



## ASSOCIATION OF PACIFIC ISLANDS PUBLIC AUDITORS

April 30, 2008

Mrs. Doris Flores Brooks  
Guam Public Auditor  
Office of the Public Auditor  
238 Archbishop Flores Street  
Suite 401, DNA Building  
Hagatna, GU 96910

**RECEIVED**  
OFFICE OF THE PUBLIC AUDITOR

DATE: 6/23/08

TIME: 11:45 AM

BY: [Signature]

Dear Mrs. Brooks:

A peer review of the Government of Guam's Office of the Public Auditor has been completed for the period from May 1, 2005 through December 31, 2007. In conducting the review, the standards and guidelines contained in the *Peer Review Guide* published in July 2006, by the Association of Pacific Islands Public Auditors (APIPA) were followed.

The internal quality control system of your audit organization was reviewed and tests were conducted in order to determine if the system operated to provide reasonable assurance of compliance with *Government Auditing Standards* issued by the Comptroller General of the United States. Due to variances in individual performance and judgment, compliance does not imply adherence to standards in every case, but does imply adherence in most situations.

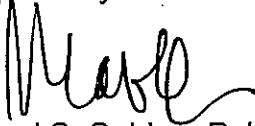
Based on the results of the review, it is our opinion that the Office of the Public Auditor's internal quality control system is suitably designed and operating effectively to provide reasonable assurance of compliance with *Government Auditing Standards* for audits and attestation engagements during the period from May 1, 2005 through December 31, 2007.

A separate letter to management has been prepared, which offers suggestions to further strengthen the internal quality control system of your audit organization. The management letter will be considered an integral part of this report.

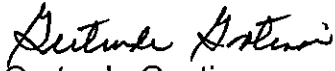
This report, and the accompanying management letter, should be made available to the public.

Mrs. Brooks  
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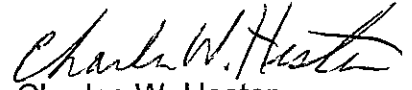
Respectfully Submitted,



Michael S. Sablan, Public Auditor  
Office of the Public Auditor  
Commonwealth of the Northern  
Mariana Islands  
Team Leader  
APIPA Peer Review Team



Gertrude Gootinan,  
Public Auditor, Yap State  
Public Auditor's Office, FSM  
Team Member  
APIPA Peer Review Team



Charles W. Hester,  
Technical Consultant  
APIPA Peer Review  
Team



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DATE: 6/23/08

TIME: 11:45 AM

BY: AC

Dear Mrs. Brooks:

A peer review of the Government of Guam's Office of the Public Auditor (OPA) has been completed for audits issued during the period from May 1, 2005 through December 31, 2007. A report has been issued dated April 30, 2008 stating the OPA's overall level of compliance with *Government Auditing Standards* (GAGAS). This letter to management is to offer certain observations and suggestions stemming from the peer review. This letter is to be read in conjunction with the opinion report.

The following observations and suggestions are made to enhance the OPA's demonstrated adherence to government auditing standards:

- **Financial Audit Reviews.** OPA has developed procedures, which include a Financial Audit Review Checklist, to ensure compliance with its mandate to direct and supervise all financial and management audits. The procedures require that all working papers, including the Checklist, be initialed and dated. Included in the Checklist is the requirement to complete the Uniform Guide for Initial Reviews of A-133 Audit Reports published by the President's Council on Integrity & Efficiency. On at least two of the assignments reviewed by the Team, the Checklist was not fully initialed and dated. In addition, on one of the assignments the Uniform Guide was not included in the working papers.

We suggest that the Public Auditor remind the staff to ensure that the Financial Audit Review Checklist is fully initialed and dated by the end of each assignment. We also suggest that the staff be reminded to complete the Uniform Guide for Initial Reviews of A-133 Audit Reports for each assignment.

- **Management Representations.** GAGAS states that when planning an audit, auditors should ask management to identify previous audits, attestation engagements, and other studies that directly relate to the audit objectives and follow up on recommendations. On at least two of the assignments reviewed by the Team, the working papers only stated that steps were taken to follow up on prior OPA audit recommendations. The working papers did not indicate that management was asked to identify previous audits, attestation engagements or studies performed by organizations other than OPA.

We suggest that the Public Auditor remind the staff to request formal representations as to whether other organizations have performed audits, attestation engagements, or other studies directly related to the audit objectives. If management identifies previous audits, attestation engagements or other studies related to the audit objectives, the staff should follow up on recommendations to ensure they have been implemented.

- **CPE Requirements.** The qualification/competence standards in GAGAS states that staff assigned to perform the audit or attestation engagement must collectively possess adequate professional competence for the tasks required. To meet these standards audit organizations should have a program to ensure that its staff maintains professional proficiency through continuing professional education and training (CPE). The audit organization should maintain documentation of the education and training completed.

We noted that the CPE program documentation was not consistently maintained in that we were unable to find certificates to support the credit hours recorded for some of the staff for the period reviewed. In addition, during the period we found some certificates from CPE training organizations which were not signed by the instructor.

We suggest that the Public Auditor remind the staff to obtain signed certificates of completion for all CPE credit hours claimed and provide them to the OPA.

The above suggestions have been discussed with management and staff of the Office of the Public Auditor during the exit conference conducted on April 11, 2008. The Public Auditor concurred with our observations, and has taken steps to implement our suggestions. In order to provide the reader with a fair and

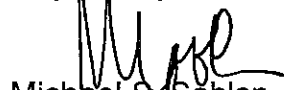
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balanced discussion of the issues, the Public Auditor's comments are attached to this letter and should be read in conjunction with our suggestions.

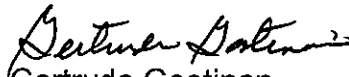
This letter should be made an integral part of the Opinion Report when it is submitted to the oversight body.

In closing we would like to thank you and your staff for the professional courtesy and cooperation extended to us during our review.

Respectfully Submitted,



Michael S. Sablan, Public Auditor  
Office of the Public Auditor  
Commonwealth of the Northern  
Mariana Islands  
Team Leader  
APIPA Peer Review Team



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