



EXECUTIVE SUMMARY

OPA Report No. 03-10 December 2003

Guam Fire Department Investigative Report on the Enhanced 911 Emergency Reporting System Fund November 1, 1999 through September 30, 2003

An investigation of the Guam Fire Department's (GFD) Enhanced 911 Emergency Reporting System Fund (E911 Fund) was initiated by the Office of the Public Auditor (OPA) based on allegations of fund misuse received on the OPA Hotline. The objectives of the investigation were to gather evidence to form a conclusion whether evidence supports the allegation of misuse of the E911 Fund and to address the following concerns brought to our attention:

1. Was a consulting contract procured properly and an appropriate use of E911 Funds?
2. Does the E911 Fund reflect all revenues and expenditures to operate the E911 Bureau?
3. Should civilians replace uniformed fire fighters to staff the E911 Bureau?

Guam's E911 System was created in 1991 under the auspices of the Office of Civil Defense and was turned over to GFD in 1996. In June 1999, to provide a source of funding for costs associated with an enhanced 911 system, Public Law 25-55 authorized the Public Utilities Commission (PUC) to establish a \$1 per month 911 surcharge to be paid by each subscriber of the Guam Telephone Authority (GTA) and Commercial Mobile Radio Service (private service providers). GTA and the private service providers are required to collect the surcharge monthly and remit it 45 days later to the Department of Administration (DOA) for deposit into the E911 Fund.

Based on the information obtained during this investigation, we found the expenditures charged to E911 were in accordance with P.L. 25-55 for the "just and reasonable expenses of operating and maintaining the E911 system." However, other matters that came to our attention include:

- GFD awarded a local company (Consultant) a consulting contract without following proper procurement procedures. We found no evidence to justify the selection of the Consultant or the benefits that would accrue for the Consultant's engagement. The Consultant was paid a total of \$166,000 for the 27 months of the contract.
- The Consultant was compensated for travel at a rate of \$3,000 per trip and \$1,500 per day of work performed on behalf of GFD and conference registration fees. In less than one year, the Consultant went to four conferences for a total of 18 days at a total cost of \$39,380. This equates to over \$2,187 per day of attendance at each of the four conferences. E911 was invoiced \$9,380 for travel

to a conference in July 2002 but this invoice was not paid to the Consultant because the balance of the contract was not adequate to pay for the invoice.

- The Consultant did not provide any training or materials to the E911 staff resulting from these trips and two of the trips were not approved by the Fire Chief until after the Consultant had returned.
- We estimated that E911 personnel expenses of \$1.26 million was charged to the GFD operating budget because they were inappropriately identified.
- E911 Fund revenues are not monitored by GFD. E911 surcharge remittances to DOA are inconsistent and fall short of our estimate of \$4.2 million since the E911 Fund's inception in November 1999. Actual surcharge remittances to DOA were \$3.3 million, almost \$1 million short of our estimate. The PUC, almost one year ago in December 2002, referred two private service providers to the Attorney General for prosecution for noncompliance with P.L. 25-55 in their duties as E911 surcharge collections agents.
- The PUC authorized GTA to deduct \$521,000 from its E911 remittances for historic and ongoing surcharge collection expenses, which were excessive.
- Both uniformed fire fighters and civilian Emergency Medical Dispatchers man the E911 system (EMD). Fire fighters are paid more than twice the salary of EMDs.

Our recommendations detailed in the report include the following:

- GFD should reinforce the requirement that all contracts are procured according to laws and regulations and are properly documented.
- GFD should establish procedures to monitor E911 surcharge remittances to DOA and pursue collection of the surcharge from delinquent service providers.
- Appropriately charge labor costs to the E911 Fund. In consultation with DOA, determine personnel costs that should have been charged to the E911 Fund since November 1999.
- The PUC should reexamine GTA's cost reimbursement for collection expenses for reasonableness as current charges are excessive and require audited annual statements from private service providers.
- GTA should make timely surcharge remittances to the E911 Fund in accordance with the 45-day timeline requirement of law.
- The Attorney General pursue action against service providers referred by the PUC in December 2002, for non-compliance with P.L. 25-55 in their duties as collection agents.
- GFD continue training additional EMDs to replace uniformed fire fighters for a transition to a civilian-run E911 Bureau within a year.

GFD, GTA, and DOA responded to the draft report and generally concurred with the concerns and recommendations. The PUC, however, expressed concern about the reasonableness of audited statements from service providers and that cost reimbursements to GTA are justified. The Attorney General did not respond to draft.

Doris Flores Brooks, CPA, CGFM
Public Auditor