Outlook

Messages & Communications Doc. No. 38GL-26-3087 through 3095.

From 38th Committee On Rules <committeeonrules@guamlegislature.gov>
Date Fri 10/23/2026 10:57 AM
To Guam Legislature Clerks <clerks@guamlegislature.gov>
Cc Frank Blas Jr. <speakerblas@guamlegislature.gov>

7 attachments (21 MB)

102326COMM Doc. No. 38GL-25-3087.pdf; 102326COMM Doc. No. 38GL-25-3088.pdf; 102326COMM Doc. No. 38GL-25-3089.pdf; 102326COMM Doc. No. 38GL-25-3090.pdf; 102326COMM Doc. No. 38GL-25-3091.pdf; 102326COMM Doc. No. 38GL-25-3092.pdf; 102326COMM Doc. No. 38GL-25-3095.pdf;

Håfa Adai Clerks Office,

Please see attached, **Messages & Communications Doc. No. 38GL-26-3087 through 3095** for processing:

√	**38GL-26-3087**	Department of Agriculture	Acting Director Designation of Glen Takai, for the Department of Agriculture from October 19, 2026 to October 27, 2026.*
√	**38GL-26-3088**	Department of Public Health and Social Services	Guam Board of Examiners for Dentistry Regular Board Meeting Packet for October 21, 2026*
√	**38GL-26-3089**	Office of Public Accountability - Guam	OPA Report No. 26-10 October 2026, Guam Environmental Protection Agency Environmental Trust Fund Performance Audit for FY2020 through FY2025*
√	**38GL-26-3090**	University of Guam	List of Personnel who require training for the implementation of the Government-Wide Performance-Based Budgeting Program*
√	**38GL-26-3091**	A.B. Won Pat International Airport Authority	Sole Source Procurement/Emergency Procurement- September 2026*
√	**38GL-26-3092**	A.B. Won Pat International Airport Authority	Small Purchases and Construction for the month of September 2026*
√	**38GL-26-3093**	University of Guam	Request to Appoint New Member for the University of Guam Board of Regents.
√	**38GL-26-3094**	Mayors Council of Guam	FY2026 4th Quarter Staffing Pattern.
√	**38GL-26-3095**	Mayors Council of Guam	FY2026 Typhoon Bavi Emergency and Recovery Expenditure Report for Administrative Costs.

Please retrieve Doc. No. 38GL-26-3093 and 3094 from link below:

Messages & Communications Physical Scanned Copy - Google Drive

Kindly reply to this email.

Si Yu'os ma'åse',

Marie Crisostomo

Committee on Rules Assistant

COMMITTEE ON RULES

Vice Speaker V. Anthony Ada, Chairperson

I Mina'trentai Ocho Na Liheslaturan Guåhan

38th Guam Legislature

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Messages and Communications 38GL-26-3089*

2 messages

Speaker Frank Blas Jr. <speakerblas@guamlegislature.gov> Thu, Oct 22, 2026 at 11:41 AM
To: 38th Committee On Rules <committeeonrules@guamlegislature.gov>, Sabrina Salas Matanane <office.senatorbri@guamlegislature.gov>

Håfa adai,

Please see attached M&C Doc. No. 38GL-26-3089

38GL-26-3089	Office of Public Accountability-Guam	OPA Report No. 26-10 October 2026, Guam Environmental Protection Agency Environmental Trust Fund Performance Audit for FY2020 through FY2025*

Si Yu'os Ma'åse'

Bernice Rivera

Administrative Assistant

Office of Speaker Frank F. Blas, Jr.

I Mina'trentai Ocho na Liheslaturan Guåhan 38th Guam Legislature

Guam Congress Building, 163 Chalan Santo Papa, Hagatña

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speakerblas@guamlegislature.gov

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---------- Forwarded message ---------
From: **Office of Public Accountability - Guam** <admin@guamopa.com>
Date: Thu, Oct 22, 2026 at 8:01 AM
Subject: Transmittal: OPA Report No. 26-10, Guam Environmental Protection Agency (GEPA) Environmental Trust Fund
To: Chris Barnett <malafunkshun@guamlegislature.gov>, Senator Telo T. Taitague <senatortelot@gmail.com>, Shelly Vargas Calvo <officeofsenatorshellycalvo@guamlegislature.gov>, William Parkinson <senator.parkinson@guamlegislature.gov>, Eulogio Shawn Gumataotao <office.senatorshawn@guamlegislature.gov>, Senator Sabina F. Perez <office.senatorperez@guamlegislature.gov>, Vincent Borja <vince.borja@guamlegislature.gov>, Tina Muna Barnes <senator.munabarnes@guamlegislature.gov>, Jesse Lujan <senator.lujan@guamlegislature.gov>, Therese Terlaje <senatorterlajeguam@gmail.com>, Christopher Dueñas <senator.duenas@guamlegislature.gov>, Sabrina Salas Matanane <office.senatorbri@guamlegislature.gov>, Joe S. San Agustin <senatorjoessanagustin@gmail.com>, V. Anthony Ada <vicespeakertonyada@guamlegislature.gov>, Office of Senator Frank Blas, Jr. <speakerblas@guamlegislature.gov>, Governor of Guam <governor@guam.gov>, Lt. Governor of Guam <joshua.tenorio@guam.gov>, Dianne Gudmalin <mdgudmalin@guamcourts.org>, Edward M. Birn <edward.birn@doa.guam.gov>, Lester Carlson <lester.carlson@bbmr.guam.gov>, Attorney General Douglas Moylan <dbmoylan@oagguam.org>, <michelle.lastimoza@epa.guam.gov>, Marie P. Lizama <Marie.Lizama@revtax.guam.gov>, Alice PS. Cruz <Alice.Cruz@revtax.guam.gov>, Arlene Acfalle <arlene.acfalle@epa.guam.gov>
Cc: Benjamin Cruz <bjcruz@guamopa.com>, Jerrick Hernandez <jhernandez@guamopa.com>, Thomas Eladio Battung <tbattung@guamopa.com>, Katherine Parkinson-Borja <kparkinsonborja@guamopa.com>

Håfa Adai,

Transmitted herewith is OPA Report No. 26-10, Guam Environmental Protection Agency (GEPA) Environmental Trust Fund. You may view the report in its entirety at www.opaguam.org.

3 attachments

opa2610es.pdf
279K

opa2610.pdf
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38GL-26-3089.pdf
1129K

38th Committee On Rules <committeeonrules@guamlegislature.gov> Thu, Oct 22, 2026 at 2:37 PM
To: "Speaker Frank Blas Jr." <speakerblas@guamlegislature.gov>

Håfa Adai,

Received, and thank you.

Si Yu'os ma'åse',

Marie Crisostomo

Committee on Rules Assistant

COMMITTEE ON RULES

Vice Speaker V. Anthony Ada, Chairperson

I Mina'trentai Ocho Na Liheslaturan Guåhan

38th Guam Legislature

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THE GUAM LEGISLATURE

Speaker Frank Blas Jr. <speakerblas@guamlegislature.gov>

Transmittal: OPA Report No. 26-10, Guam Environmental Protection Agency (GEPA) Environmental Trust Fund

3 messages

Office of Public Accountability - Guam <admin@guamopa.com> Thu, Oct 22, 2026 at 8:00 AM
To: Chris Barnett <malafunkshun@guamlegislature.gov>, "Senator Telo T. Taitague" <senatortelot@gmail.com>, Shelly Vargas Calvo <officeofsenatorshellycalvo@guamlegislature.gov>, William Parkinson <senator.parkinson@guamlegislature.gov>, Eulogio Shawn Gumataotao <office.senatorshawn@guamlegislature.gov>, "Senator Sabina F. Perez" <office.senatorperez@guamlegislature.gov>, Vincent Borja <vince.borja@guamlegislature.gov>, Tina Muna Barnes <senator.munabarnes@guamlegislature.gov>, Jesse Lujan <senator.lujan@guamlegislature.gov>, Therese Terlaje <senatorterlajeguam@gmail.com>, Christopher Dueñas <senator.duenas@guamlegislature.gov>, Sabrina Salas Matanane <office.senatorbri@guamlegislature.gov>, "Joe S. San Agustin" <senatorjoessanagustin@gmail.com>, "V. Anthony Ada" <vicespeakertonyada@guamlegislature.gov>, "Office of Senator Frank Blas, Jr." <speakerblas@guamlegislature.gov>, Governor of Guam <governor@guam.gov>, "Lt. Governor of Guam" <joshua.tenorio@guam.gov>, Dianne Gudmalin <mdgudmalin@guamcourts.org>, "Edward M. Birn" <edward.birn@doa.guam.gov>, Lester Carlson <lester.carlson@bbmr.guam.gov>, Attorney General Douglas Moylan <dbmoylan@oagguam.org>, michelle.lastimoza@epa.guam.gov, "Marie P. Lizama" <Marie.Lizama@revtax.guam.gov>, "Alice PS. Cruz" <Alice.Cruz@revtax.guam.gov>, Arlene Acfalle <arlene.acfalle@epa.guam.gov>
Cc: Benjamin Cruz <bjcruz@guamopa.com>, Jerrick Hernandez <jhernandez@guamopa.com>, Thomas Eladio Battung <tbattung@guamopa.com>, Katherine Parkinson-Borja <kparkinsonborja@guamopa.com>

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2 attachments

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Doc Type: 38GL-26-3089
OFFICE OF THE SPEAKER
FRANK F. BLAS, JR.
October 22, 2026
Time: 8:00 AM
Received:

Speaker Frank Blas Jr. <speakerblas@guamlegislature.gov> Thu, Oct 22, 2026 at 10:08 AM
To: Office of Public Accountability - Guam <admin@guamopa.com>
Cc: Chris Barnett <malafunkshun@guamlegislature.gov>, "Senator Telo T. Taitague" <senatortelot@gmail.com>, Shelly Vargas Calvo <officeofsenatorshellycalvo@guamlegislature.gov>, William Parkinson <senator.parkinson@guamlegislature.gov>, Eulogio Shawn Gumataotao <office.senatorshawn@guamlegislature.gov>, "Senator Sabina F. Perez" <office.senatorperez@guamlegislature.gov>, Vincent Borja <vince.borja@guamlegislature.gov>, Tina Muna Barnes <senator.munabarnes@guamlegislature.gov>, Jesse Lujan <senator.lujan@guamlegislature.gov>, Therese Terlaje <senatorterlajeguam@gmail.com>, Christopher Dueñas <senator.duenas@guamlegislature.gov>, Sabrina Salas Matanane <office.senatorbri@guamlegislature.gov>, "Joe S. San Agustin" <senatorjoessanagustin@gmail.com>, "V. Anthony Ada" <vicespeakertonyada@guamlegislature.gov>, Governor of Guam <governor@guam.gov>, "Lt. Governor of Guam" <joshua.tenorio@guam.gov>, Dianne Gudmalin <mdgudmalin@guamcourts.org>, "Edward M. Birn" <edward.birn@doa.guam.gov>, Lester Carlson <lester.carlson@bbmr.guam.gov>, Attorney General Douglas Moylan <dbmoylan@oagguam.org>, michelle.lastimoza@epa.guam.gov, "Marie P. Lizama" <Marie.Lizama@revtax.guam.gov>, "Alice PS. Cruz" <Alice.Cruz@revtax.guam.gov>, Arlene Acfalle <arlene.acfalle@epa.guam.gov>, Benjamin Cruz <bjcruz@guamopa.com>, Jerrick Hernandez <jhernandez@guamopa.com>, Thomas Eladio Battung <tbattung@guamopa.com>, Katherine Parkinson-Borja <kparkinsonborja@guamopa.com>

Håfa Adai,

Confirming receipt of your email.

Si Yu'os Ma'åse'

Bernice Rivera

Administrative Assistant

Office of Speaker Frank F. Blas, Jr.

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38GL-26-3089
Messages and Communications
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COMMITTEE ON RULES
October 22, 2026
11:41 a.m.
Marie Crisostomo

Executive Summary
Guam Environmental Protection Agency's Environmental Trust Fund
OPA Report No. 26-10, October 2026

Although the Guam Environmental Trust Fund (ETF or "the fund") was established to provide a dedicated funding source for environmental cleanup, hazardous material response, and environmental restoration activities across Guam, our audit found that the ETF was used for the Guam Environmental Protection Agency's (GEPA) operating expenses. From fiscal years (FY) 2020 through 2024, approximately $1.7 million from the ETF has primarily funded GEPA salaries, utilities, and contractual services, leaving limited resources available for the environmental emergencies and remediation efforts the fund was created to address. In addition, statutory eligibility requirements constrain the fund's use for its intended purpose, including emergency declaration thresholds and limitation caps on ETF use.

Revenues for the ETF are derived from a 2% surcharge on qualifying insurance premiums, which the Department of Revenue and Taxation (DRT) is responsible for overseeing. Insurance companies remit payments directly to the Treasurer of Guam. Although we could not verify several transactions due to missing supporting documents, and minor variances due to rounding to the nearest dollar, DRT has generally applied the 2% insurance premiums surcharge correctly.

The Department of Administration (DOA) is responsible for maintaining ETF's records and provides accounting services. We found that DOA performs quarterly accounting entries transferring amounts from the ETF to the Better Public Service Fund[1], which further depletes the ETF for use of its intended purpose.

DRT Generally Applied Two Percent Insurance Premiums Surcharge Correctly
We tested all 23 transactions during FY 2025 and found that 19 of 23 (83%) transactions reviewed were supported and reflected the required 2% surcharge. We could not verify the four (17%) remaining transactions because the corresponding supporting documents could not be located. This was attributed to weaknesses in DRT's collection and tracking process being largely manual. Minor variances in processes were noted, such as some payments being rounded to the nearest dollar, and accepting different variations of the official forms by taxpayers. However, these inconsistencies did not appear to affect the calculation or processing of ETF contributions.

ETF Used to Fund GEPA's Operations
From FY 2020 through 2024, we identified $1.7M in recurring operational expenses for GEPA. This use appears inconsistent with the fund's intended statutory purpose. During interviews, GEPA officials stated that the annual General Appropriations Act authorizes the use of ETF resources to support agency operations. Annually, GEPA prepares a budget request and expenditure plan describing how they plan to spend funds for the upcoming fiscal year. The GEPA administrator

[1] Revenues for the Better Public Service Fund is calculated from ten percent (10%) of all fee and license revenues received by DRT be deposited into the BPSF. The Director of DRT is authorized to use the Fund to improve and modernize systems used to provide Department services to the public, including online filing of taxes, online renewal of licenses and permits, upgrades to computer hardware and software to improve public record retrieval, and training staff in technical skills and customer service.

prepares and approves these documents before submitting them to the Bureau of Budget and Management Research (BBMR) and the Guam Legislature for review. Once fund sources are appropriated in the annual budget law, GEPA considers the associated operational expenditures pre-approved.

While statute provides that ETF expenditures are subject to appropriation by the Guam Legislature, it also limits the purpose of the fund to environmental cleanup, hazardous material response, environmental restoration, and other specified environmental activities. Our review did not identify any specific provision within the annual General Appropriations Act explicitly authorizing the use of ETF monies for operational expenditures unrelated to these statutory purposes.

Statutory Eligibility Requirements Place Additional Constraints on Use of ETF

Although GEPA has established Standard Operating Procedures (SOPs) and internal controls governing the use of the ETF for emergency response and environmental cleanup activities, statutory and funding limitations have constrained the fund's use for its intended purpose. GEPA's SOPs establish formal procedures for authorization requirements, internal approvals, documentation standards, disbursement procedures, and post-incident reporting related to the ETF's statutory purpose.

However, GEPA has implemented these procedures only on a limited basis because statutory eligibility requirements, including emergency declaration thresholds and limitation caps on the use of ETF funds, restrict when it may be activated. GEPA also indicated that available funding is largely appropriated for agency operations, limiting the amount available for emergency response and environmental remediation. Although the law allows up to 25% of ETF funds to be utilized for environmental prevention purposes, emergency spending without legislative appropriation is limited to $5K per declaration. GEPA stated that this amount would not be sufficient to be able to support necessary response activities. As a result, GEPA's ability to address matters necessary to support the ETF's statutory purpose remains limited.

ETF Funding the BPSF

In our review of ETF transactions, we found that DOA performs quarterly accounting entries to transfer amounts from the ETF to the BPSF. The transfers may affect the resources available for the ETF's intended environmental purposes, however, the accounting requires reconciliation and clarification. The entries record allocations to the special fund that are associated with ETF revenue. This practice may be inconsistent with the statutory purposes and funding requirements established for these funds.

We observed that the journal vouchers for BPSF transfers are separate from the revenues already deposited into the ETF. The journal entries identified these transfers as "insurance assessment fees." It is unclear why funds are transferred after revenues are deposited into the ETF rather than being allocated at the point of collection. This treatment creates the appearance that ETF resources are being transferred to another special fund, raising concerns about whether the funds are being retained and used for their intended environmental purposes.

Additionally, our review of the related journal vouchers found that the BPSF is also funded through similar transfers from other Government of Guam funds, including the General Fund, Guam

Highway Fund, Health and Human Services Fund, and Youth Tobacco Education and Prevention Fund. From FY 2021 through FY 2025, transfers from these five funds to the BPSF totaled approximately $8.4M.

Although DOA officials indicated that these transactions do not represent a reduction of special fund balances, the timing and classification of the transfers create the appearance of inter-fund reallocations, and therefore may warrant a future audit of the BPSF.

Conclusion

While ETF revenue calculation by DRT was generally accurate, improvements can be made to ensure consistency and well-maintained supporting documentation. Uncertainty regarding the treatment of ETF revenues, the use of ETF resources for recurring operational expenditures, fragmented administration and accounting, and the lack of required reporting create uncertainty as to whether the ETF is being administered fully consistent with its statutory purpose. These matters warrant coordination among GEPA and DRT, in conjunction with DOA and the Guam Legislature to clarify ETF's financial framework and strengthen controls over its collection, use, reporting, and oversight. Therefore, we made the following recommendations:

1. DRT establish and implement written procedures for collecting and processing the 2% insurance premium surcharge, including required supporting documentation, filing fees, review procedures, and record retention.
2. Guam Legislature ensure future appropriations from the ETF are consistent with the fund's intended purpose.
3. GEPA, in conjunction with the Guam Legislature, evaluate whether the ETF's current statutory framework allows the Fund to adequately support environmental cleanup, hazardous material response, and restoration activities while providing for necessary administrative costs.
4. GEPA and DRT, in conjunction with DOA, clarify whether insurance premium revenues deposited into the ETF are subject to the 10% allocation to the BPSF and ensure the accounting treatment is consistent with the ETF's statutory purpose and separate-fund requirements.
5. GEPA establish procedures to comply with the statutory requirement to submit quarterly ETF expenditure reports to the Guam Legislature and the Governor.

We acknowledge GEPA's and DRT's expressed willingness to address these matters and strengthen the administration, oversight, and management of funds.



Benjamin J.F. Cruz
Public Auditor



GUAM ENVIRONMENTAL PROTECTION AGENCY ENVIRONMENTAL TRUST FUND

PERFORMANCE AUDIT
FY 2020 through FY 2025

OPA Report No. 26-10
October 2026

Doc. No. 38GL-26-3089.*

Guam Environmental Protection Agency
Environmental Trust Fund

Performance Audit
FY 2020 through FY 2025

OPA Report No. 26-10
October 2026

Distribution via E-Mail:

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Lieutenant Governor of Guam
Speaker, 38th Guam Legislature
Senators, 38th Guam Legislature
Administrator, Guam Environmental Protection Agency
Director, Guam Department of Revenue and Taxation
Controller, Superior Court of Guam
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Director, Bureau of Budget and Management Research
Guam Media

Doc. No. 38GL-26-3089.*

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While ETF revenue calculation by DRT was generally accurate, improvements can be made to ensure consistency and well-maintained supporting documentation. Uncertainty regarding the treatment of ETF revenues, the use of ETF resources for recurring operational expenditures, fragmented administration and accounting, and the lack of required reporting create uncertainty as to whether the ETF is being administered fully consistent with its statutory purpose. These matters warrant coordination among GEPA and DRT, in conjunction with DOA and the Guam Legislature to clarify ETF's financial framework and strengthen controls over its collection, use, reporting, and oversight. Therefore, we made the following recommendations:

1. DRT establish and implement written procedures for collecting and processing the 2% insurance premium surcharge, including required supporting documentation, filing fees, review procedures, and record retention.
2. Guam Legislature ensure future appropriations from the ETF are consistent with the fund's intended purpose.
3. GEPA, in conjunction with the Guam Legislature, evaluate whether the ETF's current statutory framework allows the Fund to adequately support environmental cleanup, hazardous material response, and restoration activities while providing for necessary administrative costs.
4. GEPA and DRT, in conjunction with DOA, clarify whether insurance premium revenues deposited into the ETF are subject to the 10% allocation to the BPSF and ensure the accounting treatment is consistent with the ETF's statutory purpose and separate-fund requirements.
5. GEPA establish procedures to comply with the statutory requirement to submit quarterly ETF expenditure reports to the Guam Legislature and the Governor.

We acknowledge GEPA's and DRT's expressed willingness to address these matters and strengthen the administration, oversight, and management of funds.



Benjamin J.F. Cruz
Public Auditor

Introduction

This report presents the results of our performance audit of the Guam Environmental Protection Agency's (GEPA) Environmental Trust Fund (ETF or "the fund"). The audit was conducted in response to a request to review the fund's revenues and expenditures and assess whether the ETF was used appropriately. The audit was also intended to provide relevant information as stakeholders considered proposed legislation, including Bill 132-38, which seeks to enhance GEPA's capacity to respond to environmental emergencies and update the administration and use of the ETF.

Our objectives of the audit were:

1. To determine whether funds received by the ETF are accurately calculated and remitted.
2. To assess whether transactions of the ETF were made in compliance with the Fund's intended purpose and applicable laws and regulations.

The audit objectives, scope, and methodology are detailed in Appendix 1.

Background

Guam Environmental Protection Agency

The Guam Environmental Protection Agency (GEPA) is a semiautonomous agency of the Government of Guam for administering and enforcing environmental laws and regulations. GEPA's mission is to serve as a unified organization dedicated to protecting life and maintaining environmental quality throughout Guam and its surrounding waters. Its programs are designed to safeguard natural resources from physical, chemical, and biological threats and to support the long-term well-being of the community.

Through an integrated framework, regulations, and core divisions, GEPA focuses on protecting the health of the community and intends on maintaining a sustainable and beautiful environment for the people of Guam. The agency provides enforcement, permitting and public service through its various programs such as Water, Solid Waste, Hazardous Waste and Air Pollution. The protection of Guam's air, land, and water resources remains central to GEPA's mission and operational priorities.

Environmental Trust Fund (ETF)

In April 1991, the intent of the ETF enabling legislation, Public Law 21-10, was to establish an environmental emergency fund similar to the federal government's Superfund — a comprehensive environmental response, compensation, and liability program. The ETF is a dedicated fund separate from the Government of Guam's General Fund and is used by GEPA to support environmental protection activities, including the cleanup of hazardous materials, restoration and repair of environmental damage, and the collection, transportation, processing, and disposal of household waste in accordance with the Ordot Dump Consent Decree Supplemental Environmental Project.

The ETF is administered by the GEPA Administrator, who serves as the fund's disbursing and certifying officer and is responsible for ensuring that expenditures comply with applicable

requirements. The ETF is primarily funded through a 2% assessment fee on all commercial and industrial liability insurance premiums paid in Guam for the coverage of companies or individuals. The Department of Revenue and Taxation collects these fees and transfers them to the Treasurer of Guam for deposit into the ETF, while the Department of Administration (DOA) maintains the fund's records and provides accounting and auditing services.

The ETF authorizes funding cleanup and restoration efforts, supporting programs that prevent environmental problems and promote a safe and healthy environment, and providing limited resources for emergency response activities. The law allows up to 25% of the fund to be used for environmental prevention programs and authorizes the GEPA Administrator to spend up to $5 thousand (K) without legislative appropriation for environmental assessments, hazardous material cleanup, and restoration activities when an emergency declaration has been issued by the Governor of Guam.

Usage and Policies

GEPA has established internal policies and standard operating procedures (SOPs) to guide the use and administration of the ETF. These include procedures for both emergency response and prevention-related activities.

The Emergency Activation SOP outlines the process for utilizing ETF monies during a Governor-declared emergency. This process requires the completion of an Emergency Activation Request Form, certification by the GEPA Administrator, coordination with the Department of Administration (DOA) for disbursement, and post-incident reporting.

The Prevention Fund Allocation SOP governs the planning, review, approval, and monitoring of prevention-related projects funded through the ETF. This includes the use of a prevention funding checklist to ensure compliance with statutory limitations, such as the 25% cap on prevention and environmental health programs, as well as applicable procurement requirements.

ETF activities are administered and approved by GEPA leadership, including the Administrator and designated officials. Monitoring and implementation responsibilities are carried out by program managers and environmental personnel involved in emergency response and environmental programs. Supporting tools, such as authorization templates and process flowcharts, are used to guide fund usage, ensure proper approvals, and distinguish between emergency and prevention-related expenditures.

United Nations Sustainable Development Goals

The ETF is a financing mechanism for outcomes that Guam has formally committed to pursue. The Guam Green Growth Initiative, established under Executive Order 2019-23 and aligned with the seventeen United Nations Sustainable Development Goals, and the Guåhan 2050 Sustainability Plan authorized by Public Law 35-110, both identify environmental protection, waste management, and resilience as island priorities. The ETF's statutory purposes — hazardous materials cleanup, environmental restoration, and household waste disposal under the Ordot Dump Consent Decree — correspond to SDG targets 12.4 (environmentally sound management of chemicals and wastes), 13.1 (resilience and adaptive capacity to climate-related hazards and natural disasters), 6.3 (water quality and the elimination of dumping), and 14.1 (reduction of

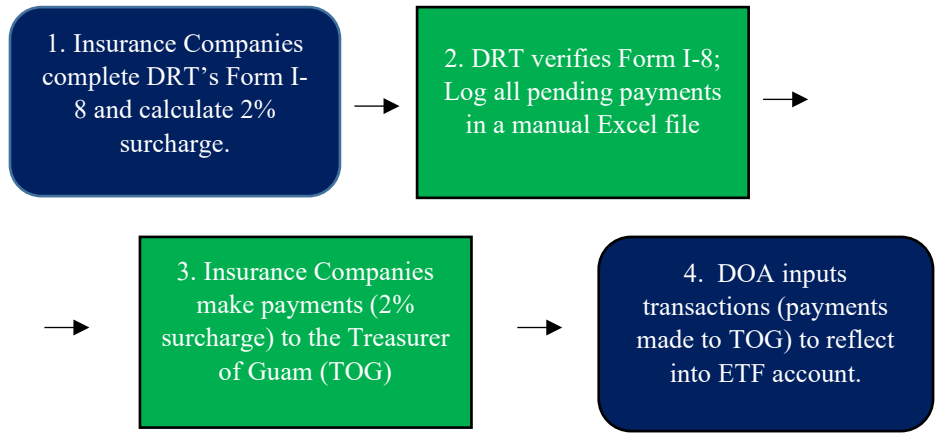
marine pollution from land-based activities). The administration and oversight of the fund itself relate to SDG target 16.6, the development of effective, accountable, and transparent institutions, and to target 17.1 on domestic revenue collection capacity. Accordingly, the conditions described in this report have implications beyond statutory compliance: they affect the resources and institutional arrangements available to Guam to meet its stated sustainability objectives.

Funding Process

GEPA officials do not independently monitor ETF revenues, account balances, or transactions recorded by DOA. Rather, the agency relies on legislative appropriations and financial information maintained by DOA to support its use of the fund. Additionally, GEPA uses two financial systems, AS400, for which GEPA has a limited, view-only capacity for data prior to 2024, and the Guam Financial Management Information System (GFMIS). GEPA utilizes funds appropriated by the Guam Legislature through the annual budget act for authorized expenses.

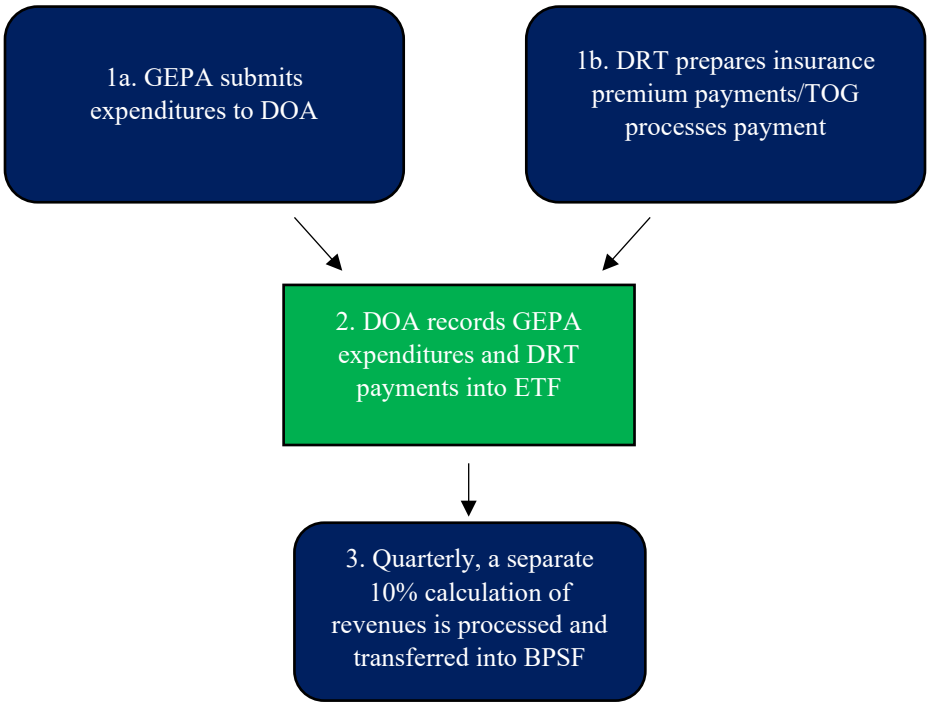
The Department of Revenue and Taxation (DRT) is responsible for calculating, verifying, and relaying the insurance-related revenues that finance the ETF in accordance with applicable law. Insurance companies calculate the required 2% surcharge on qualifying insurance premiums and remit payments to the Treasurer of Guam. DRT verifies the insurance company, reported premium amounts, surcharge calculations, and receipt number before recording the information for tracking purposes. DRT's responsibilities are limited to revenue collection and verification and do not include maintaining the fund or processing fund expenditures.

Figure 1: DRT Collection and ETF Funding Process



DOA maintains the ETF within the Government of Guam's accounting system, records financial transactions, processes appropriated expenditures, prepares financial reports, and accounts for deposits and transfers involving the fund. Revenue information is received from the Treasurer of Guam and recorded using the applicable government financial management systems. Because revenue processing is not fully integrated between the legacy and current accounting systems, DOA prepares a consolidated revenue worksheet to reconcile ETF revenues before posting them to the general ledger through journal vouchers and other accounting entries.

Figure 2: DOA Transaction (Revenue and Expenditure) Process



Better Public Service Fund

Public Law 29-02, enacted in May 2007, added Chapter 161 to Title 11 of the Guam Code Annotated (GCA), establishing the Better Public Service Fund (BPSF) as a special Government of Guam fund separate and apart from the General Fund. The enabling legislation codified the BPSF into §161101 and required that 10% of all fee and license revenues received by DRT be deposited into the BPSF. The Director of DRT is authorized to use the BPSF to improve and modernize systems used to provide Department services to the public, including online filing of taxes, online renewal of licenses and permits, upgrades to computer hardware and software to improve public record retrieval, and training staff in technical skills and customer service. The law also provided that no monies shall be expended from BPSF without legislative appropriation and that the BPSF is not subject to the transfer authority of the Governor underscoring its status as a distinct, legislatively controlled special fund.

Additionally, Public Law 31-135, known as the Cash Economy Enforcement Act of 2011, amended Chapter 161 by adding §161102, "Use of Funds Defined," and clarified the authorized uses of BPSF to include administering the operations of DRT's Regulatory Division (presently known as the Tax Enforcement Division), improving and modernizing public service systems, issuing comfort letters, letter rulings, written opinions, educational materials, and guidance to taxpayers, and funding additional positions such as investigators, investigator assistants, and licensed attorneys pursuant to Chapter 71 of Title 11, Guam Code Annotated. The Act directed that the revenues collected from designated enforcement matters—such as assessments, investigations, and civil fines related to cash-based businesses and business license noncompliance—be deposited into BPSF, thereby linking the BPSF's financing to enforcement activity aimed at reducing the "cash economy" tax gap and strengthening compliance with Guam's

tax and business license laws. Notably, 11 GCA §71103 allows the DRT Regulatory Division the ability to identify any taxpayer, assessment, investigation, or collection as a matter of the Regulatory Division, and all revenues collected from Regulatory Division matters shall be deposited into the BPSF.

The BPSF operates as a dedicated, legislatively appropriated fund to support DRT's modernization and enforcement efforts, while remaining legally separate from the General Fund and under the control of the Legislature.

Results of Audit

Based on our review of the laws, rules and regulations, interviews with GEPA, DRT and DOA, and relevant documents with respect to the ETF, we found:

1. ETF Administration and Utilization
    a. DRT Generally Applied 2% Insurance Premiums Surcharge Correctly
    b. ETF Used to Fund GEPA's Operations
    c. Statutory Eligibility Requirements Place Additional Constraints on Use of ETF
    d. ETF Funding the Better Public Service Fund (BPSF)
2. Other Matters
    a. GEPA Not in Compliance with Quarterly Reporting Requirements

ETF Administration and Utilization

DRT Generally Applied 2% Insurance Premiums Surcharge Correctly

Based on our review of DRT's supporting documentation for insurance premium transactions and collections, we found that DRT generally applied the required 2% calculation of insurance premium surcharge to fund the ETF. We tested all 23 transactions during FY 2025 and found that 19 of 23 (83%) transactions reviewed were supported and reflected the required 2% surcharge.

We could not verify the four (17%) remaining transactions because the supporting documents could not be located. DRT stated that its collection and tracking process is largely manual and relies on paper forms and a shared electronic file. We also confirmed that DRT does not have a formally written SOP governing this process.

We noted minor variances in certain transactions due to payments being rounded to the nearest dollar; These variances resulted from differences between the amounts shown on checks received from taxpayers and the calculated surcharge. DRT regulators determined that the variances were immaterial. The variances did not materially affect the 2% calculation, and we did not identify instances in which DRT failed to apply the required 2% surcharge.

We also noted inconsistencies in the supporting documentation for four payments. These inconsistencies stemmed from different versions of Form I-8 filed by the respective companies. DRT officials indicated that the payments were processed to avoid potential fines or penalties associated with taxpayers' late filings. We also noted inconsistent application of filing fees, which DRT attributed to its administration of multiple different industries. These inconsistencies did not appear to affect the calculation or processing of the ETF contributions.

Overall, our testing indicates that DRT generally applied the required 2% surcharge to the transactions reviewed. However, due to the absence of supporting documentation combined with inconsistent application of procedures, we recommend that DRT should establish and implement written procedures that define required supporting documents, retention requirements, review procedures, and applicable filing fees. DRT should also strengthen its recordkeeping practices, including the use of a centralized electronic repository, to ensure supporting documentation is readily available and an adequate audit trail is maintained.

ETF Used to Fund GEPA's Operations

In assessing ETF utilization, we found that from FY 2020 through 2024, $1.7M was spent primarily for operational expenses of GEPA. This use appears inconsistent with the fund's intended statutory purpose. During interviews, GEPA officials stated that the annual General Appropriations Act authorizes the use of ETF resources to support agency operations.

Annually, GEPA prepares a budget request and expenditure plan describing how they plan to spend funds for the upcoming fiscal year. The GEPA administrator prepares and approves these documents before submitting them to the Bureau of Budget and Management Research (BBMR) and the Guam Legislature for review. Once fund sources are appropriated in the annual budget law, GEPA considers the associated operational expenditures pre-approved.

While 10 GCA Chapter 45 provides that ETF expenditures are subject to appropriation by the Guam Legislature, the statute limits the purpose of the fund to environmental cleanup, hazardous material response, environmental restoration, and other specified environmental activities. Our review did not identify any specific provision within the annual General Appropriations Act explicitly authorizing the use of ETF monies for operational expenditures unrelated to these statutory purposes.

Table 1: ETF Expenditure by Category (FY 2020 – 2024)

Category	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	Total	%
Salaries	*$ 180,214*	*$ 103,380*	*$ 23,426*	*$ 69,684*	*$ 155,994*	***$ 532,699***	**31%**
Overtime	*$ 4,822*	*$ -*	*$ -*	*$ -*	*$ -*	***$ 4,822***	**0%**
Benefits	*$ 58,967*	*$ 28,431*	*$ 8,021*	*$ 25,913*	*$ 65,180*	***$ 186,513***	**11%**
Contractual	*$ 43,025*	*$ 160,543*	*$ 113,155*	*$ 21,538*	*$ 6,173*	***$ 344,434***	**20%**
Supplies	*$ 738*	*$ 2,082*	*$ -*	*$ -*	*$ -*	***$ 2,820***	**0%**
Power	*$ 74,212*	*$ 71,272*	*$ 97,397*	*$ 110,945*	*$ 113,536*	***$ 467,360***	**27%**
Water	*$ 3,063*	*$ 2,860*	*$ 3,770*	*$ 3,317*	*$ 4,884*	***$ 17,894***	**1%**
Tele-communications	*$ 25,973*	*$ 45,835*	*$ 43,894*	*$ 58,593*	*$ 7,412*	***$ 181,707***	**10%**
TOTAL	***$ 391,015***	***$ 414,404***	***$ 289,662***	***$ 289,989***	***$ 353,180***	***$1,738,250***	**100%**

Source: GEPA Expenditure Reports (FY 2020 – 2024)

Based on GEPA's Expenditure Report, ETF resources supported a broad range of agency costs across fiscal years (FY) 2020 through 2024. Expenditures were primarily concentrated in Salaries (31%), Power (27%), and Contractual Services (20%). Together, these categories accounted for approximately $1.3 million (M), or 78%, of total ETF expenditures of $1.7M. Further review of DOA Revenue and Expenditure Reports identified expenditures that were operational in nature including vehicle inspections, maintenance services, personnel-related costs, legal services, supplies, and facility-related utilities.

The continued use of ETF resources for recurring operational expenditures reduces the amount of funding available for environmental emergencies, hazardous material response, and restoration activities for which the fund was established. Although these expenditures have been appropriated through the annual budget process, their consistency with the ETF's statutory purpose under 10 GCA §§ 45200–45201 warrants legislative clarification.

We recommend that the Guam Legislature ensure future appropriations from the ETF are consistent with the fund's intended purpose. If the Legislature intends for ETF resources to support recurring agency operations, such intent should be clearly expressed within the annual General Appropriations Act.

Statutory Eligibility Requirements Place Additional Constraints on Use of ETF

We found that, although GEPA has established SOPs and internal controls governing the use of the ETF for emergency response and environmental cleanup activities, statutory and funding limitations have constrained the fund's use for its intended purpose. GEPA's SOPs establish formal procedures for authorization requirements, internal approvals, documentation standards, disbursement procedures, and post-incident reporting related to the ETF's statutory purpose.

However, GEPA has implemented these procedures only on a limited basis because statutory eligibility requirements, including emergency declaration thresholds and limitation caps on the use of ETF funds, restrict when it may be activated. GEPA also indicated that available funding is largely appropriated for agency operations, limiting the amount available for emergency response and environmental remediation. Although the law allows up to 25% of ETF funds to be utilized for environmental prevention purposes, emergency spending without legislative appropriation is limited to $5K per declaration. GEPA stated that this amount would not be sufficient to be able to support necessary response activities. As a result, GEPA's ability to address matters necessary to support the ETF's statutory purpose remains limited. See Table 2 for detailed information on ETF budget appropriation and usage.

Table 2: ETF Budget Appropriation and Activity (FY 2020 – 2024)

FY	Public Law	Budget Appropriation	Revenues	Expenses	Fund Ending Balance
2020	*35-36*	*$467,227*	*$429,959*	*$391,612*	*$614,367*
2021	*35-99*	*$464,261*	*$425,814*	*$436,602*	*$561,017*
2022	*36-54*	*$453,504*	*$519,724*	*$305,464*	*$745,107*
2023	*36-107*	*$435,837*	*$503,234*	*$307,873*	*$890,164*
2024	*37-42*	*$466,532*	*$251,894*	*$378,326*	*$763,732*

Source: General Appropriations Act (FY 2020-2024) and Government of Guam Financial Audit (FY 2020-2024)

GEPA further noted that proposed legislation Bill 132-38, which would revise ETF funding and usage provisions, could provide additional flexibility and resources to more effectively implement existing SOPs and support the fund's intended environmental response and restoration functions.

After completing audit fieldwork, OPA learned that Public Law 38-136, the FY 2027 General Appropriations Act, amended the statutory framework governing the ETF. These changes expand the ETF's authorized environmental uses, remove the previous 25% limitation on prevention-program expenditures, authorize an emergency-response reserve, revise emergency procurement,

and expressly exclude the ETF from the Governor's transfer authority. The law retains requirements that the ETF be kept separate from the General Fund and in a separate bank account, subject to legislative appropriation.

Although we do not express an opinion on the proposed legislation, this audit concludes that while GEPA has established formal procedures and internal controls for administering the ETF, implementation of those procedures has been limited under the current statutory and funding framework. As a result, the agency has had limited opportunity to fully operationalize and apply its established procedures in practice.

We recommend that GEPA, in coordination with its oversight and Guam Legislature, evaluate whether the current legislation for the ETF adequately supports the fund's intended purpose. Such a review should consider whether existing funding restrictions, appropriation practices, and activation requirements allow the ETF to effectively finance environmental emergency response, hazardous material cleanup, and restoration activities while maintaining appropriate support for necessary administrative functions. The results of this evaluation may help inform whether legislative updates, such as those proposed in Bill 132-38, are necessary to better align the ETF's statutory framework with its intended objectives.

ETF Funding the Better Public Service Fund (BPSF)

In our review of ETF transactions, we found that DOA performs quarterly accounting entries to transfer amounts from the ETF to the BPSF. These transfers may affect the resources available for the ETF's intended environmental purposes; however, the accounting treatment requires reconciliation and clarification. The entries record allocations to the special fund that are associated with ETF revenue. This practice may be inconsistent with the statutory purposes and funding requirements established for the ETF and BPSF.

We observed that the journal vouchers for BPSF transfers are separate from the revenues already deposited into the ETF. The journal entries identified these transfers as "insurance assessment fees." It is unclear why funds are transferred after revenues are deposited into the ETF rather than being allocated at the point of collection. This treatment creates the appearance that ETF resources are being transferred to another special fund, raising concerns about whether the funds are being retained and used for their intended environmental purposes.

Under 10 GCA §45200, the ETF is required to be maintained as a separate fund and used by the GEPA Administrator for environmental cleanup, hazardous materials response, and environmental restoration activities. The ETF is not to be commingled with the General Fund.

Under 11 GCA §161101, 10% of all fee and license revenues collected by DRT are required to be deposited into the BPSF. Separately, 11 GCA §71103 allows revenues collected from matters identified by DRT's Regulatory Division to be deposited into the BPSF. We were unable to confirm with DRT whether ETF insurance assessment revenues had been established or classified as Regulatory Division revenues.

During interviews, DOA officials explained that the Revenue and Bonds Section identifies funds subject to the statutory allocation, including the ETF. Each quarter, DOA calculates fiscal year-to-

date revenues for each applicable fund using a consolidated revenue worksheet that incorporates activity from both the legacy AS400 and current GFMIS financial systems. DOA then applies the 10% allocation, adjusts for prior-quarter transfers, and processes a journal voucher recording a transfer out of the ETF and a corresponding transfer into the BPSF. According to DOA officials, this methodology has been consistently applied since at least FY 2020.

Additionally, our review of the related journal vouchers found that the BPSF is funded through similar transfers from other Government of Guam funds, including the General Fund, Guam Highway Fund, Health and Human Services Fund, and Youth Tobacco Education and Prevention Fund. From FY 2021 through FY 2025, transfers from these five funds to the BPSF totaled approximately $8.4M. The Guam Highway Fund accounted for approximately $5.2M (61%), followed by the General Fund at approximately $3.0M (36%). The ETF accounted for approximately $227K (3%), while transfers from the Health and Human Services Fund and Youth Tobacco Education and Prevention Fund totaled approximately $12K combined.

The use of multiple government funds to finance the BPSF raises questions regarding the application and accounting treatment of the 10% allocation, particularly for funds established for specific statutory purposes. While this matter may warrant consideration in a future audit, we consider it appropriate to disclose the matter in the current audit. See Table 3 for a breakdown of transfers by fund.

Table 3: Special Revenue Fund Transfers to the BPSF

Fund Name	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	Total
Guam Environmental Trust Fund	*$42,562.45*	*$30,169.64*	*$50,304.19*	*$25,146.56*	*$78,899.84*	***$227,082.68***
General Fund	*$392,462.45*	*$80,012.71*	*$528,770.98*	*$623,424.24*	*$1,410,481.70*	***$3,035,152.08***
Health and Human Service Fund	*$2,560.00*	*$505.00*	*$1,075.00*	*$2,600.00*	*$4,010.00*	***$10,750.00***
Youth Tobacco Education and Prevention Fund	*$405.00*	*$250.00*	*$ -*	*$800.00*	*$ -*	***$ 1,455.00***
Guam Highway Fund	*$1,011,556.79*	*$492,753.80*	*$1,010,309.10*	*$1,019,617.00*	*$1,620,667.62*	***$5,154,904.31***
Total	***$1,449,546.69***	***$603,691.15***	***$1,590,459.20***	***$1,671,587.80***	***$3,114,059.16***	***$8,429,344.07***

Although DOA officials indicated that these transactions do not represent a reduction of special fund balances, the timing and classification of the transfers create the appearance of inter-fund reallocations. It remains unclear whether revenues deposited into the ETF, or revenues deposited into other special funds, qualify as "fee and license revenues" subject to the 10% BPSF allocation under 11 GCA §161101. We also noted that the transfers are subsequently initiated through DOA's accounting process rather than being made by DRT's Regulatory Division. As such, the transfers do not appear to result from the specific mechanism established under 11 GCA § 71103, which directs revenues collected from matters identified by DRT's Regulatory Division to be deposited into the BPSF.

Accordingly, the statutory basis for treating these revenues as subject to the 10% BPSF allocation and transferring those resources to the BPSF warrants further clarification. Given the statutory requirement that the ETF be maintained as a separate fund and used for specified environmental purposes, clarification is also needed on whether, and under what authority ETF revenues may be transferred to another special fund.

We recommend that GEPA clarify with DOA and DRT whether the insurance premiums deposited into the ETF are subject to the 10% allocation to the BPSF. The determination should clearly establish the statutory basis for including ETF revenues in the BPSF allocation and ensure that the treatment of these revenues is consistent with the statutory purpose and separate-fund requirements of the ETF under 10 GCA §45200. Clarifying the statutory treatment of these revenues will help ensure that the ETF remains available for its intended environmental purposes and reduce the risk that ETF resources are inadvertently used to support activities outside the fund's statutory purpose.

Other Matters

GEPA Not in Compliance with Quarterly Reporting Requirements

We determined that GEPA is not in compliance with the quarterly reporting requirement for the ETF, as mandated by law. Pursuant to 10 GCA Chapter 45, §45203, the Administrator of GEPA is required to submit a detailed quarterly report of ETF expenditures to the Guam Legislature and the Governor of Guam. This statutory requirement is intended to ensure transparency and accountability over the use of ETF resources.

As part of our preliminary survey, we requested copies of the required quarterly reports prior to the entrance conference. During the entrance conference, GEPA officials stated that the agency had not been submitting the required reports. Officials acknowledged that the statutory reporting requirement had not been previously identified or implemented and confirmed that no such reports had been submitted. Subsequent to the audit, GEPA submitted the required reports for FY 2026, and the legislation was amended to require annual submissions for each fiscal year, including itemized and total revenues and expenditures, as well as the annual and cumulative balances of the ETF.

GEPA's failure to submit the required quarterly reports constitutes noncompliance with 10 GCA Chapter 45, §45203 and limits legislative and executive oversight of ETF expenditures. The absence of these required reports limits legislative and executive oversight and reduces transparency over the use and management of ETF funds. We recommend that GEPA establish and implement procedures to ensure compliance with 10 GCA Chapter 45, §45203 by preparing and transmitting quarterly ETF expenditure reports to the Guam Legislature and the Governor of Guam.

Conclusion and Recommendations

While ETF revenue calculation by DRT was generally accurate, improvements can be made to ensure consistency and well-maintained supporting documentation. The matters identified in this audit concerning the treatment of ETF revenues, the use of ETF resources for recurring operational expenditures, fragmented administration and accounting, and the lack of required reporting indicate a need to clarify whether the ETF is being administered fully consistent with its statutory purpose. These matters warrant coordination among GEPA and DRT, in conjunction with DOA and the Guam Legislature to clarify ETF's financial framework and strengthen controls over its collection, use, reporting, and oversight. Therefore, we made the following recommendations:

1. DRT establish and implement written procedures for collecting and processing the two percent insurance premium surcharge, including required supporting documentation, filing fees, review procedures, and record retention.
2. Guam Legislature ensure future appropriations from the ETF are consistent with the fund's intended purpose.
3. GEPA, in conjunction with the Guam Legislature, evaluate whether the ETF's current statutory framework allows the Fund to adequately support environmental cleanup, hazardous material response, and restoration activities while providing for necessary administrative costs.
4. GEPA and DRT, in conjunction with DOA, clarify whether insurance premium revenues deposited into the ETF are subject to the 10 percent allocation to the BPSF and ensure the accounting treatment is consistent with the ETF's statutory purpose and separate-fund requirements.
5. GEPA establish procedures to comply with the statutory requirement to submit quarterly ETF expenditure reports to the Guam Legislature and the Governor.

We acknowledge GEPA's and DRT's expressed willingness to address these matters and strengthen the administration, oversight, and management of funds.

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Classification of Monetary Amounts

No.	Finding Description	Questioned Costs	Potential Savings	Unrealized Revenues	Other Financial Impact	Total Financial Impact
1.	Administration of the ETF					
a.	DRT Generally Applied Two Percent Insurance Premiums Surcharge Correctly	**$0**	**$0**	**$0**	**$0**	**$0**
b.	ETF Used to Fund GEPA's Operations	**$0**	**$0**	**$0**	**$0**	**$0**
c.	Statutory Eligibility Requirements Place Additional Constraint on Use of ETF	**$0**	**$0**	**$0**	**$0**	**$0**
d.	ETF Funding the Better Public Service Fund (BPSF)	**$0**	**$0**	**$0**	**$0**	**$0**
2.	Other Matters					
a.	GEPA Not in Compliance with Quarterly Reporting Requirements	**$0**	**$0**	**$0**	**$0**	**$0**

Management Response and OPA Reply

On September 25, 2026, OPA provided GEPA and DRT with a draft report for a management response. Following this, on October 8, 2026, an exit conference took place between OPA and GEPA, discussing the findings and recommendations of the Environmental Trust Fund performance audit. GEPA submitted its official management response on October 14, 2026.

GEPA Response: GEPA acknowledged the importance of the audit in promoting transparency, financial accountability, and compliance with applicable statutory requirements to ensure that ETF resources are effectively administered and used for their intended purposes. GEPA concurred with all findings applicable to the agency and identified the following corrective actions:

- Collaborate with the Guam Legislature to ensure future appropriations are consistent with applicable statutory requirements and the fund's intended purpose.
- Work with the Guam Legislature to evaluate the ETF's existing statutory framework and eligibility requirements.
- Established and implemented a formalized reporting procedure

OPA Reply: The OPA acknowledges GEPA's concurrence with the applicable findings and its proposed corrective actions. The OPA appreciates GEPA's commitment to addressing the findings and recognizes the steps the agency has taken to implement changes in response to the issues identified in the audit.

DRT submitted its official management response on October 20, 2026.

DRT Reply: DRT acknowledged the OPA's findings on the general accuracy of ETF revenue calculations, recognized the recommendations for improvement, and committed to establishing written procedures for collecting and processing the insurance premium surcharge and coordinating with GEPA and the Department of Administration to reconcile data and ensure compliance with statutory requirements.

OPA Reply: The OPA acknowledges DRT's concurrence with the recommendations. The OPA also notes that a separate audit may be necessary to further assess and clarify the impact on the special funds, particularly with respect to the BPSF.

See Appendix 5 and 6 for GEPA's and DRT's detailed management response.

The legislation creating OPA requires agencies to prepare a corrective action plan to implement audit recommendations, to document the progress in implementing the audit recommendations, and to endeavor to have implementation completed no later than the beginning of the next fiscal year.

We sincerely appreciate the cooperation and assistance provided by the staff and management of GEPA and DRT throughout the audit process.

OFFICE OF PUBLIC ACCOUNTABILITY



Benjamin J.F. Cruz
Public Auditor

Appendix 1: Objective, Scope, and Methodology

Objective
The objectives of the audit were:

1. To determine whether the funds received by the ETF are accurately calculated and remitted.
2. To assess whether transactions of the ETF were made in compliance with the Fund's intended purpose and applicable laws and regulations.

Scope
Our audit scope encompassed FY 2020 through 2025. We reviewed laws, rules and regulations, policies, board resolutions, prior audit findings, and other information pertinent to GEPA ETF.

Methodology
To accomplish our objective, we performed the following:

1. Inquired with Stakeholder's regarding their concerns about the ETF and their proposed legislation.
2. Conducted interviews with GEPA, DRT, and DOA officials and staff to obtain an understanding of ETF processes, internal controls, revenue calculations, and fund administration responsibilities.
3. Performed background research to compile relevant criteria for understanding GEPA, the ETF, and associated processes.
4. Reviewed applicable laws (including budget acts), regulations, and policies pertaining to GEPA, DRT, DOA, and the ETF.
5. Assessed compliance with applicable laws, regulations, and policies related to the ETF and GEPA's financial management practices.
6. Reviewed and documented prior OPA audit reports, Government of Guam financial audits, and other reports relevant to the ETF.
7. Reviewed ETF financial data, including revenues, expenditures, fund balances, and other transaction activity for FY 2020 through FY 2025.
8. Performed preliminary analyses of ETF expenditures and supporting documentation to identify significant, recurring, or potentially questionable transactions.
9. Evaluated the internal controls governing the management, disbursement, monitoring, and reporting of ETF funds to determine their adequacy and effectiveness.
10. Examined potential overlaps or relationships between the ETF and other funds, including transfers or allocations involving the Better Public Service Fund (BPSF).
11. Reviewed testimony and supporting documentation to identify potential risks, areas of concern, and possible audit findings.
12. Tested ETF revenue calculations, collections, deposits, and remittances to determine whether revenues were accurately calculated and recorded in accordance with applicable laws and regulations.
13. Verified selected ETF expenditures, transfers, and journal voucher transactions to determine whether they were properly authorized, adequately supported, accurately recorded, and consistent with the Fund's statutory purpose.

14. Evaluated selected operational expenditures charged to the ETF to determine whether they were appropriately funded and consistent with statutory authority and legislative appropriations.
15. Verified the accounting treatment and legal basis for transfers involving the ETF, including transfers to the Better Public Service Fund and other funds, as applicable.
16. Corroborated information obtained during the survey through examination of supporting documentation and targeted follow-up inquiries with GEPA, DOA, and DRT officials, as necessary.
17. Evaluated the sufficiency and appropriateness of audit evidence to support findings, conclusions, and recommendations.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix 2: Prior Audit Coverage

Financial Audits

As part of our audit procedures, we reviewed our database of performance audits and financial audits to identify prior audit work and information relevant to the ETF audit. Through this review, we identified the Government of Guam's government-wide financial statements, in which the ETF is reported. We used the reported fund balances, revenues, and expenditures to obtain corroborating information and verified account balances and transactions related to the ETF.

Based on our review, we utilized information contained in the following Government of Guam financial audits:

1. Government of Guam FY 2024 Financial Audit
2. Government of Guam FY 2023 Financial Audit
3. Government of Guam FY 2022 Financial Audit
4. Government of Guam FY 2021 Financial Audit
5. Government of Guam FY 2020 Financial Audit

ETF Audited Financial Activity and Fund Balances (FY 2020 – 2024)

FY	Revenues	Expenses	Fund Ending Balance
2020	$429,959	$391,612	$614,367
2021	$425,814	$436,602	$561,017
2022	$519,724	$305,464	$745,107
2023	$503,234	$307,873	$890,164
2024	$251,894	$378,326	$763,732

Guam Environmental Protection Agency Act – Title 10 GCA Chap. 45

§ 45200. *Guam Environmental Trust Fund*

(a) There is hereby created, separate and apart from other funds of the government of Guam, a fund known as the Guam Environmental Trust Fund (Fund). The Fund shall not be commingled with the General Fund and shall be kept in a separate bank account, subject to legislative appropriation, to be used by the Administrator of the Guam Environmental Protection Agency (Administrator) to clean up hazardous materials and restore and repair damage done to Guam's environment, as well as to collect, transport, process and dispose of household waste in accordance with the provisions of the Ordot Dump Consent Decree Supplemental Environmental Project (SEP).
(b) The Fund shall be financed by the collection of a two percent (2%) assessment fee on all commercial and industrial liability insurance premiums paid in Guam for the coverage of companies or individuals. Such fees shall be collected from the insurance companies providing such coverage on Guam.
(c) For purposes of this section, commercial and industrial liability insurance is defined as liability or indemnity insurance against injury to third persons, with the insured being engaged in commercial or industrial activities within Guam, such activities being included in the definition of business and engaging in business defined in § 26101 (a), Title 11, Guam Code Annotated.
(d) The Department of Revenue and Taxation (the Department) shall collect such fees and transmit them to the Treasurer of Guam for deposit in the Fund. The Department shall:
    (1) Develop the necessary forms and instructions to be sent to all insurance companies issuing commercial and industrial liability insurance. Such forms and instructions shall direct these insurance companies to pay the two percent (2%) assessment as a condition of continuing to do business of Guam;
    (2) Act as the repository for the Fund for use by the Administrator in carrying out the purpose of the Fund.
(e) The Administrator shall be the disbursing and certifying officer for the Fund, and shall comply with the provisions of Chapter 14 of Title 46, Guam Code Annotated. The Director of Administration shall maintain appropriate records of the Fund and shall provide accounting and auditing services for the Fund.

§ 45201. *Use of Funds and Keeping a Safe and Healthy Environment*

Up to Twenty-five percent (25%) of the funds in the Guam Environmental Trust Fund may be utilized by the Administrator of the Guam Environmental Protection Agency for programs relative to the prevention of environmental problems, and the promotion of keeping a safe and healthy environment.

§ 45202. *Authorized Expenditure and Emergency Declaration*

Notwithstanding § 45200(a) of this Chapter, the Administrator of the Guam Environmental Protection Agency is hereby authorized to spend no more than Five Thousand Dollars ($5,000.00) for the purposes of assessment, cleaning up hazardous materials and restoring and repairing damages done to the Guam environment per declaration, without legislative appropriation; provided, that an Emergency Declaration has been declared by I Maga'hågan/Maga'låhen Guåhan.

§ 45203. *Submission of Detailed Report of Expenditures on a Quarterly Basis*

The Administrator of the Guam Environmental Protection Agency shall submit to I Liheslaturan Guåhan and I Maga'hågan/Maga'låhen Guåhan a detailed report of the expenditures of the Guam Environmental Trust Fund on a quarterly basis.

The Cash Economy Enforcement Act– Title 11 GCA Chap. 71

§ 71103. *Identification of Cash Economy Cases; Retention of Funds*

Notwithstanding any law to the contrary, each fiscal year the Regulatory Division may identify any taxpayer, assessment, investigation, or collection matter as a matter of the Regulatory Division. All revenues collected from Regulatory Division matters shall be deposited into the Better Public Service Fund.

§ 71104(c). *Citations for Violations; Deposits*

(c) Any fines assessed under this Section shall be a matter of the Regulatory Division under this Chapter, and shall be retained and deposited into the Better Public Service Fund.

Better Public Service Fund – Title 11 GCA Chap. 161

§ 161101. *Better Public Service Fund*

(f) There is hereby established, separate and apart from the General Fund, the "Better Public Service Fund."
(g) Ten percent (10%) of all fee and license revenues received by the Department of Revenue and Taxation shall be deposited into said Fund.
(h) The Director of Revenue and Taxation shall use the Fund to improve and modernize systems that are used to provide Department services to the public, including on-line filing of all taxes, on-line renewal of licenses and permits, upgrades of computer hardware and software to improve record retrieval by members of the public, and the training of Department staff in technical skills and customer service.

(a) No moneys shall be expended from the Fund without legislative appropriation. The Fund shall not be subject to the transfer authority of I Maga'lahi.

§ 161102. *Use of Funds Defined*

The moneys in the Fund shall be used for the following purposes:

(a) administering the operations of the Regulatory Division pursuant to Chapter 71 of Title 11, Guam Code Annotated;
(b) improving and modernizing systems that are used to provide Department services to the public, including on-line filing of all taxes, on-line renewal of licenses and permits, upgrades of computer hardware and software to improve record retrieval by members of the public, and the training of Department staff in technical skills and customer service.
(c) issuing comfort letters, letter rulings, written opinions, educational materials and guidance to taxpayers pursuant to Chapter 71 of Title 11, Guam Code Annotated; and
(d) funding additional positions, including investigators, investigator assistants, and licensed attorneys, pursuant to Chapter 71 of Title 11, Guam Code Annotated.
(e) This Act does *not* affect rights and duties that matured, penalties that were incurred, and proceedings that were begun, before its effective date.
(f) No moneys shall be expended from the Fund without legislative appropriation. The Fund *shall not* be subject to the transfer authority of *I Maga'lahen Guåhan.*

Results of Testing of 2% Insurance Premium Surcharge Calculations

Payor	Recorded 2% Premium	Verified Base Amount	Recalculated 2% Premium	Variance	Pass or Fail
Taxpayer 1	$ 1.00	MISSING	MISSING	MISSING	
Taxpayer 2	$ 87,143.86	$ 4,356,193.00	$ 87,123.86	$ 20.00	[1]
Taxpayer 3	$ 81.75	$ 4,087.55	$ 81.75	$ (0.00)	
Taxpayer 4	$ 253.18	$ 12,659.00	$ 253.18	$ -	
Taxpayer 5	$ 1,049.00	$ 52,430.00	$ 1,048.60	$ 0.40	[2]
Taxpayer 6	$ 9.38	$ 469.00	$ 9.38	$ -	
Taxpayer 7	$ 74,958.07	$ 3,747,903.43	$ 74,958.07	$ 0.00	
Taxpayer 8	$ 48,860.49	$ 2,442,024.70	$ 48,840.49	$ 20.00	[1]
Taxpayer 9	$ 7,643.64	$ 382,182.00	$ 7,643.64	$ -	
Taxpayer 10	$ 10,219.00	MISSING	MISSING	MISSING	
Taxpayer 11	$ 280.00	MISSING	MISSING	MISSING	
Taxpayer 12	$ 69.00	$ 968.00	$ 19.36	$ 49.64	[1/2]
Taxpayer 13	$ 47,933.62	$ 2,396,681.00	$ 47,933.62	$ -	
Taxpayer 14	$ 91,380.00	$ 4,568,000.00	$ 91,360.00	$ 20.00	[1]
Taxpayer 15	$ 81.00	$ 4,047.00	$ 80.94	$ 0.06	[2]
Taxpayer 16	$ 140.28	$ 6,893.00	$ 137.86	$ 2.42	[3]
Taxpayer 17	$ 260.00	$ 12,000.00	$ 240.00	$ 20.00	[1]
Taxpayer 18	$ 15.46	$ 773.00	$ 15.46	$ -	
Taxpayer 19	$ 672.62	$ 33,630.73	$ 672.61	$ 0.01	[2]
Taxpayer 20	$ 883.00	$ 44,150.00	$ 883.00	$ -	
Taxpayer 21	$ 4,210.92	$ 210,546.00	$ 4,210.92	$ -	
Taxpayer 22	$ 11,782.00	$ 588,080.00	$ 11,761.60	$ 20.40	[1/2]
Taxpayer 23	$ 6,801.91	MISSING	MISSING	MISSING	
					19/23 (83%)

[1]Filing fee variance
[2]Calculation rounded up to nearest dollar
[3]Overpayment

Results of Testing for Required Supporting Documentation

Payor	Form I-8	Pink Slip	Different Forms	Addtl. Docs
Taxpayer 1	⊘	⊘	⊘	⊘
Taxpayer 2	✔	✔	⊘	⊘
Taxpayer 3	✔	✔	⊘	⊘
Taxpayer 4	✔	✔	⊘	⊘
Taxpayer 5	✔	✔	⊘	⊘
Taxpayer 6	✔	✔	⊘	⊘
Taxpayer 7	✔	✔	⊘	✔
Taxpayer 8	✔	✔	⊘	✔
Taxpayer 9	✔	✔	⊘	✔
Taxpayer 10	⊘	✔	⊘	⊘
Taxpayer 11	⊘	✔	⊘	⊘
Taxpayer 12	✔	✔	⊘	⊘
Taxpayer 13	✔	✔	⊘	✔
Taxpayer 14	✔	✔	⊘	✔
Taxpayer 15	✔	✔	⊘	⊘
Taxpayer 16	✔	✔	⊘	✔
Taxpayer 17	✔	✔	✔	⊘
Taxpayer 18	✔	✔	⊘	⊘
Taxpayer 19	✔	✔	✔	✔
Taxpayer 20	✔	✔	✔	✔
Taxpayer 21	✔	✔	⊘	⊘
Taxpayer 22	✔	✔	✔	✔
Taxpayer 23	⊘	✔	⊘	⊘
Total	**83%**	**96%**	**17%**	**39%**

GUAM ENVIRONMENTAL PROTECTION AGENCY • AHENSIAN PRUTEKSIÓN LINA'LA' GUÅHAN
LOURDES A. LEON GUERRERO • GOVERNOR OF GUAM | JOSHUA F. TENORIO • LIEUTENANT GOVERNOR OF GUAM
MICHELLE C. R. LASTIMOZA • ADMINISTRATOR

Sent via Electronic Email

October 14, 2026

Honorable Benjamin J. Cruz
Public Auditor Office of Public Accountability
Deloitte Building, Suite 401,
238 Archbishop Flores Street
Hagåtña, Guam 96910

Subject: Official Management Response – OPA Report No. 26-0X, Environmental Trust Fund Performance Audit

Hâfa Ådai Public Auditor Cruz,

The Guam Environmental Protection Agency (GEPA) appreciates the Office of Public Accountability's (OPA) performance audit of the Environmental Trust Fund (ETF) for Fiscal Years 2020 through 2025. GEPA recognizes the importance of maintaining transparency, financial accountability, and compliance with applicable statutory requirements to ensure that ETF resources are administered effectively and used in accordance with their intended purposes.

In response to OPA's request, GEPA submits the following official management responses to the applicable audit findings and recommendations.

1. DRT Generally Applied the 2% Insurance Premium Surcharge Correctly

Management Response: Not Applicable to GEPA

This finding pertains to the Department of Revenue and Taxation (DRT) and does not directly apply to GEPA.

2. ETF Used to Fund GEPA's Operations

Management Response: CONCUR

GEPA concurs with the finding that ETF resources were used to support the Agency's operations pursuant to budget appropriations submitted to and approved by the Guam Legislature.

Corrective Actions:

GEPA will continue to work collaboratively with the Guam Legislature to ensure that future appropriations from the ETF are consistent with applicable statutory requirements and the Fund's intended purpose. GEPA remains committed to promoting the responsible allocation and use of ETF resources in support of environmental protection, cleanup, restoration, and other authorized activities.

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ALL LIVING THINGS OF THE EARTH ARE ONE • *MANUNU TODU I MANLÅLA'LA'*
Like and follow guamepa

3. Statutory Eligibility Requirements Place Additional Constraints on the Use of the ETF

Management Response: CONCUR

GEPA concurs with the finding regarding the statutory eligibility requirements governing the use of ETF resources and acknowledges that these requirements may affect the Fund's ability to support eligible environmental activities.

Corrective Actions:

GEPA will continue working with the Guam Legislature to evaluate the ETF's existing statutory framework and eligibility requirements. Consistent with OPA's recommendation, GEPA will work with the Legislature to assess whether the current framework adequately supports environmental cleanup, hazardous materials response, and restoration activities while providing for necessary and legally authorized administrative costs.

GEPA recognizes the importance of ensuring that the statutory framework appropriately balances the Fund's environmental objectives with the operational requirements necessary to implement those objectives effectively.

4. ETF Funding of the Better Public Service Fund (BPSF)

Management Response: Not Applicable to GEPA

This finding does not directly apply to GEPA.

5. GEPA Not in Compliance with Quarterly Reporting Requirements

Management Response: CONCUR

GEPA concurs with the finding regarding noncompliance with quarterly reporting requirements and acknowledges the importance of timely and accurate reporting to ensure transparency, accountability, and proper oversight of ETF expenditures.

Corrective Actions:

GEPA has established and implemented a formalized reporting procedure to address the reporting deficiencies identified in the audit. The Agency has processed all outstanding submissions and reports that it is currently in compliance with applicable quarterly reporting requirements.

To sustain compliance, GEPA has institutionalized its reporting procedures to strengthen internal accountability, improve coordination among responsible personnel, and ensure that required reports are prepared and submitted accurately and on time. GEPA will continue to monitor adherence to these procedures to reduce the risk of future reporting deficiencies and prevent recurrence.

Conclusion

GEPA is committed to strengthening governance, financial accountability, and internal controls relating to the administration and use of the Environmental Trust Fund. The Agency appreciates OPA's findings and recommendations and recognizes their value in identifying opportunities to improve compliance, operational effectiveness, and oversight.

GEPA will continue to work collaboratively with the Guam Legislature, and other relevant stakeholders to ensure that ETF resources are administered responsibly, used for authorized purposes, and managed in

accordance with applicable Guam laws and statutory requirements. Through these efforts, GEPA remains committed to safeguarding public resources and advancing the environmental protection and restoration objectives for which the Fund was established.

If you have any questions, please contact my office at 671-588-4751 or email me at michelle.lastimoza@epa.guam.gov or connie.afalle@epa.guam.gov, respectively.

Dångkolu na si Yu'us ma'åse'.

Senseramente,

GLENN V. SAN NICOLAS
Acting Administrator

Dipåttamenton Kontribusion yan Adu'ånå
DEPARTMENT OF
REVENUE AND TAXATION

Governor of Guam, Maga'håga Guat
Joshua F. Teno
Lieutenant Governor of Guam, Sigundo Maga'l Guat

Marie P. Liza
Director, Direk
Denise Mendi
Deputy Director, Sigundo Direk

October 20, 2026

Benjamin J.F. Cruz, Public Auditor
Office of Public Accountability (OPA)
259 Martyr Street
Hagatna, Guam 96910

RE: Performance Audit FY2020 through 2025 – Guam Environmental Protection Agency Environmental Trust Fund (GEPA ETF)

Hafa Adai, Public Auditor Cruz.

Thank you for sharing the results of the above audit.

Despite some noted minor variances in several Department of Revenue and Taxation transactions tested by your office, we appreciate the OPA's acknowledgement that the ETF revenue calculations were generally accurate.

We have taken note of your recommendations to improve and strengthen our current process and will immediately take the following steps:

1. Establish and implement written procedures for the collection and processing of the two-percent insurance premium surcharge, to include required documents, the review of filing fees and other procedures, and record retention.

2. Work closely with the GEPA and the Department of Administration to reconcile data, clarify that deposited revenues into the ETF are subject to the 10 percent allocation to the Better Public Service Fund, and ensure the process is consistent with the ETF's statutory purpose and requirements.

Once again, we appreciate your feedback and the recommendations on how to improve upon the collection and processing of the insurance premium surcharge of this particular fund.

Senseramente,

Marie P. Lizama
Director

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Appendix 7: Status of Audit Recommendations

No.	Addressee	Audit Recommendation	Status	Actions Required
1.	DRT	Establish and implement written procedures for collecting and processing the 2% insurance premium surcharge, including required supporting documentation, filing fees, review procedures, and record retention.	OPEN	Provide a corrective action plan with responsible official and timeline of implementation
2.	Guam Legislature	Ensure future appropriations from the ETF are consistent with the fund's intended purpose.	OPEN	Provide a corrective action plan with responsible official and timeline of implementation
3.	GEPA	In conjunction with the Guam Legislature, evaluate whether the ETF's current statutory framework allows the Fund to adequately support environmental cleanup, hazardous material response, and restoration activities while providing for necessary administrative costs.	OPEN	Provide a corrective action plan with responsible official and timeline of implementation
4.	GEPA DRT	In conjunction with DOA, clarify whether insurance premium revenues deposited into the ETF are subject to the 10% allocation to the BPSF and ensure the accounting treatment is consistent with the ETF's statutory purpose and separate-fund requirements.	OPEN	Provide a corrective action plan with responsible official and timeline of implementation
5.	GEPA	Establish procedures to comply with the statutory requirement to submit quarterly ETF expenditure reports to the Guam Legislature and the Governor.	OPEN	Provide a corrective action plan with responsible official and timeline of implementation

GUAM ENVIRONMENTAL PROTECTION AGENCY
ENVIRONMENTAL TRUST FUND
Report No. 26-10, OCTOBER 2026

ACKNOWLEDGEMENTS

Key contributions to this report were made by:
Katherine Parkinson-Borja, Audit Staff
Thomas Eladio Battung, CFE, Auditor-In-Charge
Jerrick J.J.G. Hernandez, MA, CIA, CGFM, CFE, CICA, CGAP, Audit Supervisor
Benjamin J.F. Cruz, Public Auditor

MISSION STATEMENT

We independently conduct audits and administer procurement appeals to safeguard public trust and promote good governance for the people of Guam.

VISION

The Government of Guam is the standard of public trust and good governance.

CORE VALUES

Objective
To have an independent and impartial mind.

Professional
To adhere to ethical and professional standards.

Accountable
To be responsible and transparent in our actions.

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- Visit our website at www.opaguam.org
- Call our office at (671) 475 0390
- Fax our office at (671) 472 7951
- Or visit us at Suite 401 DNA Building in Hagåtña

All information will be held in strict confidence.

Doc. No. 38GL-26-3089.*

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