

GOVERNMENT OF GUAM
OFFICE OF THE GOVERNOR
AGANA, GUAM

EXECUTIVE ORDER NO. 84-24

FOLLOW UP PROCEDURES ON AUDIT REPORT RECOMMENDATIONS

WHEREAS, the audit report on the Fiscal Condition of the Government of Guam for the year ended September 30, 1981, issued by the Inspector General's predecessor office, the U.S. Government Comptroller for Guam addressed the need for the Executive Branch to establish a formal follow-up system to assure that all audit reports issued on Government of Guam operations are promptly acted upon.

NOW, THEREFORE, I RICARDO J. BORDALLO, Governor of Guam by virtue of the authority vested in me by the Organic Act of Guam, as amended, do hereby approve and promulgate the following procedures relative to follow-up on audit report recommendations:

SECTION 1. PURPOSE. To provide standard procedures for all departments and agencies of the Government of Guam relative to follow-up on audit report recommendations.

SECTION 2. DUTIES AND RESPONSIBILITIES OF THE DIRECTOR OF BUREAU OF BUDGET AND MANAGEMENT RESEARCH.

It shall be the duty of the Director of Bureau of Budget and Management Research to:

1. Designate the Internal Audit Section as the liaison office, responsible for following up on corrective actions, and identifying the need for additional corrective actions on all Federal and independent audit report recommendations.

2. Insure that the Internal Audit Staff perform the following follow-up procedures:

a. Prepare a letter and attach copies of both draft and final audit reports for the Director of Bureau of Budget and Management's request to the officials of the organization audited to submit written comments/responses within fifteen (15) days as required under Section 3.05.

b. Review and evaluate all responses and prepare a letter for the Governor's response to the audit organization within thirty (30) days of the date of receipt of both draft and final reports.

c. Initiate the follow-up process on the target date for completing the action set by the responsible official of the organization audited:

c.01 Investigate the status of each audit recommendation.

c.02 Determine whether the recommendation was implemented.

c.03 Determine whether the recommendation being implemented is workable and advantageous to the organization audited. If it is, prepare an affirmative report for the Director of Bureau of Budget and Management Research and transmit it to the Governor and the audit organization.

c.04 If the recommendation was not implemented, and the organization audited has devised an alternative solution, determine whether it is workable, and if it is, prepare an affirmative report for the Director of Bureau of Budget and Management Research and transmit it to the Governor and the audit organization.

c.05 If the recommendation was not implemented, and the organization audited failed to devise an alternative solution, determine whether the problem still exists. If not, prepare an affirmative report for the Director of Bureau of Budget and Management Research and transmit it to the Governor and the audit organization.

c.06 If the problem still exists, but the recommendation is still workable, recommend that the organization audited implement the present recommendation. If not, devise a better solution, or make a new recommendation.

3. If the matter cannot be resolved at the operating level and is considered significant, the Director of Bureau of Budget and Management Research will promptly refer the matter to the Governor or the Attorney General for resolution.

4. Insure that working papers, audit reports and applicable responses are retained by the Internal Audit Section for a period of four (4) years.

SECTION 3. DUTIES AND RESPONSIBILITIES OF THE OFFICIALS OF THE ORGANIZATION AUDITED

It shall be the duty of the officials of the organization audited to:

1. Review each audit report issued concerning their operations and activities.
2. Consider each finding and recommendation.
3. Determine whether the corrective actions recommended can and should be taken.
4. Ascertain whether corrective actions have in fact been taken.
5. Prepare the responses/comments on audit recommendations as follows:
 - a. Restate each recommendation
 - b. Indicate concurrence or non-concurrence with each recommendation.

c. Make comment(s) on each recommendation.

d. Set a time frame for completing each corrective action

6. Transmit the responses/comments by memorandum (addressed to the Governor), to the Bureau of Budget and Management Research within fifteen (15) days of the date of issuance of both draft and final reports.

7. Make available responsible personnel and supporting documentation during any follow-up audit by the Internal Audit Section,, Bureau of Budget and Management Research.

SECTION 4. RECOMMENDATIONS THAT CANNOT BE TAKEN OR IS UNDESIRABLE

If the head of an organizational unit concludes that a recommended corrective action cannot be taken or is undesirable, he should present reasons for taking other actions or no action.

SECTION 5. CORRECTIVE ACTIONS THAT CANNOT BE COMPLETED ON TIME OR IS STILL UNDER STUDY

Where the corrective action contemplated on a finding and recommendation cannot be completed or the matter is still under study when the responses/comments on the draft or final reports are due, the responsible official may set a target date for completing the action or study and include the target date as part of the comments on the draft or final reports. After expiration of the time required to complete the action or study or the target date set by the organization, if any, the appropriate section chief will follow-up with operating officials to determine whether the corrective action has been taken. If the action or study has not been taken or continues to be in progress, a target date for completion should be requested. This procedure will be repeated until all actions contemplated have been completed on each finding and recommendation.

SECTION 6. EVALUATION OF CORRECTIVE ACTIONS TAKEN

Audit organizations are responsible for determining that corrective actions reported on the findings and recommendations of their respective audit reports are adequate.

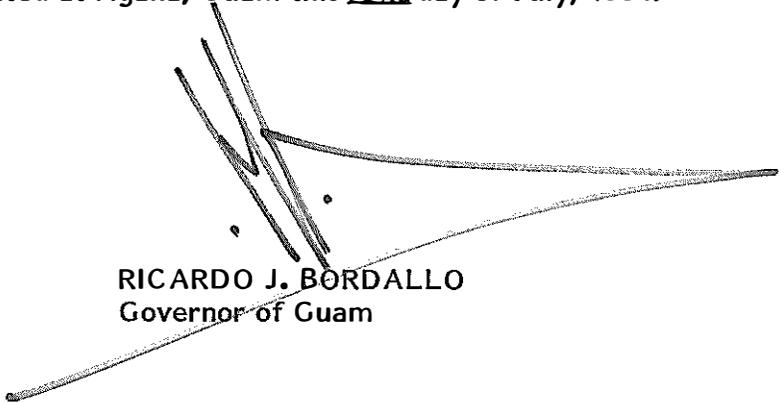
The audit organization will be advised (by letter) as to the status of actions taken or contemplated on recommendations by the Governor for the purpose of:

1. Evaluating the adequacy of reported actions.
2. Informing the Governor as to whether the actions were satisfactory.
3. Advising the Governor as to whether a follow-up audit should be performed at a later date, to evaluate the adequacy of the action taken including a proposed date for starting the audit.

SECTION 7. RELEASE OF REPORTS

Audit reports should be appropriately safeguarded to prevent use by unauthorized persons. Requests for access to or release of audit reports by individuals, organizations, or agencies not included on the official distribution list will be immediately referred to the Director of Bureau of Budget and Management Research for acceptance or rejection of the request.

Signed and promulgated at Agana, Guam this 22nd day of July, 1984.



RICARDO J. BORDALLO
Governor of Guam

COUNTERSIGNED:



EDWARD D. REYES
Lt. Governor of Guam

EXHIBIT A

THE AUDIT FOLLOW-UP PROCESS

