having people wait for three hours and some of them are disabled customers. That you will have affordable transportation, which means in page 9 of the OPA report, there would not be \$350,260 in unauthorized charges that are unaccounted for, nor would there be an additional \$217,450 of charges that exceeded the authorized appeal amounts. So, your affordable mission statement to provide affordable, your practices negate that. You not being able to service our island residents on time, which is reliable negates that when our buses are non-operational of they come two to three hours late and accessible island-wide transportation services. You hiring a PC4 at a PC4 level and specifically stating that they need to be versed in transportation 101 does not provide for the services that the people demand. I'm not finished yet. This plan that you did and this, you specifically stated that you had to hire an expert in Excel to create an Excel spreadsheet. This one right here, the sample that was passed out. It is beyond me what kind of expertise you would need to have to balance this kind of budget when you have a administrative officer, a PC4, a chief planner, you as the executive manager, and then now you want to hire two new accountants and what is the customer base. How many people do you service?

**Executive Manager Enrique Agustin:**

Our ridership average about 234, 235,000 riders. May I now.

**Senator Telena Nelson:**

That's more than the people of Guam. What is your customer based, how many people do you service?

**Executive Manager Enrique Agustin:**

We have about 460 people on the paratransit. Not fixed route. Not including fixed routes.

**Senator Telena Nelson:**

Well apparently, because we don't have enough buses because they keep on breaking down.

**Executive Manager Enrique Agustin:**

So, senator, may I answer some of the questions?

**Senator Telena Nelson:**

No no Mr. Agustin. I just don't, we have come here time and time again. I mean we've come here time and time again to look at the people who are riding these buses, some of them are disabled and we can't have any reliable service.

**Senator Telena Nelson:**

And you've been in this job for four years. I don't understand why you are looking to hire two accountants for a 460-personnel customer base after four years. I don't understand why you have to hire a bookkeeping firm to manage your records, invoices, and vouchers. For me it seems like you're just Mr. Agustin, all I'm asking you to do, in this oversight hearing, because we are supposed to look at all the facts. We're supposed to examine the OPA report, we're supposed to examine the shortcomings and we're supposed to encourage you to make the way forward and we've been having oversight hearings, thank you Mr. Chair, but with over half a million dollars in money that is unauthorized and then we're having with non-appropriation funds and then we're just discussing a professional to do specifically Excel worksheets. It just doesn't cut it. You're not meeting your mission statement and I don't know what else to tell you. Perhaps my expectation is too high for an executive manager to make sure that the bus services and the paratransit services are working for the people of Guam. Perhaps my expectation is too high for an executive manager that makes over \$80,000 to perform something that is the standard, and if that's the case then perhaps I'm in the wrong. That's all Mr. Chair.

**Chairman Aguon:**

Thank you very much Senator Nelson. Any final comments from anyone in the panel? If not, we do have —

**Executive Manager Enrique Agustin:**

I do have, I do have a comment.

**Chairman Aguon:**

Standby. Senator Lee you have a question for the mayor?

**Senator Regine Biscoe Lee:**

Thank you, yes. Actually, madam chair, if you could just maybe in closing and I'm grateful to the chairman for having this oversight hearing and for calling for the audit and for our friends at the OPA for taking this opportunity to give us some really good data, basing some of our questions on. Just in general, I feel like GRTA has made minimal improvement. We come here time and time again. We take a look at additional data. We ask questions based on what the media has given us. There have been countless oversight hearings. The OPA has issued their audit reports, but I really feel like management should be proactive and in every step of the way it's been totally reactive and you know, a problem is pointed out and then you go back and you fix it, but there's no proactive approach in terms of this management and the management style and so I wanted to ask you madam chair what your thoughts are about this. Are you confident in the direction that management has taken GRTA?

**Board Chairwomen Louise Rivera:**

Yes, I am. I am confident. If you have seen how it was done before being in a hole in the wall down at DOA. When we first came in we established it in 2009, you know for it to be an autonomous agency. I mean now. Things, you know, we're hiring people, we're getting things moving. We're trying to fix the schedule we want to.

**Board Chairwomen Louise Rivera:**

There's so much that we want to do, but we don't want to freak people out with a change and of course of putting up meter. There's so much ways we can make revenue for this agency. Even as we mentioned alone, the \$100,000 that we took from the bus fares from the NAF. We turned it into DOA to get a purchase order from GSA for maintenance of the busses. I'm very honored and I'm really glad we didn't lose the money. We almost lost the funding for these buses we were supposed to procure —

**Senator Regine Biscoe Lee:**

And why is that?

**Board Chairwomen Louise Rivera:**

Because it was taking too long. You know the whole process. The interference of others that were not satisfied with the specs. You know, things like that. I mean I came up, I was willing to join this board as a member of the Mayor's Council of Guam because I see the need for our people. So many around us, even myself you know—

**Senator Regine Biscoe Lee:**

And you're satisfied with the way that things are operating at GRTA.

**Board Chairwomen Louise Rivera:**

We are not perfect and we have been doing nothing but ask for help. You know, I remember talking to all of you when you were all running meet the candidates at the mall. I wanted to find out what was— How can you help because of hearing where all the funding is going to and even our request to the OPA to do this audit. To do a audit. I'm so happy I've been at a roundtable discussion where the OPA Doris Brooks came out and said you have funding going to every other place but to transportation. It was recognized. Everybody please see that. See that the building was given away. We have no place to go now. Now, we're in DPW.

**Senator Regine Biscoe Lee:**

But we are also seeing that some of these funds are being mismanaged.

**Board Chairwomen Louise Rivera:**

Well, we're trying to correct that. I want nothing but transparency. We want to do everything correctly, but now with what's happening now is you know, there's somebody parading saying fire him. You that's just their intention is fire him. Get rid of him. Replace him with this guy. My husband used to drive for Fleet Services back then when it was Bob was handling it. You know, I've known the bus system for the longest time too. People will criticize me saying you're a mayor. You never tried riding the bus. I had a single parent. I grew riding the bus. You know, things have changed. I worked hard so that I can have a car so I don't have to wait for the bus anymore, but it would be great to save gas and park it and go where I need to go on a reliable transportation that comes on time, but then there is also a lot of wonderful guests that we have on island that have come and are really happy with the bus service that we have. You know we have there's so many bus riders out there —



**Senator Regine Biscoe Lee:**

But I just don't see that happening if there's no buses that are in operation.

**Board Chairwomen Louise Rivera:**

Well we want to get it in operation. So, we're showing you that we have had money put in since last year. We need help to get the purchase order out. We've identified making use of the bus fares to get these buses fixed. We want it fixed. We want it all running out there. Those buses are beautiful. I'm so proud of that Ni hi, ta fan hãnao. We want it to work for everybody, but you know. Like I said. The way things are going now because we service over 2,000 people a day and then there's, you have a select few complainers that want to just tear us down. We have to look at everything, the bigger picture.

**Chairman Aguon:**

Okay, mayor. If you can conclude your statements because we do have some people in the audience who would like to provide comments on the non-appropriated funds.

**Board Chairwomen Louise Rivera:**

Thank you.

**Chairman Aguon:**

Okay, to all the panel members. Mr. Augustin? Any final comments? Can you turn on the mic please?

**Executive Manager Enrique Agustin:**

Yes, Mr. Chair. I provided two pieces of paper. I was asked several times how long I have been with this organization so I think it's time for me to answer what we've accomplished.

**Chairman Aguon:**

Mr. Augustin, you have provided the committee members with a copy of your documents so we will glean through it a little later. Okay? Thank you very much Mr. Agustin and thank you very much to OPA for initiating this particular performance audit. Thank you very much. Some of your findings were very critical in the process and in this particular case, there's got to be some fixes to the system so thank you for your participation in this. Thank you, folks. I do see any statements with regards to non-appropriated funds folks because that's the item on the agenda. I did not expand it specifically because we wanted to focus on some of the issues associated with this fund, and if it's deemed necessary then we will have an oversight hearing with regards to the operational activities at GRTA so is there anyone in the audience? You're all dismissed please. Panel members, thank you. Anyone in the audience who would like to provide any comments with regards to non-appropriated funds. We have, if any of you are going to provide comments, please come forward.

Ms. Porter, if you can identify yourself for the record and please provide your statement.

**Ms. Ginger Porter:**

Yes, I'm Ginger Porter.

**Chairman Aguon:**

If you're going to read, I know we have a copy of your testimony Ms. Porter. If I can ask you to highlight certain portions because each committee member was provided a copy.

**Ms. Ginger Porter:**

Yes, I will only provide those comments appropriate to the NAF funding.

**Chairman Aguon:**

Thank you, Ms. Porter.

**Ms. Ginger Porter:**

**[ WRITTEN TESTIMONY ATTACHED ]**

... signed by Eric Flores and provided for payment.

I have questioned the use several times of GRTA's personal use of RAV4 and Ford F150 truck for they do appear as some minor repairs from the NAF. The board minutes of July 18<sup>th</sup> report that the board had designated two vehicles as 24-hour vehicles, one for north and one for the south and I think it would behoove this panel to question the frequency of call outs as to how those vehicles are put into service outside the hours of normal working hours 8:00am to 5:00pm. If the responses fail to meet the test, it would indicate that public dollars for fuel and maintenance are going towards personnel use under the permission of the executive manager and the board chairwoman. Perhaps this agreement should be questioned by this committee. It has the appearance to me of a trade-off for the use of the GRTA 2006 Kia Van that is assigned to Mayor Rivera's Tutuha Office. Although there are procedures for transferring equipment between agencies, the van remains on the GRTA inventory and is noted on GRTA's schedule for vehicle registration.

The NAF audit and the requested FOIA documents raise a red flag on the financial operations of GRTA under the management of Mr. Enrique Agustin and oversight of Board Chairwomen Louise Rivera. Management has ignored proper governmental expenditure processes in spite of completing government procurement training. Actions in regards to NAF fund expenditures have been questioned by GRTA staff, with a plea for help for external review and intervention. Supervision of management under the chairmanship of Louise Rivera has been loosely applied. The Chairwomen is known to avoid placing anything in writing, relying on verbal communications. Therefore, there is little to no documentation of corrective action, communication, or directives. Both the executive manager and the chairwomen rely too much on jungle rules and 'Father Knows Best' management and this is I believe grinding the operations of GRTA into the ground. Although the chairwomen has recently stated that GRTA is headed in a good direction, I beg to differ. The present management has not provided a futures plan, a coordinated transportation plan, a succession plan, or a budgetary plan to increase revenue. He has pushed away individuals who can provide him assistance. The Governor provided a public statement requesting his resignation. This body, this legislative committee has chastised his inability to properly respond to their questioning and his failure to ensure public safety within operations. Unfortunately, the riding public is bearing the brunt of his actions and the general public is seeing questionable expenditure of their tax dollars and that includes the NAF fund.

**Ms. Ginger Porter:**

His sole supporter has been that of the board chairwomen. In all the years, I have been involved in searching and selecting personnel, I know that given the opening of this position, there is talent in this community that can provide better management and future direction for GRTA. Thank you for your time.

**Chairman Aguon:**

Thank you very much Ms. Porter for your statements and providing the committee. If I can ask the chairwomen and Mr. Augustine to please take note of some of the comments that were provided and we'll leave it for your consumption. Any other individuals in the audience who would like to provide comments on the non-appropriated funds and like the chair shared a little earlier, should there be a need to proceed with an oversight hearing on GRTA subsequent to this day then that would be under consideration. Anyone else? If there are no other comments or individuals who would like to provide public testimony then this concludes the oversight hearing on the GRTA non-appropriated funds and on behalf of the committee we like to thank all those who provided testimony and most especially the audience who participated in today's session. Thank you very much and Si yu'us ma'åse.

The Oversight Hearing was Adjourned at 4:25 PM.

## II. WRITTEN TESTIMONY

The following individuals submitted written testimonies to the Committee on Guam U.S. Military Buildup, Infrastructure, and Transportation *before, during, or after* the scheduled Oversight Hearing on Wednesday, September 5<sup>th</sup>, 2018 at 3:00 PM:

1. **Ms. Ginger Porter, M. Ed.**
2. **Mr. Enrique Agustin, Executive Manager, Guam Regional Transit Authority**

## IV. FINDINGS & RECOMMENDATIONS

The Committee on Guam U.S. Military Buildup, Infrastructure, and Transportation hereby reports on the Oversight Hearing on the Guam Regional Transit Authority with the recommendation to report out.



**Guam Regional Transit Authority  
Non-Appropriated Funds  
Exit Conference Agenda  
Monday, August 20, 2018 at 2:30 pm**

1. Objectives:
  - a. To determine whether GRTA's Fund was properly managed and accounted for in accordance with applicable laws, regulations, and best practices.
2. Scope: April 2016 to March 2018
3. Results of Audit
  - i. No accounting system and lack of basic controls
  - ii. \$55K in Bus Fares Not Deposited
  - iii. No Monitoring or Reporting of GRTA Fund
  - iv. No Significant Deficiencies on Disbursements
4. Conclusion
  - a. We found that the GRTA Fund was not properly managed and accounted for in accordance with applicable laws, regulations, and best practices. GRTA management did not prioritize internal controls over the Fund to reduce risks of theft and misuse of GRTA's program income. As a result, \$55 thousand (K) in GRTA bus fares reported in the contracted bus operator's (Contractor) invoices were not deposited into the Fund.
5. Recommendations
  - a. Include specifications for the process of depositing bus fares collected by the Contractor in its formal contract, including more detailed reporting of bus fares and ticket sales (i.e., cash, check, credit card payments) collected by the Contractor and each subcontractor to allow GRTA to reconcile against deposits;
  - b. Assign staff to actively monitor receipts and verify the completeness of bus fare deposits;
  - c. To adopt proper control activities including establishing effective policies and SOPs, maintaining a check register, and performing bank reconciliations;
  - d. Send appropriate staff to NAF management training; and
  - e. Be more transparent and accountable by reporting the Fund's activity to those charged with governance including the GRTA Board and if requested by the Legislature or the Governor.

**Guam Regional Transit Authority  
Non-Appropriated Funds**

**Performance Audit  
April 1, 2016 through March 30, 2018**

**OPA Report No. 18-06  
August 2018**



**Guam Regional Transit Authority  
Non-Appropriated Funds**

**Performance Audit  
April 2016 through March 2018**

**OPA Report No. 18-06  
August 2018**

**Distribution:**

**Governor of Guam  
Lt. Governor of Guam  
Speaker, 34<sup>th</sup> Guam Legislature  
Senators, 34<sup>th</sup> Guam Legislature  
Executive Manager, Guam Regional Transit Authority  
Director, Department of Administration  
Director, Bureau of Budget and Management Research  
Guam Media via Fax**



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**EXECUTIVE SUMMARY**  
**Guam Regional Transit Authority Non-Appropriated Funds**  
**OPA Report No. 18-06, August 2018**

Our audit of the Guam Regional Transit Authority's (GRTA) Non-Appropriated Funds (Fund) found that the lack of internal controls over the Fund poses significant risks of theft and misuse of GRTA's program income. As a result, \$41 thousand (K) in GRTA bus fares reported by the contracted bus operator (Contractor), and an additional \$14K later identified by GRTA, were not deposited in the Fund. This occurred because GRTA did not:

- Adopt and maintain an accounting system for the Fund;
- Have basic control activities, such as maintaining a check register, performing monthly bank reconciliations, and having effective policies and standard operating procedures (SOPs); and
- Report the Fund's financial activity to the GRTA Board, Governor, Legislature, or OPA.

GRTA management opened a checking account mainly to receive bus fare collections from the Contractor. The Fund's checking account movement from its opening on April 7, 2016 to March 31, 2018 is as follows:

Table 2: GRTA Fund Activity	
	Total
Beginning balance, April 7, 2016	\$ -
<b>Receipts:</b>	
Bus fare collections	212,500
Insurance proceeds	20,000
Others	303
<b>Total receipts</b>	<b>232,803</b>
<b>Disbursements:</b>	
Transfers to Department of Administration (DOA)	100,000
Parts and repairs/services	20,220
Petty cash	3,209
Equipment	2,650
Office supplies and other	1,132
Service charge	72
<b>Total disbursements</b>	<b>127,283</b>
Ending balance, March 31, 2018	\$ 105,520

**No Accounting System and Lack of Basic Controls**

According to 12 Guam Code Annotated (GCA) Chapter 6 § 6204 (a), GRTA shall adopt and maintain a system of accounting for the Fund, which is in accordance with generally accepted accounting principles. Although GRTA kept and maintained a separate file of the Fund, GRTA did not have basic controls to address typical risks to cash, such as misuse and theft. For example:

- A check register to record all transactions was not maintained.
- All receipts were not supported and reconciled to ensure all bus fares were deposited.
- Monthly bank reconciliations were not performed to ensure any differences between GRTA's records and the bank's records were identified and investigated.

- The Fund's SOPs were not formally adopted and do not provide a check and balance to ensure the Fund is safeguarded from misuse and theft.

### **\$55K in Bus Fares Not Deposited**

During our audit, we could not account for \$41K in bus fares reported in the Contractor's monthly bus fare remittances in the Fund's bank statements. After we communicated the \$41K discrepancy to GRTA management, GRTA identified an additional \$14K in the form of credit card and check payments that the Contractor did not include in monthly bus fare remittances. In addition, we found collections that were not timely deposited ranging from four to 256 days after the service period. This illustrates that GRTA does not actively monitor and reconcile the Contractor's deposits to ensure that all GRTA bus fares were deposited. Due to GRTA's lack of reconciliation and lack of detailed reports submitted by the contractor, there is a possibility of undeposited ticket sales and bus fares, especially for periods outside of our audit scope.

### **No Monitoring or Reporting of GRTA Fund**

GRTA is required to be audited annually by an independent certified public accountant or the OPA, and submit an annual report of the Fund to the Governor and Legislature within 120 days after the end of the fiscal year. This is the first audit since the Fund's establishment in April 2016. In addition, GRTA has not regularly reported the Fund's activity to the GRTA Board, Governor, Legislature, or OPA. Our analysis of bus fare revenues showed significant fluctuations from April 2016 to March 2018. By monitoring and reporting revenues timely, management could have identified and further discussed these anomalies with the Contractor to correct errors, if any.

### **No Significant Deficiencies on Disbursements**

Our testing of 19 of 30 total disbursements, or \$125K of \$127K, did not find significant deficiencies. However, we noted four disbursements amounting to \$689 that did not have proper approval. Of the 19, there were seven petty cash disbursements totaling \$1,609, which were mainly for food purchases of \$843, or 52%. Other purchases included supplies and others of \$548, or 34%, and parts and repairs of \$218, or 14%. Although purchases were justified, we caution GRTA to refer to Attorney General (AG) Opinion No. 95-1340, which limits food purchases with government funds to entertainment expenses for official purposes.

### **Conclusion and Recommendations**

GRTA management did not prioritize internal controls to safeguard the Fund from risks of theft and misuse. GRTA's Administrative Officer stated that GRTA will adopt a form, similar to their newly adopted petty cash request reimbursement form, to remedy the lack of documented disbursement approvals.

We recommend the GRTA Executive Manager: (1) adopt proper control activities including establishing effective policies and SOPs, maintaining a check register, and performing bank reconciliations; (2) send appropriate staff to NAF management or other similar training; (3) include specifications for the process of depositing bus fares collected by the Contractor in its formal contract; (4) assign staff to actively monitor receipts and verify completeness of bus fare deposits; and (5) report the Fund's activity to those charged with governance.

Yukari B. Hechanova, CPA, CIA, CGFM, CGAP, CGMA  
Deputy Public Auditor



## Introduction

This report presents the results of our performance audit of the Guam Regional Transit Authority's (GRTA) Non-Appropriated Funds (Fund). The scope of this audit was from April 2016 through March 2018. The audit was initiated after the Office of Public Accountability (OPA) learned that GRTA maintains a checking account during the performance audit of OPA Report No. 18-01 *GRTA Procurement and Billing of Public Transit Services*, which warranted our separate review.

The objective of our audit was to determine whether GRTA's Fund was properly managed and accounted for in accordance with applicable laws, regulations, and best practices.

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

### Background

In March 2009, Public Law (P.L.) 30-05 created GRTA to plan services, establish, develop, coordinate, promote, own, and operate facilities and services that support public transportation and public parking within Guam. GRTA is mandated to (1) operate a system of public transportation and (2) establish operational routes, schedules, fares, and policies consistent with the purpose of the Authority.

### Public Transit Services

GRTA offers two types of services:

- The fixed route service operates on a fixed schedule with designated stops between major transfer stations.
- The paratransit service is provided to Americans with Disabilities Act (ADA)-eligible passengers. In order to avail of this service, passengers must be certified by GRTA.

GRTA charges fees for four types of passes for its riders: one-ride, one-day, one-week, and one-month passes. See Table 1 below for the regular and discounted/paratransit bus fare rates.

**Table 1: Bus Fare Rates**

Type	Discounted Fare Passes <sup>1</sup> / Paratransit Fares	Regular Fare Passes
One Ride Pass	\$0.35	\$1.00
One Day Pass	\$1.00	\$3.00
One Week Pass	\$5.00	\$15.00
One Month Pass	\$20.00	\$55.00

<sup>1</sup> Students 6-18 years and seniors 55 years and up are eligible for discounted fare rates.

### **GRTA Fund**

In December 2015, GRTA's Board of Directors (Board) authorized the establishment of a bank account through GRTA Resolution No. 2016-001. The Board cited Title 12 of the Guam Code Annotated (GCA) Chapter 6 § 6204, which allowed the establishment of the GRTA Fund to be maintained separate and apart from the other Government of Guam (GovGuam) funds. A checking account was officially opened with a local bank in April 2016, which served as the Fund.

GRTA is required to:

- Maintain independent records and accounts of the Fund,
- Have the Fund audited annually by an independent certified public accountant or by the OPA,
- Submit an annual report within 120 days after the end of each fiscal year and,
- Present special reports within 30 days after the end of each fiscal year, if requested by the Governor or Legislature.

The Fund was created mainly to receive bus fare collections from the contracted bus operator (Contractor). The Contractor also subcontracts services when needed from two other parties. The fares are deposited directly into the Fund by the Contractor every Monday, Wednesday, and Friday. Prior to the Fund's checking account opening, bus fare collections were deposited to the Public Transit Fund, a Special Revenue Fund maintained by the Department of Administration (DOA) since its establishment in March 2002 through P.L. 26-76.

Two signatures, from a board member and staff, are required to endorse, sign checks, withdraw funds, and operate the account on behalf of GRTA. Specifically, the checking account has four authorized signatories—the Board Chairwoman, Board Vice-Chairman, Executive Manager, and Administrative Officer.

### **Federal Transit Administration Grants and Program Income**

Bus fare collections are considered "program income" per Federal Transit Administration (FTA) Circular FTA C 5010.1D, *Grant Management Requirements*. Program income is gross income received by a grantee or subgrantee directly generated by a grant supported activity. GRTA received \$3.7M in grant funding from FTA from fiscal years (FY) 2016 to FY 2018. FTA grant funding was mainly used to purchase buses for its operations. Although GRTA's program income is minimal, it plays a crucial part of funding the maintenance and repairs for its buses, bus shelters, and other operational expenses.

## Results of Audit

Our audit found that the GRTA Fund was not properly managed and accounted for in accordance with applicable laws, regulations, and best practices. GRTA management did not prioritize internal controls over the Fund to reduce risks of theft and misuse of GRTA's program income. As a result, \$55 thousand (K) in GRTA bus fares reported by the Contractor were not deposited into the Fund. Specifically, we found that GRTA did not:

- Adopt and maintain an accounting system for the Fund;
- Have basic control activities, such as maintaining a check register, performing monthly bank reconciliations, and having effective policies and standard operating procedures (SOPs); and
- Report the Fund's financial activity to the GRTA Board, Governor, Legislature, or OPA.

### No Accounting System and Lack of Basic Controls

The Fund's checking account movement collected from bank statements from its opening on April 7, 2016 to March 31, 2018 resulted in total receipts of \$233K and total disbursements including outstanding checks of \$127K. See Table 2 below for a breakdown of the Fund's checking account movement, and Appendix 3 for the bank account activity.

	Total
Beginning balance, April 7, 2016	\$ -
<b>Receipts:</b>	
Bus fare collections	212,500
Insurance proceeds	20,000
Others	303
<b>Total receipts</b>	<b>232,803</b>
<b>Disbursements:</b>	
Transfers to DOA	100,000
Parts and repairs/services	20,220
Petty cash	3,209
Equipment	2,650
Office supplies and other	1,132
Service charge	72
<b>Total disbursements</b>	<b>127,283</b>
Ending balance, March 31, 2018	\$ 105,520

According to 12 GCA Chapter 6 § 6204 (a), GRTA shall adopt and maintain a system of accounting for the Fund, which is in accordance with generally accepted accounting principles. Although GRTA kept and maintained a separate file of the Fund, GRTA did not have an accounting system and basic controls to address typical risks to cash, such as misuse and theft. Specifically:

- No check register was maintained to ensure transactions were documented.
- No bank reconciliations were performed to lower the risk of differences, errors, or fraud.

- No financial reports were prepared or reported to those charged with governance to ensure transparency and accountability.
- Receipts for bus fares were deposited without reviewing supporting documentation to ensure completeness of revenues.
- Certain disbursements were made without proper approvals.

An accounting system allows an entity to keep track of all transactions and generate reports to aid management with decision making.

The GRTA management did not prioritize internal controls when the Fund was established. In order to properly manage and account for the Fund, management should establish an SOP and appropriate control activities to reduce exposure of GRTA's program income to opportunities of theft and mismanagement. The Fund's current SOPs do not provide a check and balance to ensure the Fund is safeguarded from misuse and theft.

Therefore, we recommend the GRTA Executive Manager, or his designee, adopt proper control activities including establishing effective policies and SOPs, maintaining a check register, and performing bank reconciliations, and send appropriate staff to NAF management or other similar training.

### **\$55K in Bus Fares Not Deposited**

More than 90% of the Fund's deposits are made up of bus fare collections, which was not consistently deposited into the Fund by the Contractor. The Contractor began depositing every Monday, Wednesday, and Friday in March 2017. We could not verify these deposit arrangements with the Contractor, because as we reported in OPA Report No. 18-01 *GRTA Procurement and Billing of Public Transit Services*, there is no formal contract to define specifications and deliverables.

We identified checks deposited by the Contractor, ranging four days to as late as 256 days after a service period. For example, the Contractor had deposited \$3K in September 2017 from bus fares that were collected in January 2017, a difference of 225 days, or about 8 months. See Appendix 4 for check details on the days lapsed before deposited.

Of the \$233K total receipts, \$144K were bank deposits made by the Contractor for the service period April 2016 to March 2018. However, the Contractor reported total collections of \$185K in its invoices, which included monthly bus fare remittances, a difference of \$41K. See Appendix 5 for the comparison of bus fares deposited and reported.

After we communicated the \$41K discrepancy to GRTA management, GRTA identified an additional \$14K in undeposited bus fares during their discussion with the Contractor. The \$14K was bus fares paid by credit card and checks that the Contractor did not report to GRTA. As a result of our finding, the Contractor deposited a total of \$55K into the Fund in June 2018.

The Contractor does not submit a breakdown of credit card and check payment sales. Therefore, we could not verify the completeness of the \$14K later deposited to the Fund. We were unable to reconcile the number and type of riders to amounts collected, which were not consistently reported in daily manifests submitted by the Contractor. This illustrates that GRTA did not actively monitor

and reconcile the Contractor's deposits to ensure that all GRTA bus fares were deposited. Due to GRTA's lack of reconciliation and lack of detailed reports submitted by the Contractor, there is a possibility of undeposited ticket sales paid by checks or credit cards, as well as bus fares, especially for periods outside of our audit scope.

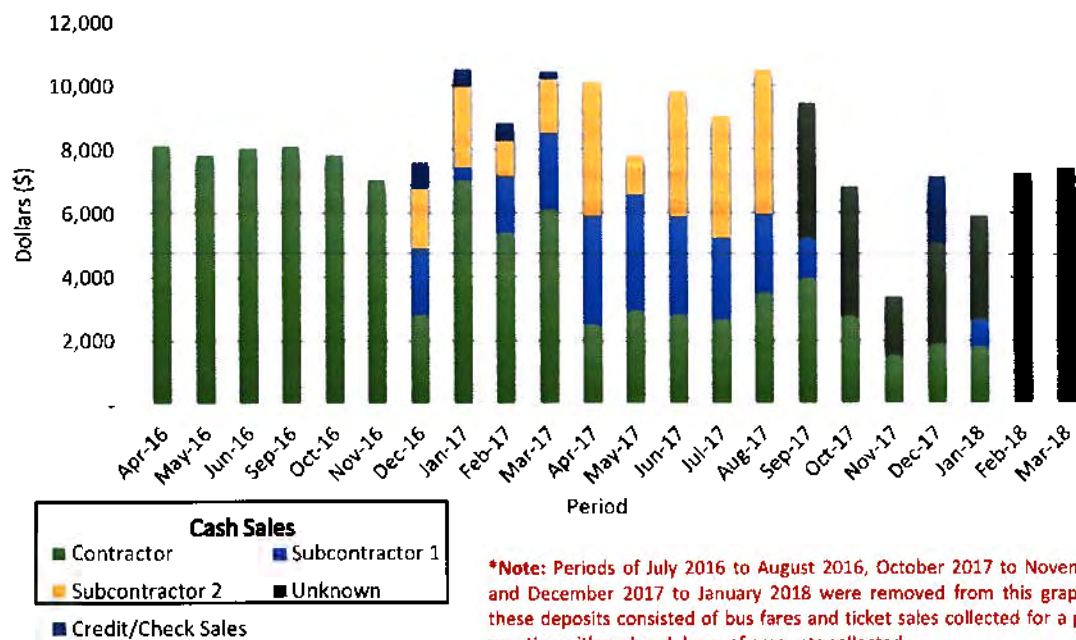
Therefore, we recommend the GRTA Executive Manager, or his designee, include specifications for the process of depositing bus fares collected by the Contractor in its formal contract, including more detailed reporting of bus fares and ticket sales (i.e., cash, check, and credit card payments) collected by the Contractor and each subcontractor to allow GRTA to reconcile against deposits. In addition, we also recommend that the GRTA Executive Manager, or his designee, assign staff to actively monitor receipts and verify the completeness of bus fare deposits.

### No Monitoring or Reporting of GRTA Fund

According to 12 GCA Chapter 6 § 6204 (b) and (e), GRTA is required to be audited annually by an independent certified public accountant or the OPA, and submit an annual report of the Fund to the Governor and Legislature within 120 days after the end of the fiscal year. This is the first audit since the Fund's establishment in April 2016. In addition, GRTA has not regularly reported the Fund's activity to those charged with governance, including the GRTA Board, Governor, Legislature, or OPA.

Based on our analysis of bus fare revenues in Graph 1 below, we found significant fluctuations from April 2016 to March 2018. For example, for the two-year period, monthly deposits averaged \$8,766 between April 2016 to August 2017, and then significantly dropped to an average of \$6,754 between September 2017 to March 2018. See details of Graph 1 in Appendix 6.

**Graph 1. Bus Fare Revenue Trend**



The graph also illustrates fluctuations in the form of cash, checks, and credit card payments for bus fares and ticket sales, as well as fares collected from the contractor and each subcontractor, which may indicate the under-reporting of collections. In addition, some revenues were not supported by detailed information, therefore, we could not determine if the amounts were collected by the Contractor, Subcontractor 1, or Subcontractor 2 and what portion was in cash, check, or credit card. By monitoring and reporting revenues timely, management could have identified and further discussed these anomalies with the Contractor to correct errors, if any.

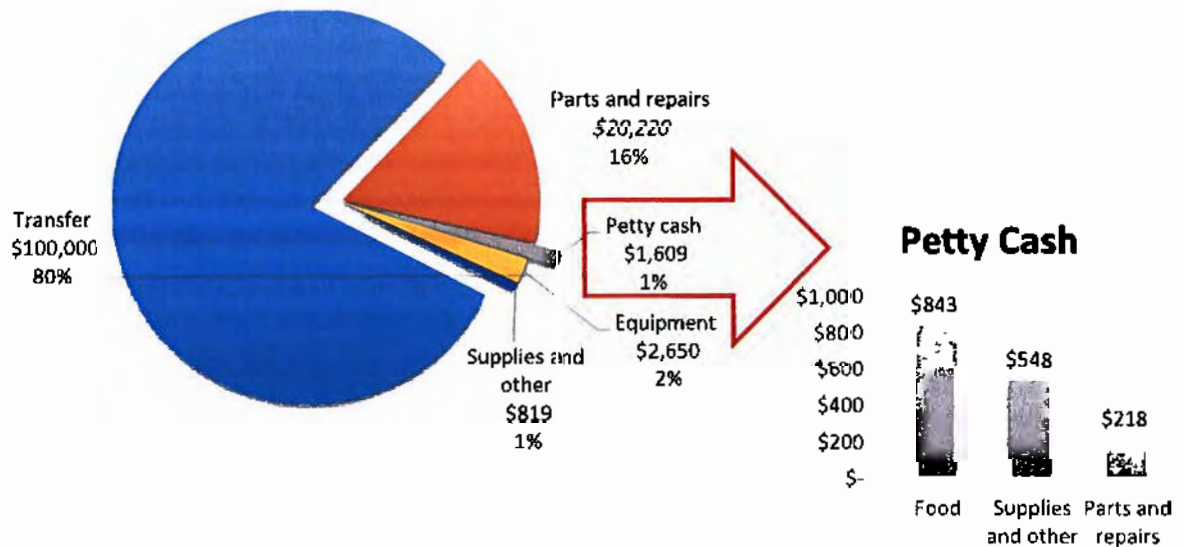
We recommend the GRTA Executive Manager, or his designee, be more transparent and accountable by reporting the Fund’s activity to those charged with governance including the GRTA Board, and if requested by the Legislature, Governor, or OPA.

**No Significant Deficiencies on Disbursements**

GRTA had a total of 30 disbursements from April 2016 to March 2018 totaling \$127K. We tested 19 disbursements amounting to \$125K, or 98%, and did not find significant deficiencies. However, we noted four disbursements amounting to \$689 that did not have proper approval. According to GRTA’s Administrative Officer, GRTA will adopt a form, similar to their newly adopted petty cash request reimbursement form, to remedy the lack of documented approvals.

Of the 19 disbursements, seven totaling were \$1,609 for petty cash, which consisted mainly of food, supplies, and parts and repairs. See Graph 2 below for breakdown of total disbursements and petty cash expenses.

**Graph 2: 19 Disbursements Tested**



Of the \$1,609 in total petty cash disbursements tested, \$843, or 52%, was used for food purchases. According to Attorney General (AG) Opinion No. 95-1340, public funds may be used for entertainment expenses for official purposes. Some common examples of official purposes include



refreshments for board or committee meetings, refreshments at a state funeral, or the grand opening celebration of a new agency office that is open to the public. Although food purchases were properly documented and justified, we caution GRTA to refer to AG Opinion No. 95-1340, which limits food purchases with government funds to entertainment expenses for official purposes. Other petty cash purchases tested included supplies and others of \$548, or 34%, and parts and repairs of \$218, or 14%.

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## **Conclusion and Recommendations**

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We found that the GRTA Fund was not properly managed and accounted for in accordance with applicable laws, regulations, and best practices. GRTA management did not prioritize internal controls over the Fund to reduce risks of theft and misuse of GRTA's program income. As a result, \$55K in GRTA bus fares were not deposited into the Fund. Specifically, we found that GRTA did not:

- Adopt and maintain an accounting system for the Fund;
- Have basic control activities, such as maintaining a check register, performing monthly bank reconciliations, and having effective policies and SOPs; and
- Report the Fund's financial activity to the GRTA Board, Governor, Legislature, or OPA.

SOPs should adequately mitigate risks to the Fund by documenting the internal control responsibilities of an organization. The Fund's current SOPs do not provide a check and balance to ensure the Fund is safeguarded from misuse and theft. Management should also adopt appropriate control activities to not only reduce exposure of GRTA's program income to theft and mismanagement, but also to achieve its mission of providing reliable, accessible and cost effective public transportation services.

To improve controls over the Fund, we recommend the Executive Manager, or his designee to:

- (1) To adopt proper control activities including establishing effective policies and SOPs, maintaining a check register, and performing bank reconciliations;
- (2) Send appropriate staff to NAF management or other similar training;
- (3) Include specifications for the process of depositing bus fares collected by the Contractor in its formal contract, including more detailed reporting of bus fares and ticket sales (i.e., cash, check, and credit card payments) collected by the Contractor and each subcontractor to allow GRTA to reconcile against deposits;
- (4) Assign staff to actively monitor receipts and verify the completeness of bus fare deposits; and
- (5) Be more transparent and accountable by reporting the Fund's activity to those charged with governance including the GRTA Board, and if requested by the Legislature, Governor, or OPA.

## Classification of Monetary Amounts

	<b>Finding Description</b>	<b>Questioned Costs<sup>2</sup></b>	<b>Potential Savings</b>	<b>Unrealized Revenues</b>	<b>Other Financial Impact</b>
1	No Accounting System and Lack of Basic Controls	\$ -	\$ -	\$ -	\$ -
2	\$55K in Bus Fares Not Deposited	\$ -	\$ -	\$ 55,252	\$ -
3	No Monitoring or Reporting of GRTA Fund	\$ -	\$ -	\$ -	\$ -
4	No Significant Deficiencies on Disbursements	\$ 689	\$ -	\$ -	\$ -
	<b>Totals</b>	<b>\$ 689</b>	<b>\$ -</b>	<b>\$ 55,252</b>	<b>\$ -</b>

<sup>2</sup> Questioned costs are expenditures of funds that are unsupported, unallowable, or otherwise improper.

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## Management Response and OPA Reply

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We transmitted a draft report to GRTA in August 2018 and met with GRTA officials to discuss our findings and recommendations. GRTA expressed their general concurrence and provided their official response. The Executive Manager agreed with the findings except for the following:

1. *No Accounting System and Lack of Basic Controls*

The Executive Manager disagreed with this finding and stated that GRTA did not implement a standard accounting system to create standard accounting reports or perform monthly reconciliations because of the minimal amount of transactions.

**OPA Reply:** Regardless of the number of transactions, GRTA should have adopted control activities, such as maintaining a check register and performing bank reconciliations. Although the Executive Manager disagreed with our finding, he stated a genuine desire to improve the Funds controls and would implement the recommendations in the report.

See Appendix 7 for GRTA's management response, which excludes Attachments B and C. These attachments will be made available to the public upon receipt of official request.

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 GRTA 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 GRTA during the course of this audit.

OFFICE OF PUBLIC ACCOUNTABILITY



Yukari B. Hechanova, CPA, CIA, CGFM, CGAP, CGMA  
Deputy Public Auditor

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**Appendix 1:**

**Objective, Scope, and Methodology**

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The objective of our audit was to determine whether GRTA's Fund was properly managed and accounted for in accordance with applicable laws, regulations, and best practices.

The scope of our audit was from April 2016 through March 2018.

**Methodology**

The audit methodology included the review of pertinent laws, rules and regulations, policies and procedures, and other relevant documents pertaining to GRTA's Fund. The work was carried out primarily at GRTA's office in the Department of Public Works compound in Upper Tumon, Guam.

We also:

- (1) Researched hotline tips and similar audit reports with the same topic.
- (2) Conducted interviews and walkthroughs with GRTA officials (Executive Manager, Administrative Officer, and Board Secretary), to gain an understanding of the Fund.
- (3) Obtained bank statements and supporting deposit slips and reports from GRTA to analyze receipts and determine total amount deposited versus the total amount reported by the Contractor. We subsequently received and analyzed additional deposits made by the Contractor for services provided in our scope. We then combined selected deposits and/or receipts for additional analyses, such as the days lapsed from the date of collection and the trend of total bus fare revenues for the entire scope period.
- (4) Obtained check disbursements to determine expenditures out of the Fund. We judgmentally selected and tested 19 out of 30 disbursements, which included 12 non-petty cash disbursements and seven petty cash disbursements.
- (5) Researched best practices to suggest for the improvement of the Fund's SOPs and control activities to safeguard the Fund from risks of misuse and theft.

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.

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**Appendix 2:**

**Prior Audit Coverage**

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***OPA Report No. 01-01, Guam Mass Transit Authority (GMTA) Credit Cards (Issued July 2001)***

The OPA highlighted evidence that supported allegations reported in the OPA hotline that persons within the GMTA were using GMTA-issued credit cards for personal purposes.

***OPA Report No. 18-01, GRTA Procurement and Billing of Public Transit Services (Issued February 2018)***

The OPA reported GRTA's lack of a formal contract and diligent review and monitoring of invoices resulting in \$23K in overbilling and \$567K in unauthorized charges.

***Financial Audit***

Although the GRTA Fund is required by 12 GCA §6204 to be annually audited by an independent certified public accountant or by the Office of the Public Accountability, this is the first audit since its establishment in April 2016.

***Other Reports, Studies, etc.***

Despite becoming an autonomous agency in 2009, GRTA has yet to issue a Citizen-Centric Report outlining their mission, progress, financial information, or future challenges.

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**Appendix 3:****Bank Account Activity**

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Month	Deposits	Withdrawals	Balance
April 2016	\$ 32,861.88	\$ 3.00	\$ 32,858.88
May 2016	-	316.64	32,542.24
June 2016	-	3.00	32,539.24
July 2016	30,082.76	3.00	62,619.00
August 2016	-	303.00	62,316.00
September 2016	-	3.00	62,313.00
October 2016	19,332.49	294.00	81,351.49
November 2016	20,207.69	3.00	101,556.18
December 2016	36.56	394.56	101,198.18
January 2017	-	776.18	100,422.00
February 2017	22,940.45	3.00	123,359.45
March 2017	4,342.99	350.72	127,351.72
April 2017	6,522.71	123.50	133,750.93
May 2017	2,964.55	100,183.42	36,532.06
June 2017	3,081.33	220.72	39,392.67
July 2017	9,667.36	3.00	49,057.03
August 2017	26,535.84	260.38	75,332.49
September 2017	20,473.62	215.92	95,590.19
October 2017	17,606.69	192.91	113,003.97
November 2017	3,531.73	330.27	116,205.43
December 2017	5,322.31	10,521.76	111,005.98
January 2018	2,779.32	10,037.55	103,747.75
February 2018	2,643.57	69.16	106,322.16
March 2018	1,869.21	20.97	108,170.40
<b>Subtotal</b>	\$ 232,803.06	\$ 124,632.66	\$ 108,170.40
<i>Less: Outstanding Checks</i>		2,650.00	
<b>Total</b>	\$ 232,803.06	\$ 127,282.66	\$ 105,520.40

## Days Lapsed Before Deposited

Service Period	Contractor			Subcontractor 1			Subcontractor 2			Unknown			Total
	Amount	Date of Deposit	Days Lapsed Before Deposit	Amount	Date of Deposit	Days Lapsed Before Deposit	Amount	Date of Deposit	Days Lapsed Before Deposit	Amount	Date of Deposit	Days Lapsed Before Deposit	
April 2016	\$8,120.25	7/27/2016	88										\$8,120.25
May 2016	7,822.12	10/7/2016	129										7,822.12
June 2016	8,010.37	10/7/2016	99										8,010.37
July 2016 to August 2016	15,707.69	11/9/2016	71										15,707.69
September 2016	8,078.30	2/10/2017	133										8,078.30
October 2016	7,820.47	2/10/2017	102										7,820.47
November 2016	7,041.68	2/10/2017	72										7,041.68
December 2016							\$1,906.01	9/13/2017	256				1,906.01
January 2017							2,596.78	9/13/2017	225				2,596.78
February 2017							1,108.50	9/13/2017	197				1,108.50
March 2017							1,727.68	9/26/2017	179				1,727.68
April 2017				\$3,390.25	7/13/2017	74	4,224.85	9/26/2017	149				7,615.10
May 2017	189.52	5/31/2017	4	3,609.90	7/13/2017	43	1,206.37	10/13/2017	135				5,005.79
June 2017				3,033.40	8/22/2017	53	3,966.28	10/13/2017	105				6,999.68
July 2017				2,534.90	9/13/2017	44	3,832.10	10/13/2017	74				6,367.00
August 2017				2,422.91	9/25/2017	25	4,549.55	10/13/2017	44				6,972.46
September 2017				1,275.90	10/4/2017	4							1,275.90



## Days Lapsed Before Deposited

Service Period	Contractor			Subcontractor 1			Subcontractor 2			Unknown			Total
	Amount	Date of Deposit	Days Lapsed Before Deposit	Amount	Date of Deposit	Days Lapsed Before Deposit	Amount	Date of Deposit	Days Lapsed Before Deposit	Amount	Date of Deposit	Days Lapsed Before Deposit	
October 2017	\$165.21	10/11/2017	4										\$165.21
October 2017 to November 2017										\$2,399.68	12/20/2017	20	2,399.68
November 2017	51.24	11/8/2017	4										51.24
November 2017	162.66	11/13/2017	4										162.66
November 2017	106.43	11/27/2017	5										106.43
December 2017	125.89	12/11/2017	4							1,034.45	12/20/2017	5	1,160.34
December 2017 to January 2018										980.25	1/31/2018	16	980.25
January 2018	172.28	1/19/2018	6	\$828.31	2/8/2018	8							1,000.59
February 2018	127.50	2/21/2018	4										127.50
<b>Total</b>	<b>\$ 63,701.61</b>			<b>\$ 17,095.57</b>			<b>\$ 25,118.12</b>			<b>\$ 4,414.38</b>			<b>\$110,329.68</b>

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**Appendix 5:**

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**Comparison of Bus Fares Deposited and Reported**

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Period	Deposited	Reported by Contractor	Difference
April 2016	\$8,120.25	\$7,821.26	\$(298.99)
May 2016	7,822.12	7,565.23	(256.89)
June 2016	8,010.37	7,578.21	(432.16)
July 2016 to August 2016 <sup>3</sup>	15,707.69	13,817.71	(1,889.98)
September 2016	8,078.30	7,858.40	(219.90)
October 2016	7,820.47	7,369.20	(451.27)
November 2016	7,041.68	6,717.46	(324.22)
December 2016	1,906.01	6,958.27	5,052.26
January 2017	2,596.78	7,086.82	4,490.04
February 2017	1,108.50	8,001.61	6,893.11
March 2017	6,070.67	9,232.50	3,161.83
April 2017	10,137.81	9,695.64	(442.17)
May 2017	7,780.82	10,128.00	2,347.18
June 2017	9,818.69	9,464.45	(354.24)
July 2017	9,034.21	8,635.18	(399.03)
August 2017	10,474.90	10,352.09	(122.81)
September 2017	5,227.89	9,197.59	3,969.70
October 2017 to November 2017 <sup>4</sup>	6,709.90	12,099.10	5,389.20
December 2017 to January 2018 <sup>4</sup>	6,530.16	11,109.51	4,579.35
February 2018	1,815.26	6,623.64	4,808.38
March 2018	1,869.21	7,358.63	5,489.42
<b>Total</b>	<b>\$ 143,681.69</b>	<b>\$ 184,670.50</b>	<b>\$ 40,988.81</b>

<sup>3</sup> Periods of July 2016 to August 2016, October 2017 to November 2017, and December 2017 to January 2018 were combined because some deposits were made in a lump sum for the bus fares and ticket sales collected for this two-month period, and we could not separately identify what the amounts were for each month.

Appendix 6:

**Bus Fares/Ticket Sales for April 2016 to March 2018**

Period	Cash Sales				Credit/Check Sales	Total
	Contractor	Subcontractor 1	Subcontractor 2	Unknown		
April 2016	\$8,120.25					\$8,120.25
May 2016	7,822.12					7,822.12
June 2016	8,010.37					8,010.37
July 2016 to August 2016	15,707.69					15,707.69 <sup>4</sup>
September 2016	8,078.30					8,078.30
October 2016	7,820.47					7,820.47
November 2016	7,041.68					7,041.68
December 2016	2,832.82 <sup>5</sup>	\$2,041.45 <sup>6</sup>	\$1,906.01		\$807.80	7,588.08
January 2017	7,012.51 <sup>6</sup>	373.00 <sup>6</sup>	2,596.78		518.70	10,500.99
February 2017	5,386.97 <sup>6</sup>	1,764.30 <sup>6</sup>	1,108.50		569.05	8,828.82
March 2017	6,105.01 <sup>6</sup>	2,371.60 <sup>6</sup>	1,727.68		221.75	10,426.04
April 2017	2,522.71	3,390.25	4,224.85			10,137.81
May 2017	2,964.55	3,609.90	1,206.37			7,780.82
June 2017	2,819.01	3,033.40	3,966.28			9,818.69
July 2017	2,667.21	2,534.90	3,832.10			9,034.21
August 2017	3,502.44	2,422.91	4,549.55			10,474.90
September 2017	3,951.99	1,275.90		\$4,189.66 <sup>7</sup>		9,417.55
October 2017	2,776.49			4,030.50 <sup>8</sup>		6,806.99
October 2017 to November 2017				2,399.68 <sup>8</sup>		2,399.68 <sup>5</sup>
November 2017	1,533.73			1,828.40 <sup>8</sup>		3,362.13
December 2017	1,888.08			3,164.95 <sup>9</sup>	2,050.50	7,103.53
December 2017 to January 2018				980.25 <sup>9</sup>		980.25 <sup>5</sup>
January 2018	1,799.07	828.31		3,273.60 <sup>8</sup>		5,900.98
February 2018	1,815.26			5,435.53 <sup>8</sup>		7,250.79
March 2018	1,869.21			5,568.15 <sup>8</sup>		7,437.36
<b>Total</b>	<b>\$ 114,047.94</b>	<b>\$ 23,645.92</b>	<b>\$ 25,118.12</b>	<b>\$30,870.72</b>	<b>\$ 4,167.80</b>	<b>\$ 197,850.50</b>

<sup>4</sup> These amounts were excluded from the Bus Fare Revenue Trend in Graph 1 because there was no breakdown of the amounts collected for the two month period.

<sup>5</sup> These amounts were part of the additional \$14K identified by the Contractor. There was no detail to identify which portion was credit or cash sales.

<sup>6</sup> Of this amount, \$1,762.02 is part of the additional \$14K identified by the Contractor. There was no detail to identify which portion was credit or cash sales.

<sup>7</sup> These amounts were collections from Subcontractor 1 and Subcontractor 2, however, there was no breakdown of the amounts collected by each subcontractor.

<sup>8</sup> There was no detail to determine whether this amount was received from the Contractor, Subcontractor 1 or Subcontractor 2.

<sup>9</sup> Of this amount, \$2,130.50 were collections from Subcontractor 1 and Subcontractor 2, however, there was no breakdown of the amounts collected by each subcontractor. There was no detail to determine whether the remaining \$1,034.45 was received from the Contractor, Subcontractor 1 or Subcontractor 2.

# GRTA Management Response



## GUAM REGIONAL TRANSIT AUTHORITY Government of Guam

Eddie B. Co, Governor  
Raymond S. Tenorio, Lieutenant Governor  
Enrique Agustín, Executive Manager

P. O. Box 2896  
Hagatna, Guam 96932

Telephone: (671) 475-4616 / 4686  
Fax: (671) 475-4620



August 20, 2018

MEMORANDUM

TO: Deputy Public Auditor,  
Guam Office of Public Accountability

FROM: Executive Manager,  
Guam Regional Transit Authority

SUBJECT: OPA Audit No. 1906, GRTA NAF Audit

RECEIVED  
OFFICE OF PUBLIC ACCOUNTABILITY

BY: MT

DATE: 08-20-18

TIME: 12:10  AM  PM

*Buenas yan Hafa Adai!*

We are in receipt of the OPA Report No. 19-06, August 2018 Non-Appropriated Funds (NAF) audit and have reviewed it for content and findings.

GRTA is happy to receive our first NAF audit by the OPA, something that GRTA has been waiting for so that we may learn from the findings and improve our NAF controls, policies, and processes/procedures.

GRTA will address the four (4) central findings and hereby provide our response as follows:

**Item 1. No Accounting System and Lack of Basic Controls:**

**GRTA response:** GRTA disagrees with the findings and provide the following explanation.

**GRTA Explanation:** GRTA's accounting system utilized were based on bank statements, sales receipts and vendor invoices. These include purchase of food items, supplies, repair parts, and office supplies. While management could be more detailed in its accounting processes/procedures, all expenditures were disclosed and fully accounted for.

From the data compiled on all the documents above, the GRTA Administrative Officer was recording and monitoring all monthly non-appropriated fund expenditures in which bank account balances are reported to the Executive Manager in a timely manner. In addition, the bank deposits receipts provided by the transit contractor were also being monitored to ensure fare revenues were deposited regularly. GRTA uses this monitoring mechanism to insure proper controls of non-appropriated funds.

GRTA did not maintain standard accounting journals, balance sheets, income statements, and monthly bank reconciliations weren't done due to the simplicity of the account. With very few transactions to enter on the accounting ledger, the necessity to do a standard accounting system was not implemented. Therefore, as a result of this NAF audit, GRTA management will be highly recommending to the GRTA board that a book keeping or accounting firm be hired competitively to keep records of all expenditures and revenues received by this agency.

For the record, GRTA does not have accountants assigned to this agency and looks forward to receiving technical support from the OPA in regards to accounting format, required ledgers and recommendations as to which potential third party vendors are to be solicited for participation for book keeping service of the GRTA NAF checking account.

## GRTA Management Response

### Item 2. \$55K in bus fares not deposited

**GRTA response:** GRTA agrees with this finding, but with explanation for the extenuating circumstances that occurred during the audited period.

**GRTA Explanation:** The \$55K bus fare in question was due to several months of delay in payments to the contractor in the amount of \$760,984.00. These payments were not processed in a timely manner by DOA accounting, due to the absence of a purchase order to justify the payments to the contractor. At that time, GSA took an extended period of time to issue a supplemental purchase order in order for the contractor to be paid.

An error by GSA in the delayed issuance of the purchase order prompted the Department of Administration (DOA) Accounting Division to hold payments to the transit contractor which took several months to correct. After the ratification by GSA on the subject purchase order, DOA accounting processed the unpaid invoices for the services rendered inclusive of the prior fiscal year's invoices.

Despite the long delays in paying the contractor, they (contractor) continued providing the much needed bus services despite the financial burden imposed on them. The contractor had no recourse but to delay remitting the bus fares collected for this period since they were placed in a dire situation. The vendor had payroll to meet, vendor and supplier payments to make. When the \$760,984.00 issue was resolved to everyone's satisfaction, which took a few months, the vendor was then able to remit the original \$41K bus fare collections in question, but also, further remitted an additional \$14K for a total of \$55K.

### Item 3. No Monitoring or reporting of GRTA Funds.

**GRTA response:** GRTA agrees but with qualifications.

**GRTA Explanation:** As noted by the audit team, "this was the first OPA audit since the funds and account establishment" in April 2016. For the record GRTA took proactive measures and requested both a financial audit and a performance audit back in December 2015, See attachment "A" letter to the OPA dated 24 December 2015.

While the findings of the first NAF audit was revealing and helpful, an earlier audit requested in December 2015 would have afforded and prepared GRTA for a better understanding of the nuance of establishing a NAF checking account and the detail requirement for setting up a proper accounting protocol so that GRTA may better maintain a robust accounting system for our non-appropriated fund monies.

This was the first audit for our NAF funds by the OPA, although we requested for an audit since 2015. As a result of the audit, GRTA will submit a legislative NAF fund report in a standard accounting format (format to be approved by OPA), and accompanied with a detailed written report.

Additionally, it is important to note that at no point in time were bus fare monies (cash) ever handled by any GRTA staff member, no credit card machines were available on the transit vehicles nor at the GRTA office. Drivers do not make bus fare changes on the bus, Riders pay in cash with the correct amount. Riders may utilize prepaid bus tickets in lieu of cash. Drivers turn in all bus fares collected to the contractor facility at the end of each shift. Each transit vehicle has a bus fare collection box.

### Item 4. Disbursements

**GRTA response:** GRTA agrees with audit findings with explanations provided.

**GRTA Explanation:** All expenditures were properly documented and approved in accordance with the GRTA NAF Policy and Procedures. All checks will have two signatures as a means of cross check and balances. See attachment "B" GRTA NAF Policy and Procedures

GRTA is aware of the twenty three (23) year old AG Opinion paper and have complied with the original intent and spirit of the AG Opinion No. 95-1340. The \$843.24 expenses for food were for purchase of food and nonalcoholic beverages including bottled water. Please note that there were forty six (46) separate events in which the \$843.24 was expended,

## GRTA Management Response

pr an average expenditure per event of \$18.33. These events were for monthly board meetings, feeding of interview team members (conducting interviews for GRTA potential hires/recruitment) as well as for procurement evaluation team, evaluating the Transportation Management System bids submitted by vendors. During the GRTA monthly board meetings, food and beverages/water were consumed by the board members, GRTA staff, as well as members of the public attending the board meeting. No monies were expended for recognition of individual promotion, retirements, nor for birthdays etc. The AG opinion was followed since the NAF funds were utilized strictly for the benefit of the public, whether for board meetings, or Government interview panels and Government evaluation teams.

As noted by the audit team, \$689 did not have proper approval. GRTA's policy is that the board chair (or vice chair) and the executive manager (two people) will jointly sign checks for all disbursements. The cumulative expenses of \$689 were for vehicle maintenance services (one office vehicle), purchase of toners and cartridges for our office printers as well as for towing service to retrieve one of our large 17 passenger transit bus. These expenses are for both normal support of the administration of the GRTA office as well as for operational matters related to keeping our vehicle fleet operational. The expenses noted on the audit and paid with NAF funds were authorized expenses and is allowed and authorized (within the boundaries) by the "duties and powers" of the GRTA Executive Manager in accordance with GRTA's enabling act.

Please make "special note" that GRTA did not use any of the NAF fund monies to celebrate annual Christmas parties, nor were NAF monies spent on annual agency week such as the "Transit Week" celebrated by the previous Guam Mass Transit Authority (GMTA). Further, no NAF funds were utilized for off island travel or off island training, seminars, or conferences. Also as mentioned earlier, GRTA staff do not have access to bus fare monies.

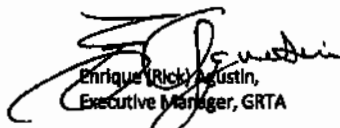
Currently, GRTA has embarked in procuring a transportation management system (TMS) software. All documents for this procurement activity has been delivered to GSA for review and guidance. One of the technology feature that GRTA is pursuing is to incorporate a "Transit Access Pass" (TAP) when procuring the transit management system software technology. See attachment "C" sample of a transit access pass (TAP) card aka transit smart card technology. This technology will allow for a cashless bus fare payment system and simplifies required data collection and reporting to the federal transit administration (FTA).

In Conclusion the Guam Regional Transit Authority has a genuine desire to improve its Non-appropriated Fund (NAF) controls and processes by implementing the three proposed actions listed below.

1. Use NAF funds to hire a third party vendor (book keeping or accounting firm) who is familiar with the Guam OPA audit process and policies dealing with NAF fund accounting and required reports.
2. GRTA will improve controls over the NAF funds by following the five (5) recommendations made by the OPA audit team.
3. Acquire competitively a "transportation management system" (TMS) which would allow GRTA to use a transit access pass (TAP) transportation technology. This system when incorporated by GRTA will allow for a cashless transit transaction when riders utilizes the GRTA vehicles, as well as accumulate and report data required for continued support by our federal grantor.

It is GRTA's strongest desire to improve its NAF controls and accounting processes and that we thank the OPA audit team for pointing out areas in which we need to monitor and improve.

Respectfully,



Enrique (Rick) Agustin,  
Executive Manager, GRTA

Attachments: A, B, and C

cc: GRTA Board Chairwoman  
GRTA Board of Directors

# GRTA Management Response



## GUAM REGIONAL TRANSIT AUTHORITY Government of Guam

Eddie B. Calvo, Governor  
Raymond S. Terono, Lt. Governor  
Enrilo Je. Aguston, Executive Manager

PO Box 2896  
Hagatna, Guam 96932

Phone: (671) 475-4566 or 475-4514  
Fax: (671) 475-4630



December 24, 2015

COPY

Dolores Flores Brooks, CPA, CGFM  
Public Auditor  
Suite 401, DNA Bldg.  
238 Archbishop Flores Street  
Hagatna, Guam 96910

RECEIVED  
OFFICE OF PUBLIC ACCOUNTABILITY

BY: JD

DATE: 12.24.15

Dear Ms. Brooks:

TIME: 11:00  AM  PM

Buenas and Hafa Adai!

We are in receipt of your letter dated December 7, 2015 requesting input on areas of concern that merits attention by your office.

The Guam Regional Transit Authority (GRTA) officially requests that the office of the Public Accountability conducts both a performance audit and a financial audit within the 2<sup>nd</sup> quarter of fiscal year 2016.

GRTA is very concern that although our enabling act (P.L. 30-05) allows us to be an autonomous agency, GRTA has been marginalized and therefore not able to perform its mission effectively. We have reason to believe that two funding source namely the Guam Mass Transit Automotive Surcharge and the Liquid Fuel Tax were not fully disbursed as was intended by law and therefore has hampered the funding of bus service operations as well as the other transit related functions. Equally disturbing is that four non-transportation related agencies were allowed access to these funds.

Without proper funding and correct organizational structure as per Transit Business Plan, GRTA will not be able to provide reliable, affordable and accessible transportation to the people most in need of a robust public transit system.

Further, we believe that the Guam 2030 Transportation Plan and the Transit Business Plan identified \$20 million dollars that was provided by the Federal Highways Administration to purchase 50 transit buses as well as to build a transit maintenance facility by the year 2015.

### Attachment 'A'

# GRTA Management Response



## GUAM REGIONAL TRANSIT AUTHORITY Government of Guam

Eddie B. Cabra, Governor  
Raymond S. Tenorio Lt. Governor  
Enrique Agustín, Executive Manager

P.O. Box 2896  
Hagatna, Guam 96932

Phone: (671) 475-4588 or 475-4616  
Fax: (671) 475-1800



GRTA's management and board members anticipates that your office will honor our request for the two audits requested and that we will make ourselves available to meet with you or your designated auditor to move forward with this most urgent request.

Respectfully,

Enrique Agustín  
Executive Manager, GRTA

One (1) Attachment

CC: GRTA Board of Directors



**Appendix 8:**

**Status of Audit Recommendations**

1	GRTA Executive Manager or designee	To adopt proper control activities including establishing effective policies and SOPS, maintaining a check register, and performing bank reconciliations.	OPEN	Please provide target date and title of official(s) responsible for implementing the recommendation.
2	GRTA Executive Manager or designee	Send appropriate staff to Fund management or other similar training.	OPEN	Please provide target date and title of official(s) responsible for implementing the recommendation.
3	GRTA Executive Manager or designee	Include specifications for the process of depositing bus fares collected by the Contractor in its formal contract, including more detailed reporting of bus fares and ticket sales (i.e., cash, check, and credit card payments) collected by the Contractor and each subcontractor to allow GRTA to reconcile against deposits.	OPEN	Please provide target date and title of official(s) responsible for implementing the recommendation.
4	GRTA Executive Manager or designee	Assign staff to actively monitor receipts and verify the completeness of bus fare deposits.	OPEN	Please provide target date and title of official(s) responsible for implementing the recommendation.
5	GRTA Executive Manager or designee	Be more transparent and accountable by reporting the Fund's activity to those charged with governance including the GRTA Board, and if requested by the Legislature, Governor, or OPA.	OPEN	Please provide target date and title of official(s) responsible for implementing the recommendation.



**Guam Regional Transit Authority  
Non-Appropriated Funds  
Report No. 18-06, August 2018**

**ACKNOWLEDGEMENTS**

**Key contributions to this report were made by:**

**Ira Palero, Auditor-in-Charge  
Yukari Hechanova, CPA, CIA, CGFM, CGAP, CGMA, Deputy Public Auditor**

**MISSION STATEMENT**

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

**VISION**

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

**REPORTING FRAUD, WASTE, AND ABUSE**

- **Call our HOTLINE at 47AUDIT (472-8348)**
- **Visit our website at [www.opaguam.org](http://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.**



## OFFICE OF PUBLIC ACCOUNTABILITY

Suite 401 Pacific News Building, 238 Archbishop Flores St., Hagåtña, Guam 96910  
Phone: (671) 475-0390 / FAX: (671) 472-7951

August 21, 2018

Honorable Edward Calvo, Governor of Guam  
Honorable Ray Tenorio, Lieutenant Governor of Guam  
Honorable Benjamin Cruz, Speaker of the 34<sup>th</sup> Guam Legislature  
Honorable Senators of the 34<sup>th</sup> Guam Legislature  
Mr. Edward Birn, Department of Administration Director  
Mr. Lester L. Carlson, Jr., Bureau of Budget & Management Research Acting Director,

Hafa Adai!

Transmitted herewith OPA Report No. 18-06, Guam Regional Transit Authority Non-Appropriated Funds.

Our audit found that the lack of internal controls over the Fund poses significant risks of theft and misuse of GRTA's program income. As a result, \$41 thousand (K) in GRTA bus fares reported by the contracted bus operator (Contractor), and an additional \$14K later identified by GRTA, were not deposited in the Fund. This occurred because GRTA did not:

- Adopt and maintain an accounting system for the Fund;
- Have basic control activities, such as maintaining a check register, performing monthly bank reconciliations, and having effective policies and standard operating procedures (SOPs); and
- Report the Fund's financial activity to the GRTA Board, Governor, Legislature, or OPA.

For your convenience, you may also view and download the report in its entirety at [www.opaguam.org](http://www.opaguam.org). Should you have any questions, please contact Auditor-in-Charge Ira Palero at 475-0390 ext. 202.

*Senseramente,*

Yukari B. Hechanova, CPA, CIA, CGFM, CGAP, CGMA  
Deputy Public Auditor

**RECEIPT ACKNOWLEDGED**

By: \_\_\_\_\_

Date: \_\_\_\_\_



Senator  
**FRANK B. AGUON, JR.**  
Chairman

Senator  
**Thomas A. Morrison**  
Vice Chairman

Senator  
**Dennis G. Rodriguez, Jr.**  
Member

Senator  
**Joe S. San Agustin**  
Member

Senator  
**Régine Biscoe Lee**  
Member

Senator  
**Louise Borja Muña**  
Member

Senator  
**Fernando B. Esteves**  
Member

Speaker  
**Benjamin J.F. Cruz**  
Ex-Officio

August 21, 2018

**Enrique L.S. Agustin**  
Executive Manager  
Guam Regional Transit Authority  
P.O. Box 2896  
Hagåtña, Guam 96932  
Sent via Hand Delivery and Email: [rick.agustin@grta.com](mailto:rick.agustin@grta.com)

**Subject: Guam Regional Transit Authority Audit by the Office of Public Accountability**

Dear Mr. Agustin:

*Buenas yan Hafa adai!* In a recent meeting with the Office of Public Accountability (OPA) to discuss the audit conducted on the Guam Regional Transit Authority's (GRTA) non-appropriated funds (FUND) between April 2016 to March 2018, audit findings revealed the FUND had not been "properly managed and accounted for in accordance with applicable laws, regulations, and best practices." Moreover, fifty five thousand (\$55,000) dollars in bus fares had not been deposited into the FUND. See attached.

Additionally, the OPA provided recommendations to their findings which include, but is not limited to, the following: a process and detail accounting of the collection of bus fare deposits and ticket sales collected by the Contractor and each subcontractor, establish effective policies and Standard Operating Procedures and a commitment to transparency and accountability "by reporting the Fund's activity to those charged with governance including the GRTA Board," the Legislature and the Governor.

Furthermore, Section 4 of Chapter XIII of Public Law 34-42 mandates your agency to report all revenues and expenditures for all funds under your purview to *I Maga'lahaen Guåhan* and the Speaker to *Liheslaturan Guåhan* on a monthly basis, and post the same on your website. The last communications from your agency to *Liheslaturan Guåhan* was on March 1, 2018 regarding GRTA's increase of bus fares. **Compliance with the Law is not optional.**

The lack of an accounting system and basic controls to include monitoring or reporting of FUND activities under your leadership is problematic. This has not been the first time your leadership has been questioned by myself and members of the Committee. Please be advised that the Committee will schedule an oversight hearing on Wednesday, September 5, 2018 at 3:00 PM, at the Guam Congress Building public hearing room. Please ensure key leadership and members of the board are present.

*Un Dangkolo Na Si Yu'os Ma'ase!*

**SENATOR FRANK B. AGUON, JR.**

Committee Chairman on Guam U.S. Military Buildup | Infrastructure | Transportation  
*I Mina' Trentai Kuartro Na Liheslaturan Guåhan* | 34<sup>th</sup> Guam Legislature

CC: Governor Eddie Baza Calvo, Governor of Guam  
Mayor Louise Rivera, Chairwoman, GRTA Board of Directors

SUITE 503, DNA BLDG. 238 ARCHBISHOP FLORES STREET HAGATNA, GUAM 96910

PHONE: (671) 475-GUM1/2 (4861/2) | FAX: (671) 475-GUM3 (4863) |

EMAIL: [AGUON4GUAM@GMAIL.COM](mailto:AGUON4GUAM@GMAIL.COM)

[WWW.FRANKAGUONJR.COM](http://WWW.FRANKAGUONJR.COM)

# GRTA Check Register

# FY 2017

Current Balance

(\*\* as of August 24, 2018)

balance carried from previous fiscal year

\$ 95,590.19

D = Deposit

SC = Service Charge (monthly)

POP = Purchase Order Payment

EXP = Expenditures

OFC = Misc. Office Revenue (ID Replacement/FOIA Request)

\*\* Petty Cash Monthly Allotment = \$300.00

Code	Date	Transaction	Description	Debit	Credit	Balance
	10/1/2016		BALANCE CARRIED FROM PREVIOUS FISCAL YEAR		\$ 62,313.00	\$ 62,313.00
D	10/7/2016	Deposit	May-Jun. 2016 Fare (KEI Chk #1222) and GBHWC \$3,500 Chk #0611585	\$ -	\$ 19,332.49	\$ 81,645.49
SC	10/28/2016	BOG Service Charge	Monthly maintenance fee	\$ 3.00		\$ 81,642.49
EXP	10/31/2016	Check 103	Petty Cash Replenishment (P. Gates)	\$ 291.00		\$ 81,351.49
D	11/19/2016	Deposit	Jul-Aug. 2016 Fares (KEI Chk #1390) and GNHWC \$4,500 Chk #0614037	\$ -	\$ 20,207.69	\$ 101,559.18
SC	11/30/2016	BOG Service Charge	Monthly maintenance fee	\$ 3.00		\$ 101,556.18
EXP	12/8/2016	Check 104	AK Motors - GRTA Rav4 Diagnostics	\$ 44.50		\$ 101,511.68
EXP	12/13/2016	Check 105	Post Master (Hagatna Post Office Box Rental plus Late Fee \$21.00)	\$ 105.00		\$ 101,406.68
OFC	12/14/2016	Deposit	FOIA Request (E. Duenas Inv #1701-1702 and 17-003)	\$ -	\$ 36.56	\$ 101,443.24
EXP	12/21/2016	Check 106	Petty Cash Replenishment (P. Gates)	\$ 242.06		\$ 101,201.18
SC	12/30/2016	BOG Service Charge	Monthly maintenance fee	\$ 3.00		\$ 101,198.18
EXP	12/30/2016	Check 107	ComPacific (2 ea. Toner HP305A Inv #655336)	\$ 259.90		\$ 100,938.28
EXP	1/13/2017	Check 108	ComPacific (2 ea. Toner HP305A Inv #655572)	\$ 259.90		\$ 100,678.38
EXP	1/17/2017	Check 109	Petty Cash Replenishment (P. Gates)	\$ 253.38		\$ 100,425.00
SC	1/30/2017	BOG Service Charge	Monthly maintenance fee	\$ 3.00		\$ 100,422.00
D	2/10/2017	Deposit	Sept-Nov. 2016 Fares (KEI Chk #1685)		\$ 22,940.45	\$ 123,362.45
SC	2/28/2017	BOG Service Charge	Monthly maintenance fee	\$ 3.00		\$ 123,359.45
EXP	3/7/2017	Check 111	Petty Cash Replenishment (P. Gates)	\$ 297.72		\$ 123,061.73
D	3/10/2017	Deposit	03.09.17 Cash Fare		\$ 100.58	\$ 123,162.31
D	3/10/2017	Deposit	03.09.17 Cash Fare		\$ 187.16	\$ 123,349.47
D	3/10/2017	Deposit	03.09.17 Cash Fare		\$ 406.58	\$ 123,756.05
D	3/13/2017	Deposit	03.11.17 Cash Fare		\$ 94.14	\$ 123,850.19
D	3/13/2017	Deposit	03.11.17 Cash Fare		\$ 150.87	\$ 124,001.06
D	3/13/2017	Deposit	03.11.17 Cash Fare		\$ 238.91	\$ 124,239.97
D	3/15/2017	Deposit	3.14.17 Cash Fare		\$ 94.60	\$ 124,334.57
D	3/15/2017	Deposit	3.14.17 Cash Fare		\$ 164.00	\$ 124,498.57
D	3/15/2017	Deposit	3.14.17 Cash Fare		\$ 263.35	\$ 124,761.92

D = Deposit  
 POP = Purchase Order Payment  
 OFC = Misc. Office Revenue (ID Replacement/FOIA Request)

SC = Service Charge (monthly)  
 EXP = Expenditures

\*\* Petty Cash Monthly Allotment = \$300.00

Code	Date	Transaction	Description	Debit	Credit	Balance
D	3/17/2017	Deposit	03.16.17 Cash Fare		\$ 82.99	\$ 124,844.91
D	3/17/2017	Deposit	03.16.17 Cash Fare		\$ 176.18	\$ 125,021.09
D	3/17/2017	Deposit	03.16.17 Cash Fare		\$ 190.95	\$ 125,212.04
D	3/20/2017	Deposit	03.18.17 Cash Fare		\$ 61.74	\$ 125,273.78
D	3/20/2017	Deposit			\$ 153.66	\$ 125,427.44
D	3/20/2017	Deposit	03.18.17 Cash Fare		\$ 157.28	\$ 125,584.72
D	3/22/2017	Deposit			\$ 115.55	\$ 125,700.27
D	3/22/2017	Deposit			\$ 152.49	\$ 125,852.76
D	3/22/2017	Deposit	03.21.17 Cash Fare		\$ 227.56	\$ 126,080.32
EXP	3/22/2017	Check 112	KEI (GRTA PT005 Tire Repair - United Tire Inv #132228)	\$ 15.00		\$ 126,065.32
EXP	3/22/2017	Check 113	KEI (GRTA PT010 Axle Shaft Spring Bracket Rethreading)	\$ 35.00		\$ 126,030.32
		Check 114	VOID Check			\$ 126,030.32
D	3/24/2017	Deposit	03.23.17 Cash Fare		\$ 82.45	\$ 126,112.77
D	3/24/2017	Deposit	03.23.17 Cash Fare		\$ 234.35	\$ 126,347.12
D	3/24/2017	Deposit			\$ 254.72	\$ 126,601.84
D	3/27/2017	Deposit	03.25.17 Cash Fare		\$ 62.00	\$ 126,663.84
D	3/27/2017	Deposit	03.25.17 Cash Fare		\$ 174.29	\$ 126,838.13
D	3/27/2017	Deposit	03.25.17 Cash Fare		\$ 202.58	\$ 127,040.71
D	3/29/2017	Deposit	03.28.17 Cash Fare		\$ 162.46	\$ 127,203.17
SC	3/30/2017	BOG Service Charge	Monthly maintenance fee	\$ 3.00		\$ 127,200.17
D	3/31/2017	Deposit	03.30.17 Cash Fare		\$ 151.55	\$ 127,351.72
D	4/3/2017	Deposit			\$ 190.55	\$ 127,542.27
D	4/5/2017	Deposit			\$ 156.97	\$ 127,699.24
D	4/7/2017	Deposit	04.06.17 Cash Fare		\$ 194.31	\$ 127,893.55
D	4/10/2017	Deposit	04.08.17 Cash Fare		\$ 159.17	\$ 128,052.72
D	4/12/2017	Deposit			\$ 298.18	\$ 128,350.90
D	4/14/2017	Deposit			\$ 214.78	\$ 128,565.68
D	4/17/2017	Deposit			\$ 143.51	\$ 128,709.19
D	4/19/2017	Deposit			\$ 280.56	\$ 128,989.75
D	4/21/2017	Deposit			\$ 224.06	\$ 129,213.81
D	4/24/2017	Deposit			\$ 212.81	\$ 129,426.62

D = Deposit  
 POP = Purchase Order Payment  
 OFC = Misc. Office Revenue (ID Replacement/FOIA Request)

SC = Service Charge (monthly)  
 EXP = Expenditures

\*\* Petty Cash Monthly Allotment = \$300.00

Code	Date	Transaction	Description	Debit	Credit	Balance
D	4/24/2017	Deposit			\$ 4,000.00	\$ 133,426.62
D	4/26/2017	Deposit			\$ 217.77	\$ 133,644.39
EXP	4/27/2017	Check 115	Petty Cash Replenishment (P. Gates)	\$ 120.50		\$ 133,523.89
D	4/28/2017	Deposit			\$ 230.04	\$ 133,753.93
SC	4/28/2017	BOG Service Charge	Monthly maintenance fee	\$ 3.00		\$ 133,750.93
D	5/1/2017	Deposit			\$ 169.85	\$ 133,920.78
D	5/3/2017	Deposit			\$ 225.94	\$ 134,146.72
D	5/5/2017	Deposit			\$ 255.02	\$ 134,401.74
D	5/8/2017	Deposit			\$ 240.87	\$ 134,642.61
D	5/10/2017	Deposit	05.09.17 Cash Fare		\$ 225.03	\$ 134,867.64
EXP	5/11/2017	Check 116	Petty Cash Replenishment (P. Gates)	\$ 180.42		\$ 134,687.22
D	5/12/2017	Deposit	05.11.17 Cash Fare		\$ 214.47	\$ 134,901.69
EXP	5/12/2017	Check 117	Treasurer of Guam (Deposit to GRTA Revenue Acct. # 331757001)	\$ 100,000.00		\$ 34,901.69
D	5/15/2017	Deposit			\$ 228.69	\$ 35,130.38
D	5/17/2017	Deposit			\$ 257.43	\$ 35,387.81
D	5/19/2017	Deposit			\$ 206.54	\$ 35,594.35
D	5/22/2017	Deposit			\$ 215.49	\$ 35,809.84
D	5/24/2017	Deposit			\$ 231.03	\$ 36,040.87
D	5/26/2017	Deposit			\$ 160.48	\$ 36,201.35
SC	5/30/2017	BOG Service Charge	Monthly maintenance fee	\$ 3.00		\$ 36,198.35
D	5/31/2017	Deposit	05.30.17 Cash Fare		\$ 144.19	\$ 36,342.54
D	5/31/2017	Deposit			\$ 189.52	\$ 36,532.06
D	6/2/2017	Deposit			\$ 336.82	\$ 36,868.88
D	6/5/2017	Deposit			\$ 181.12	\$ 37,050.00
D	6/9/2017	Deposit	06.08.17 Cash Fare		\$ 191.67	\$ 37,241.67
D	6/9/2017	Deposit	06.06.17 Cash Fare		\$ 300.98	\$ 37,542.65
D	6/12/2017	Deposit			\$ 199.57	\$ 37,742.22
D	6/14/2017	Deposit	06.13.17 Cash Fare		\$ 254.41	\$ 37,996.63
D	6/16/2017	Deposit	06.15.17 Cash Fare		\$ 180.43	\$ 38,177.06
D	6/19/2017	Deposit			\$ 188.40	\$ 38,365.46
D	6/21/2017	Deposit	06.20.17 Cash Fare		\$ 196.55	\$ 38,562.01
D	6/23/2017	Deposit	06.22.17 Cash Fare		\$ 230.53	\$ 38,792.54

D = Deposit  
 POP - Purchase Order Payment  
 OFC - Misc. Office Revenue (ID Replacement/FOIA Request)

SC = Service Charge (monthly)  
 EXP Expenditures

\*\* Petty Cash Monthly Allotment - \$300.00

Code	Date	Transaction	Description	Debit	Credit	Balance
EXP	6/23/2017	Check 118	Petty Cash Replenishment (P. Gates)	\$ 217.72		\$ 38,574.82
D	6/26/2017	Deposit	06.24.17 Cash Fare		\$ 168.32	\$ 38,743.14
OFC	6/27/2017	Deposit	FOIA Request (S. Raymundo Inv # 17-0010)		\$ 262.32	\$ 39,005.46
D	6/28/2017	Deposit			\$ 207.67	\$ 39,213.13
D	6/30/2017	Deposit	06.29.17 Cash Fare		\$ 182.54	\$ 39,395.67
SC	6/30/2017	BOG Service Charge	Monthly maintenance fee	\$ 3.00		\$ 39,392.67
D	7/3/2017	Deposit			\$ 183.42	\$ 39,576.09
D	7/5/2017	Deposit			\$ 170.83	\$ 39,746.92
D	7/7/2017	Deposit	07.06.17 Cash Fare		\$ 199.20	\$ 39,946.12
D	7/10/2017	Deposit	07.08.17 Cash Fare		\$ 190.66	\$ 40,136.78
D	7/12/2017	Deposit	07.11.17 Cash Fare		\$ 169.80	\$ 40,306.58
D	7/13/2017	Deposit			\$ 7,000.15	\$ 47,306.73
D	7/14/2017	Deposit	07.13.17 Cash Fare		\$ 216.75	\$ 47,523.48
D	7/17/2017	Deposit			\$ 262.68	\$ 47,786.16
D	7/19/2017	Deposit	07.18.17 Cash Fare		\$ 227.66	\$ 48,013.82
D	7/24/2017	Deposit	07.20.17 Cash Fare		\$ 515.46	\$ 48,529.28
D	7/26/2017	Deposit	07.25.17 Cash Fare		\$ 189.99	\$ 48,719.27
D	7/28/2017	Deposit	07.27.17 Cash Fare		\$ 144.66	\$ 48,863.93
SC	7/28/2017	BOG Service Charge	Monthly maintenance fee	\$ 3.00		\$ 48,860.93
D	7/31/2017	Deposit	07.29.17 Cash Fare		\$ 196.10	\$ 49,057.03
D	8/2/2017	Deposit	08.01.17 Cash Fare		\$ 187.14	\$ 49,244.17
D	8/3/2017	Deposit	GRTA Arboc Auto Accident (PT106) Insurance Settlement		\$ 20,000.00	\$ 69,244.17
D	8/4/2017	Deposit	08.03.17 Cash Fare		\$ 232.41	\$ 69,476.58
D	8/7/2017	Deposit	08.05.17 Cash Fare		\$ 198.33	\$ 69,674.91
D	8/9/2017	Deposit	08.08.17 Cash Fare		\$ 258.26	\$ 69,933.17
EXP	8/10/2017	Check 119	Petty Cash Replenishment (P. Gates)	\$ 138.04		\$ 69,795.13
		Check 120	VOID Check			\$ 69,795.13
EXP	8/10/2017	Check 121	Petty Cash Replenishment (P. Gates)	\$ 119.34		\$ 69,675.79
D	8/11/2017	Deposit	08.10.17 Cash Fare		\$ 183.15	\$ 69,858.94
D	8/14/2017	Deposit	08.12.17 Cash Fare		\$ 217.31	\$ 70,076.25
D	8/16/2017	Deposit	08.15.17 Cash Fare		\$ 259.66	\$ 70,335.91
D	8/18/2017	Deposit	08.17.17 Cash Fare		\$ 228.67	\$ 70,564.58



D - Deposit  
 POP - Purchase Order Payment  
 OFC - Misc. Office Revenue (ID Replacement/FOIA Request)

SC - Service Charge (monthly)  
 EXP - Expenditures

\*\* Petty Cash Monthly Allotment = \$300.00

Code	Date	Transaction	Description	Debit	Credit	Balance
D	8/21/2017	Deposit	08.19.17 Cash Fare		\$ 226.93	\$ 70,791.51
D	8/22/2017	Deposit			\$ 3,033.40	\$ 73,824.91
D	8/23/2017	Deposit	08.22.17 Cash Fare		\$ 385.78	\$ 74,210.69
D	8/25/2017	Deposit	08.24.17 Cash Fare		\$ 355.32	\$ 74,566.01
D	8/28/2017	Deposit			\$ 405.46	\$ 74,971.47
D	8/30/2017	Deposit	08.29.17 Cash Fare		\$ 364.02	\$ 75,335.49
SC	8/30/2017	BOG Service Charge	Monthly maintenance fee	\$ 3.00		\$ 75,332.49
D	9/1/2017	Deposit			\$ 355.43	\$ 75,687.92
D	9/5/2017	Deposit	09.02.17 Cash Fare		\$ 310.01	\$ 75,997.93
D	9/8/2017	Deposit			\$ 679.69	\$ 76,677.62
D	9/11/2017	Deposit	09.09.17 Cash Fare		\$ 262.74	\$ 76,940.36
D	9/13/2017	Deposit			\$ 353.15	\$ 77,293.51
D	9/13/2017	Deposit			\$ 2,534.90	\$ 79,828.41
D	9/13/2017	Deposit			\$ 5,611.29	\$ 85,439.70
D	9/15/2017	Deposit	09.14.17 Cash Fare		\$ 350.07	\$ 85,789.77
EXP	9/15/2017	Check 122	Petty Cash Replenishment (P. Gates)	\$ 212.92		\$ 85,576.85
D	9/18/2017	Deposit	09.16.17 Cash Fare		\$ 279.03	\$ 85,855.88
D	9/20/2017	Deposit	09.19.17 Cash Fare		\$ 277.93	\$ 86,133.81
D	9/22/2017	Deposit	09.21.17 Cash Fare		\$ 297.97	\$ 86,431.78
D	9/25/2017	Deposit	09.23.17 Cash Fare		\$ 270.28	\$ 86,702.06
D	9/25/2017	Deposit			\$ 2,422.91	\$ 89,124.97
D	9/26/2017	Deposit			\$ 5,952.53	\$ 95,077.50
D	9/27/2017	Deposit	09.26.17 Cash Fare		\$ 307.83	\$ 95,385.33
D	9/29/2017	Deposit	09.28.17 Cash Fare		\$ 207.86	\$ 95,593.19
SC	9/29/2017	BOG Service Charge	Monthly maintenance fee	\$ 3.00		\$ 95,590.19
<b>Fiscal Year 2017 Ending Sub-Total</b>				<b>\$ 102,828.40</b>	<b>\$ 136,105.59</b>	<b>\$ 95,590.19</b>

Specific recommendation to the GRTA board to address NAF and NAF related issues. This will be discussed at the next board meeting this month.

**Effective 1 October 2018**

- No GRTA bus tickets will be sold at the vendor's facility. All bus tickets will be bought at the Treasurer of Guam (TOG) located at the ITC building, first floor.
- Bulk sale of bus tickets for all Government Agencies will be done at the GRTA office, via a voucher or cashier's check or agency check.
- GRTA staff personnel will pick up at vendor facility all monies (cash) collected the previous day and make deposit to the bank.

**Short term solution:**

Hire a book keeping firm to maintain all records, invoices, vouchers and make a monthly report to the GRTA Executive Manager so that this will be reported during the GRTA monthly board meeting.

**Long Term Solution:**

GRTA to hire two (2) accountants with procurement experience for contract management work.



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Government of Guam

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Raymond S. Tenorio, Lt. Governor  
Enrique Agustin, Executive Manager

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Hagatna, Guam 96932

Phone: (671) 475-4686 or 475-4616  
Fax: (671) 475-4600



**PETTY CASH REQUEST / REIMBURSEMENT**

*Petty Cash is for miscellaneous purchase under \$50.00 and must be approved by the GRTA Executive Manager or GRTA Board Chairperson before funds can be used. Please provide three (3) quotes, if applicable, for the item(s) requested. All funds dispersed MUST be supported by original invoices and other documents justifying expense.*

**Requestor:** \_\_\_\_\_ **Date:** \_\_\_\_\_

Request for Funds       Reimburse Funds

**Amount of Request/Reimbursement:** \$ \_\_\_\_\_ **Receipt No:** \_\_\_\_\_  
*(for Reimbursement Only)*

**Description of Item(s) for Purchase:**

Qty:	Description of Item(s):	Estimated Price:

**Reason for Purchase / Reimbursement:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
**Requestor Signature** **Date**

Approved       Disapproved

\_\_\_\_\_  
**Approving Authority** **Date**



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**PETTY CASH CUSTODIAN AGREEMENT**

Department: \_\_\_\_\_

Custodian: \_\_\_\_\_ Fund Amount: \$ \_\_\_\_\_

*As a Petty Cash Custodian, I understand that I am responsible for the security and maintenance of this Petty Cash Fund according to the following guidelines:*

1. The funds will be locked in a secure place at all times.
2. All disbursements from the fund **MUST** have proper back up and supporting documents (invoices and receipts) and will be made in accordance with the current GRTA Policies and Standard Operating Procedures (SOP). Note that under these policies, most purchases of goods or services over \$50.00 must be done through the Agency's procurement process.
3. At all times, the total of the receipts plus the cash on hand **MUST EQUAL** the fund balance.
4. In order to replenish the fund, a check from the GRTA Checking Account from Bank of Guam will be prepared for the balance incurred from the last month and submitted to GRTA Executive Manager and the GRTA Board Chairperson along with the Petty Cash Log with supporting invoices and documents for proper signatures.
5. The reimbursement will be in the form of a check payable to the "Petty Cash Custodian Name in Trust" for petty cash only and will be processed during normal weekly check runs. It is the responsibility of the Custodian to allow time for this process.
6. The Petty Cash Custodian may **NOT** delegate authority for the funds.
7. If the Petty Cash Fund is no longer required, it will be returned to GRTA Administrative Officer/Financial Officer promptly.
8. Any shortages over \$50.00 as the result of theft, fraud, defalcation, or other irregularities should be reported to the GRTA Executive Manager and any of the following individuals; Board Chairperson, Board Vice Chair and/or GRTA's Administrative Officer no later than the first business day following the discovery.

*I agree to accept full responsibility for the Petty Cash Fund according to the above guidelines.*

\_\_\_\_\_  
Petty Cash Custodian  
(Print and Sign)

\_\_\_\_\_  
Date

*TO BE COMPLETED UPON RETURN OF PETTY CASH:*

Acknowledge Receipt of Returned Funds

Amount Returned: \$ \_\_\_\_\_

Received By: \_\_\_\_\_

Date: \_\_\_\_\_

## GRTA Staff and Management Score Card. Accomplishments by the GRTA team.

1. Bus pilot program executed and completed November 30, 2014.
2. No more month to month bus service contract.
3. Done....bought 12 MV-1 ADA van averted loss of ARRA funding.
4. Done....bought 11 low floor ADA buses....FTA federal funds.
5. Website made ADA compliant. GRTA,OTEC, and GuamWEBZ
6. Done. GRTA bathroom and office ADA compliant.
7. Federal funds unfrozen. Feds satisfied, proof of multistep bid energized and moving forward.
8. Two hour bus service afternoon gap closed. No longer an issue.
9. The long awaited bus service contracted awarded in Nov. 2016.
10. Bus fares now under the control of GRTA, not DOA.
11. Bus fares increased approved after 37 years of no increase.
12. All 13 bus shelters renovated and strategically relocated
13. 18 new bus stop signs installed after 37 years of neglect.
14. Procured and installed 5 heavy duty transit bus benches.
15. Two short term ground maintenance contract awarded.
16. Two solar light system installed in Hagatna. Currently awaiting award of twenty (20) DOI funded solar lights.
17. As reported by the OPA to the general public, GRTA did not get their fair share of the GHF monies. Diverted to other non-transportation agencies.
- 18. \$20 million mysteriously disappeared. No one from the Legislature interested in finding out what happen. The money is to be used to purchase 50 transit buses and build a transit bus maintenance facility.**
19. Funding is lacking to deploy and execute on the GRTA transit business plan dating back to 2010. Plan was federally funded.

20. Public Law 30-05 not followed. Only 5 of 13 staff personnel were reverted to GRTA. Funds withheld for 9 positions.

21. To date, GRTA is still homeless and have moved 4 times. Former transit office building was given to the Hagatna Mayor and it belongs to GRTA, was to be return to GRTA.

Using the GRTA Staff and Management Score Card system, we were able to accomplish a lot despite the fact that GRTA underwent a 57% personnel attrition rate (5 of 7 left) during the first 18 months of new leadership by the current Executive Manager.

Expert guidance and support by the GRTA board Chair Mayor Rivera, Vice Mayor Frank Benavente, Andrew Tydingco, David Arentz, and Gerard Cruz.

Board input for oversight. 5 September 2018

**Challenges for the incoming executive manager:**

1. Bus Pilot program via Executive order was not done despite 7 months of planning and meetings.
2. Month to month bus service contract was ongoing for 12 years.
3. ARRA funds for vans in jeopardy \$921,000. Expires in 11 months. Despite the ARRA award since 2009
4. FTA federal funds for buses were not utilized despite federal grant since 2008
5. Website not yet made ADA Compliant
6. Bathroom/toilet not yet made ADA compliant
7. Funds from FTA was frozen. Due to non-competitive nature of the month to month bus service contract
8. Two hour afternoon bus service Gap was yet to be resolved.
9. No progress on the Long term bus service scope of work for a Multi- step bid (MSB) process
10. Transit bus fare monies used elsewhere besides Transit.
11. Bus fares not increased nor address in over 30 years.
12. All 13 transit bus shelter were dilapidated and not repaired not strategically placed
13. No bus stop sign installed.

14. No additional transit bus benches bought or installed.
15. No grounds maintenance contract to clean up bus stops and bus shelter locations.
16. No lighting whatsoever at the main transit terminal.
17. Transit liquid fuel tax and mass transit automotive surcharged intentionally diverted and given to other entities in the tens of million.
18. \$20 million to purchased 50 buses and build a bus maintenance facility was utilized elsewhere. This money did not go to GRTA for their use IAW PL 30-05
19. The approved Transit business Plan 2010 was not executed despite federal funds being spent on writing the plan.
20. Previous assets belonging to the former Guam Mass transit were not transferred back to GRTA despite PL 30-05 mandating that all assets will revert to GRTA in March of 2009.
21. The Hagatna transit office was given to the Hagatna Mayor, causing transit staff to move at least 4 times and are still homeless as of today.



**Specific recommendation to the GRTA board to address NAF and NAF related issues. This will be discussed at the next board meeting this month.**

**Effective 1 October 2018**

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- **GRTA staff personnel will pick up at vendor facility all monies (cash) collected the previous day and make deposit to the bank.**

**Short term solution:**

**Hire a book keeping firm to maintain all records, invoices, vouchers and make a monthly report to the GRTA Executive Manager so that this will be reported during the GRTA monthly board meeting.**

**Long Term Solution:**

**GRTA to hire two (2) accountants with procurement experience for contract management work.**



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**GRTA RESOLUTION NO. 2016-003**

**ESTABLISH PETTY CASH FUNDS**

**Whereas**, the Guam Regional Transit Authority (GRTA) is a public corporation to plan, establish, develop, coordinate, promote, own and operate facilities and services that support public transportation and public parking within Guam.

**Whereas**, the Guam Regional Transit Authority is duly established under 12 GCA Chapter 6 (via P.L. 30-05) as an autonomous agency of the Government of Guam and pursuant to § 6105, GRTA is hereby empowered to enter into contracts, leases, concession agreements and permits and to execute all instruments necessary or convenient in the exercise of its purpose and powers;

**Whereas**, the implementation of these services may require immediate access to small amounts of funds for the purpose of supportive items, including refreshments for GRTA board meetings and work sessions;

**Whereas**, on July 5, 2016 GRTA Board of Directors regular meeting, the Board authorizes the establishment of a monthly Petty Cash Fund, and determined it to be approved;

**Whereas**, it is the desire of the GRTA Board of Directors that the GRTA Administrative Officer, Myra Abaya, be the custodian of the *GRTA Petty Cash Fund*;

**Whereas**, it is estimated that the maximum amount of claims to be paid in any one month will be no more than Three Hundred Dollars (\$300.00);

**Whereas**, it is estimated that the maximum amount of such claims to be paid in any fiscal year will be no more than Three Thousand Six Hundred Dollars (\$3,600.00)

**NOW THEREFORE BE IT RESOLVED AND ADOPTED** on the 15<sup>th</sup> day of August, 2016 by the Guam Regional Transit Authority that, GRTA is authorized and directed to establish a petty cash fund to be and not to exceed in the amount of Three Hundred Dollars (\$300.00) per month.

**FURTHER BE RESOLVED** that Guam Regional Transit Authority Board of Directors authorizes the GRTA custodian to administer and account for petty cash.

Duly adopted by the GRTA Board of Directors this 13<sup>th</sup> day of September, 2016.



**GUAM REGIONAL TRANSIT AUTHORITY**  
Government of Guam

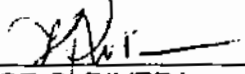


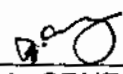
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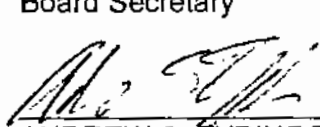
**BOARD OF DIRECTORS**

  
\_\_\_\_\_  
LOUISE C. RIVERA                      DATE  
Chairwoman

  
\_\_\_\_\_  
GERARD A. CRUZ                      DATE  
Vice Chairman

  
\_\_\_\_\_  
GINGER S. PORTER                      DATE  
Board Secretary

  
\_\_\_\_\_  
VICENTE D. GUMATAOTAO                      DATE

  
\_\_\_\_\_  
ANDREW S. TYDINGCO                      DATE



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**GUAM REGIONAL TRANSIT AUTHORITY**  
**POLICIES AND PROCEDURES**

.....

**Petty Cash Fund Procedures**

- General Information
  - Establishing a Petty Cash Fund
  - Increasing a Petty Cash Fund
  - Decreasing a Petty Cash Fund
  - Changing a Custodian
  - Managing a Petty Cash Fund
  - Replenishing the Petty Cash Fund
  - Reconciling Petty Cash Fund and Reporting Losses
  - Safeguarding the Fund
  - Determining Excess Funds
- .....

**General Information**

The purpose of this policy is to establish procedures for petty cash funds and the custody of those funds.

Guam Regional Transit Authority may establish a petty cash fund for a maximum of Three Hundred Dollars (\$300.00) per month; exceptions are allowed per the approval from the GRTA Chairperson or his/her designee and the GRTA Executive Manager.

Guam Regional Transit Authority will conduct random audits of selected funds once per year.

Guam Regional Transit Authority will hold the Petty Cash Custodian liable for misuse or mismanagement of funds.

Petty cash funds must be kept in the Petty Cash Custodian locked safe, desk, cabinet or other secured area.

Petty cash funds may NOT be used for personal use, personal loans or any single items over \$50.00.

Petty cash MAY be used for miscellaneous items including refreshments for meetings and work sessions as approved by GRTA and The GRTA Board of Directors.



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### **Establishing a Petty Cash Fund**

Guam Regional Transit Authority petty cash fund was established August 15, 2016 by the Guam Regional Transit Authority Board of Directors. GRTA Resolution No. 2016-003. Once the GRTA check has been prepared, the Petty Cash Custodian will present the check for cash at Bank of Guam with the proper identification.

The Guam Regional Transit Authority Board of Directors requesting the establishment of a petty cash fund is responsible for:

- Ensuring the disbursements are in compliance with The Guam Regional Transit Authority policies and procedures, and the GRTA Resolution No 2016-003 ;
- Ensuring the proper security of funds and prompt reporting of losses;
- Ensuring accountability is maintained for the fund;
- Ensuring the correct amount is promptly deposited with the GRTA Office Petty Cash Fund.
- Funds for the establishment of Petty Cash comes from GRTA's revenue generating bus fares. The funds are then placed into GRTA's checking account.

### **Increasing a Petty Cash Fund**

To increase funds, the department must submit a request for the amount of the increase for petty cash to the GRTA Board of Directors. Upon approval from the GRTA Board of Directors a check will be issued. The Petty Cash Custodian will be notified and presents the check to the GRTA Board Chairperson and GRTA Executive Manager for signature and then cash the check at Bank of Guam.

### **Decreasing or Closing a Petty Cash Fund**

When a GRTA Board of Director decides that the petty cash fund should be decreased, the amount is returned and deposited to the Guam Regional Transit Authority checking account. A copy of the cash receipt issued for this deposit and a memo from the authorized signatories requesting the decrease will be given to the GRTA Administrative Officer for further processing and record filing.

### **Changing a Custodian**

When a change in the petty cash custodian is required, the GRTA Administrative Officer must safeguard the fund and account for the fund's cash. The cash on hand must be counted, receipts reconciled, and the results of the reconciliation recorded on the Petty Cash Log by the GRTA Executive Manager before relieving the current custodian. If the custodian does



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not complete this step, the GRTA Administrative Officer must reconcile the fund. When a new custodian is appointed, the new person should count the cash and reconcile the fund using the Petty Cash Log.

The GRTA Administrative Officer must complete the *Petty Cash Custodian Form* designating the new custodian. The form must be submitted along with the Petty Cash Log and all receipts for the funds to GRTA Administrative Officer for further processing. GRTA Administrative Officer will adjust the financial records to reflect the new custodian.

### **Managing a Petty Cash Fund**

Petty cash funds are established for reimbursement of small out-of-pocket expenses incurred in the course of conducting GRTA business. Petty cash funds promote efficiency and economy to GRTA by eliminating the preparation of checks for small amounts.

Generally, petty cash transactions will consist of emergency supplies, business related meal expenses, parking expenses, etc. Original receipts MUST be obtained to support the disbursements.

It is the duty of the Petty Cash Custodian to ensure that the disbursement is appropriate and is an allowable expense.

### **Requesting Petty Cash Funds**

If a request for Petty Cash is submitted, the requestor must submit three (3) valid quotes from various vendors for the requested item, if applicable, and then submitted to the Petty Cash Custodian with a justification of the item(s) needed.

The Petty Cash Custodian will review the request if valid and an allowable expense. If request is approved, the Petty Cash Custodian will give the funds to the requestor.

The requestor MUST purchase the item(s) and certify the item(s) by signing on the bottom of the invoice. The requestor will then submit the Original Invoice and supporting documents to the Petty Cash Custodian for accountability.

Any and all expenditures must be logged on the Petty Cash Log as the funds are issued, increased, decreased or replenished. The date of the transaction, the vendor used, and the item purchased, the purpose for the purchase, and the exact amount of the purchase should be recorded in the log.



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As the custodian disburses the petty cash funds, the following procedures must be followed:

1. All expenditures MUST have Original invoices. Photocopies of invoices are NOT allowed.
2. Invoices must have complete documentation.
  - a. *Vendor Name*
  - b. *Date*
  - c. *Item Purchased*
  - d. *Purpose*
  - e. *Amount of Invoice*
  - f. *Requestor's signature on receipt of goods.*

### **Replenishing the Petty Cash Fund**

The fund is to be reimbursed monthly. The expenditures logged on the Petty Cash Log are totaled and the cash on hand is also recorded in the log. *The total expenditures and cash on hand SHOULD EQUAL the total petty cash fund.*

The GRTA Board Chairperson and the GRTA Executive Manager must sign the Petty Cash Log after reviewing all expenditures. The payee is the petty cash Custodian, with "Petty Cash" written underneath the name on all petty cash checks. All of the expenses are then listed, grouped together **reconciling Petty Cash Fund and Reporting Losses.**

The fund is to be reconciled at least monthly. Count the cash on hand and add up the receipts, the total should equal the authorized amount of the fund. If there is an overage or shortage caused by carelessness on the part of the custodian, the board chairperson will make a determination as to whether to replace the custodian.

Any shortages over \$50.00 as the result of theft, fraud, defalcation, or other irregularities should be reported to the GRTA Executive Manager and any of the following individuals; Board Chairperson, Board Vice Chair and/or GRTA's Administrative Officer no later than the first business day following the discovery. Losses will be investigated by the Administrative Officer and any recommendation made by the Administrative Officer must be implemented before the fund is replenished.

To return the fund to the original amount, complete a Petty Cash Log and Memo-To-File and submit to the Administrative Officer, charging the overage or shortage to the GRTA Bank of Guam Checking Account.



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### **Safeguarding the Fund**

The petty cash fund must be in the control of the Petty Cash Custodian. Only the custodian should be allowed access to the fund.

The cash must be kept in the Petty Cash Custodian's locked safe, drawer, file cabinet or other secure area.

### **Determining Excess Funds**

It is the responsibility of the Petty Cash Custodian to report to the GRTA Executive Manager that the petty cash fund is larger than needed. A rule of thumb to follow is that the fund should "turn over every month", i.e. every month the total amount of the fund should be replenished. A balance in excess of one month could indicate extra funds that should be deposited with the GRTA Bank of Guam Checking account and documentation processed to decrease the fund through Memo-To-File.



Senator Thomas C. Ada,  
Vice Chairperson

Acting Speaker Therese M. Terlaje,  
Member

Senator Frank B. Aguon, Jr.,  
Member

Senator Telena C. Nelsan,  
Member



Senator Dennis G. Rodriguez, Jr.,  
Member

Senator Joe S. San Agustin,  
Member

Senator Michael F.Q. Son Nicolas,  
Member

Senator James V. Espaldon,  
Member

Senator Mary Camacho Torres,  
Member

**COMMITTEE ON RULES**  
**SENATOR RÉGINE BISCOE LEE, CHAIR**  
SIKRITARIAN LIHESLATURAN GUÁHAN  
I MINA'TRENTAI KUÁTRO NA LIHESLATURAN GUÁHAN  
LEGISLATIVE SECRETARY • 34<sup>TH</sup> GUAM LEGISLATURE  
**COMMITTEE REPORT CHECKLIST**

Part 1 / 1

<b>OVERSIGHT HEARING</b> with <b>Guam Regional Transportation Authority</b>		
a) Discussion of the Office of Public Accountability audit on the Guam Regional Transit Authority's (GRTA) non-appropriated funds (FUND) between April 2016 to March 2018. <b>By Senator Frank B. Aguon, Jr.</b>		
<b>(A) PUBLIC HEARING</b>	<b>(1) HEARING NOTICES</b> SR §§ 6.04(a)(1) and 6.04(a)(2), Open Government Law (5 GCA, Ch. 8)	
	<input checked="" type="checkbox"/> (a) Five (5) working days prior (ALL Senators & ALL Media)	<b>Date and Time of Notice:</b> <b>Wed, Aug. 29, 2018 @ 9:00 a.m.</b>
	<input checked="" type="checkbox"/> (b) Forty-eight (48) hours prior (ALL Senators & ALL Media)	<b>Date and Time of Notice:</b> <b>Fri., Aug. 31, 2018 @ 10:17 a.m.</b>
	<b>(2) Date and Time of Hearing:</b> <b>Wed., Sept. 5, 2018 @ 3pm.</b>	<b>3) Location:</b> Guam Congress Building, Public Hearing Room
<b>(B) COMMITTEE REPORT</b>	<input checked="" type="checkbox"/> (1) Committee Report filed with COR? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO	<b>Date &amp; Time:</b> <b>Mon., Oct. 1, 2018 @ 9:57 a.m.</b>
	<b>(2) COMMITTEE REPORT COMPONENTS</b>	
	(a) Front Page Transmittal to Speaker	X
	(a)(1) COR Chair Signature Line	X
	(b) Title Page	X
	(c) Notice of Public Hearing & Other Correspondence	X
	(d) Public Hearing Agenda	X
	(e) Public Hearing Sign-in Sheet	X
	(f) Written Testimonies & Additional Documents	X
	(g) Committee Report Digest(s)	X
(h) Related News Reports (optional)	□	
(i) Miscellaneous (optional)	□	
(j) Committee Report Checklist(s)	X	
	Originals	X
	Single-Sided	X
	Letter Size	X
	No Staples/ Paper Clips	X
<b>(C) COR Action</b>	<input checked="" type="checkbox"/> CMTE Report duly filed <input type="checkbox"/> CMTE Report non-conforming for acceptance; Return to Committee	<b>COR CHAIR</b> (Signature, Date & Time)  <b>Oct 1 10:10 @ 12pm.</b>

N/A  
N/A