

**Guam Fire Department's  
Enhanced 911 Emergency  
Reporting System Fund**

**Investigative Report  
November 1, 1999 to September 30, 2003**

**OPA Report No. 03-10  
December 2003**



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**Distribution:**

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## **EXECUTIVE SUMMARY**

OPA Report No. 03-10 December 2003

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### **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



## Guam Fire Department's Enhanced 911 Emergency Reporting System Fund

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## **Introduction**

An investigation of the Enhanced 911 Emergency Reporting System Fund (E911 Fund) of the Guam Fire Department (GFD) was initiated by the Office of the Public Auditor (OPA) based on allegations received on the OPA Hotline of E911 Fund misuse. The purpose of the investigation was to evaluate the feasibility of an audit based on information gathered during this stage. This report describes the matters that came to our attention during the investigation.

## **Jurisdiction to Investigate**

The Public Auditor is required to annually audit “all the transactions and accounts of all departments, offices, corporations, authorities, and agencies in all of the branches of the Government of Guam.”<sup>1</sup> Furthermore, the Public Auditor has the authority to conduct surprise/unannounced audits.<sup>2</sup>

## **Background Information**

Guam’s Emergency 911 System was created in 1991 pursuant to Public Law 21-61 under the auspices of the Guam Office of Civil Defense. In March 1996, Public Law 23-77 conveyed this responsibility to the Guam Fire Department although the facility remained at Civil Defense.

In June 1999, Public Law 25-55 authorized the Guam Public Utilities Commission (PUC) to establish a \$1.00 monthly 911 surcharge to be paid by subscribers of the Local Exchange Telephone Service (Guam Telephone Authority or GTA) and Commercial Mobile Radio Service (CMRS or service providers) commencing November 1999. A CMRS provider is a provider of wireless cellular telephone service, or wireless communications service. Additionally, the PUC monitors service providers’ performance of their collection and reporting duties under P.L. 25-55 and established protocol for service providers’ reimbursement of collection expenses. With the growth of the telecommunications market, the number of service providers required to comply with P.L. 25-55 is expected to grow. Currently, there are six service providers, including GTA, required to remit a surcharge of one dollar per subscriber to the Department of Administration (DOA). The PUC has no regulatory authority over DOA.

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<sup>1</sup> 1 GCA § 1908

<sup>2</sup> 1 GCA § 1919

GTA and CMRS providers are required to collect the surcharge monthly and remit the amounts collected to DOA for deposit to the Enhanced 911 Emergency Reporting System (E911) Fund within 45 days. The E911 Fund was created to provide a source of funding for costs associated with an enhanced 911 emergency reporting system. P.L. 25-55 required GFD to submit yearly assessment reports to the Governor and Legislature with information for evaluating the effectiveness of the E911 system.

In an enhanced 911 system, the telephone network routes calls to the Public Safety Answering Point (PSAP) controlled by GFD, who dispatches the proper emergency service in response to the call. This system includes Automatic Number Identification (ANI), providing the caller's phone number; and Automatic Location Identification (ALI), providing the caller's address.

By 1999, Guam's E911 system was deteriorating and had become obsolete. Call taking and dispatch functions were handled on separate equipment, which meant calls were either handed off to a dispatcher or a call taker had to move to a dispatch location across the room. Also, power surges during Typhoon Paka in 1997 had damaged some of the equipment.



E911 Console

These problems spurred the activation of the E911 Integrated Emergency Communications Center (IECC), under GFD's E911 Bureau, on August 2, 2001. The new IECC provides a more reliable E911 system and relocates the operations of the system from the Office of Civil Defense to its present location in Tiyan.

In FY 2002, the IECC received 98,463 calls with the majority of calls coming in at near midnight on Fridays, Saturdays, and Sundays. For the first five and one-half months of FY 2003, 46,205 calls were received. The bulk of these calls were also received at or after midnight on Saturdays, Sundays, and Wednesdays.

### **Scope and Objective**

The scope of our investigation was limited to the revenues and expenditures of the E911 Fund from November 1, 1999, through September 30, 2003.

The objectives of our investigation were to gather and analyze evidence to form a conclusion as to whether or not evidence supports the allegation of misuse of E911 Fund expenditures and to address the following concerns brought to our attention during this stage:

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?

### **Overall Conclusion**

Based on the information obtained during the investigation, the Public Auditor has determined that it is unlikely any further audit of the E911 Fund would lead to significant findings. However, other matters that came to our attention include:

- A consulting contract was awarded without following proper procurement procedures.
- E911 personnel expenses have been absorbed by the Guam Fire Department.
- Service providers' E911 surcharge remittances to DOA are inconsistent and fall short of our estimate.
- Both uniformed fire fighters and civilian Emergency Medical Dispatchers (EMD) man the E911 system. Fire fighters are paid more than twice the salary of EMDs.

### **Specific Findings and Conclusions**

#### **Allegation: Misuse of E911 Fund Expenditures**

In response to an allegation of misuse of funds, we scanned E911 Fund expenditure listings provided by DOA. We did not review all source documents. We found that 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." We did not find any material instances of fund misuse as alleged except for \$1,906 in LP gas refills for various fire stations that had been paid by the E911 Fund. These expenses should have been paid out of GFD funds, not the E911 Fund. The FY 2000 audited Government of Guam financial statements report expenditures of the E911 Fund reflecting an adjustment for the \$1,906, however, it appears that the Department of Administration had failed to enter the adjustment into the financial management system. As detailed later in the report, the E911 Fund was not charged all expenditures to maintain the system.



### **Concern 1: Was a consulting contract procured properly and an appropriate use of the E911 Fund?**

The Guam Procurement Law in Title 5 Chapter 5 of the Guam Code Annotated states all territorial contracts shall be awarded by competitive bidding except for procurement of professional services. Professional services over \$5,000 shall be procured by a Request for Proposal (RFP).<sup>3</sup>

There are several steps in the RFP process:

- Public notice of a Request for Proposal (§5216 (c)).
- Determination of the best qualified offeror based on the evaluation factors set forth in the RFP, and negotiation of compensation determined to be fair and reasonable (§5216 (e)).
- Determination of nonresponsibility of a bidder or offeror (§5230).
- The responsible procurement officer's certification that a complete record of each procurement is maintained (§5250). A complete record includes documentation of all communications and meetings related to the procurement (§5249).

GFD awarded a local consulting company (Consultant) a telecommunications consulting contract on August 12, 2000. The Scope of Work specified that the Consultant:

- Assist in the preparation of the annual budget for the E911 Center (IECC).
- Assist in the development of staff training.
- Review the operation and recommend changes needed for compliance with the Federal Communications Commission (FCC) regulations.
- Prepare the required PUC reports for E911 operations.
- Attend local meetings with the Emergency Communications Task Force, the PUC, the Emergency Medical Services Commission, and coordination [*sic*] meetings with local service providers and vendors.
- Attend off island meetings with the FCC on matters involving the Guam E911 operation and attend approved E911 workshops and conferences.
- Assist in the restoration of emergency communications services as required.
- Facilitate liaison with the military in the community for E911 matters.
- Other related communications work as directed by the Chief.

Although the contract states that the award was made pursuant to a written finding by the purchasing agent that the Consultant is the best qualified based upon evaluation factors set forth in the request for proposals, GFD was unable to provide us documentation to support the selection process of the Consultant. According to GFD officials, an RFP for professional services was not issued. This contract was extended until September 30, 2002.

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<sup>3</sup> 5 GCA §§5210, 5216; 2 GAR §3114

The Consultant was paid a total of \$185,000 for the 27 months of the contract, however, the Consultant reimbursed GovGuam for an overpayment of \$19,000, reducing his payments to \$166,000 (See **Table 1**). These payments include \$15,000 that was disbursed from the Guam Police Department for its share of the FY 01 contract.

We did not find any reports submitted by the Consultant in the PUC files. He had, however, contributed to a draft protocol for billing, collection, and revenue reporting submitted by the PUC consultant, Georgetown Consulting Group (Georgetown), who is paid by the PUC. We also found documentation showing a level of involvement with the PUC and GFD that appeared to be on an advisory capacity for technical issues while Georgetown advised on numerous operational issues. The PUC Chairman indicated to us that the Consultant did make regular appearances at PUC meetings.<sup>4</sup> E911 officials indicated that the Consultant did not provide training to E911 staff.

We obtained a document addressed to the GFD Administrative Officer from the Consultant dated June 5, 2000, prior to the award of the contract on August 12, 2000 (See **Table 2**). In this document, the future Consultant specified the GFD 911 consulting scope of work and desired qualifications for the solicitation of informal quotes. He even listed three companies, including his own company, from which to solicit quotes. Because there was no evidence to suggest an RFP was issued, this document indicates that the procurement and award of professional services to the Consultant could have been predetermined in favor of the Consultant.

The contract stipulates that if the required work exceeds 25 hours per month, the consultant will be compensated \$150 per hour for additional work approved by the E911 Bureau Chief.

We calculated the Consultant's hourly and monthly rates based on 25 hours of work per month multiplied by the term of each fiscal year contract. Overall, this equates to over \$6000 per month or \$246 per hour. **Table 1** illustrates this calculation:

**Table 1: Payments to Consultant**

	Total payments	Contract Term	Hours per contract	Calculated monthly rate	Calculated hourly rate
FY 00	\$ 11,000.00	3 months	75 hours	\$ 3,666.67	\$ 146.67
FY 01	\$ 63,000.00	12 months	300 hours	\$ 5,250.00	\$ 210.00
FY 02	\$ 92,000.00	12 months	300 hours	\$ 7,666.67	\$ 306.67
<b>Total</b>	<b>\$166,000.00</b>	<b>27 months</b>	<b>675 hours</b>	<b>\$ 6148.15</b>	<b>\$ 245.93</b>

The FY 2001 contract contained stipulations for monthly progress payments of \$4,000 per month for services outlined in the scope of work, however, the FY 2002

<sup>4</sup> The Public Auditor acknowledges the PUC Chairman as her stepson.

amendment, increased this monthly payment to \$5,000 contingent upon whether the PUC was in session that month. The original scope of work already required the consultant's attendance at PUC meetings. See **Appendix A** for the contract's payment schedule.

The contract was not renewed for FY 2003 because the new Administrative Officer (AO) refused to sign the FY 2003 amendment, although all other parties approved the renewal including the former Fire Chief. The AO had several issues with the contract:

- An RFP should have been issued for the award of the contract,
- The cost was excessive and the money could have been put to better use for the E911 Bureau, and
- The travel expenses for the Consultant could have been put to better use by training E911 staff instead of spending over \$39,000 on the Consultant's travel. See *Consultant's Compensation for Travel* in **Table 3**.

We commend the new E911 Administrative Officer for refusing to renew the contract. The AO took the initiative to act on her instinct that the contract may require further review.

We also noticed that the contract and its amendments were all effective after their commencement dates (See **Table 2**). The contract and amendments specified that their effective dates were determined by the date of the Governor's signature. This had essentially ratified and allowed payment for the unauthorized work of the Consultant prior to the contract's effective date.

**Table 2: Effective Dates of Consultant's Contract**

		Effective date of contract	Contract term (commencement date ~ termination date)	Days lapsed between effective date and commencement date
FY 00	Original contract	Aug. 12, 2000	Jul. 1, 2000 ~ Sep. 30, 2000	43
FY 01	Amendment 1	Feb. 15, 2001	Oct. 1, 2000 ~ Sep. 30, 2001	138
FY 02	Amendment 2	Nov. 23, 2001	Oct. 1, 2001 ~ Sep. 30, 2002	54

### ***Consultant's Compensation for Travel***

Amendment 1 was signed on February 15, 2001, extending the contract for twelve months because the need had arisen for the Consultant to render services that were not included in the original Agreement. Section 4 entitled "Consultant's Compensation for Services" was amended as well, to include a provision for compensation for off-island travel; \$3,000 per trip plus \$1,500 per day of work performed on behalf of GFD and conference registration fees. The Consultant shall receive no additional travel costs. All travel was subject to the approval of the Fire Chief.

The Consultant was paid \$39,380 in travel expenses (See **Table 3** below) for four trips he took over a span of ten months and E911 was invoiced \$9,380 for travel to a conference in July 2002. This invoice was not paid to the Consultant because the balance of the contract was not adequate to pay for the invoice.

**Table 3: Consultant's Travel**

Invoice Number	Travel Dates	Attendance Days	Description	Trip Cost	Attendance Cost @ \$1,500/day	Total paid to Consultant
10016A	8/25/01 - 8/31/01	6	Navigator Conference New Orleans	\$3,000	\$9,000	\$12,000
10031	1/23/02 - 1/25/02	2	APCO/NENA Forum TX	\$3,000	\$3,000	\$ 6,000
10038	4/21/02 - 4/26/02	5	Navigator Conference Tampa	\$3,000	\$7,500	\$10,500
10041B	6/15/02 - 6/20/02	5	NENA Conference Indianapolis	\$3,000	\$7,880*	\$10,880
<b>Total days</b>		<b>18</b>	<b>Total E911 Funds paid to Consultant for travel</b>			<b>\$ 39,380.00</b>
10046	7/11/02 - 7/15/02	4	APCO Intl Conference Nashville	\$ -	\$ -	\$ - **

\* Includes \$380 conference fee.

\*\* \$9,380 was invoiced but not paid.

In less than one year, the Consultant went to four conferences for 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.

We searched a local airline's website for airfares to the cities hosting these conferences and found that the average airfare was around \$1,700 for an economy class ticket although the Consultant was paid \$3,000 per trip in addition to the \$1,500 per day for attendance. We found only one trip report, of the five trips, and were told that the Consultant did not provide training and training materials resulting from these trips. Most of the training was provided by GFD personnel and a specialist from APCO (Association of Public-Safety Communications Officials) International. E911 paid APCO \$15,000 for this training and certification. We also found that the Fire Chief did not approve two of the trips until after the consultant had already returned.

### **Conclusion:**

This consulting contract was not awarded in accordance with proper procurement procedures for professional services. Further, we found no evidence from either the Guam Fire Department or the Guam Police Department to justify the selection of the Consultant or the benefits that would accrue to GFD and GPD for engaging the Consultant. There were seven signatories on the contract: the Fire Chief and GFD certifying officer, the Chief of Police and the GPD certifying officer, the Chief

Procurement Officer of the General Services Agency, the Attorney General, and the Governor of Guam. We found no evidence that any one of the seven signatories requested documentation to support the selection or cost benefit to the Government of Guam for the consulting contract. Furthermore, the contract and amendments to extend were signed after the Consultant had already performed work for GFD. All signatories to the contract had a responsibility to ensure the contract was procured in accordance with Guam law and regulations.

GFD hired a Consultant whose services were not adequately documented and therefore, questionable as to what he provided toward the advancement of the E911 mission. The \$39,380 spent to send one person, who is not even an employee of GFD, to these four conferences could have been spent to bring a specialist to Guam to train the entire E911 staff.

Procurement rules and regulations are intended to protect the public's dollar. Effective management of contracts by promoting fair competition and monitoring compliance, at the agency level protects the integrity of the procurement process and prevents wasteful spending of public money.

## **Concern 2: Does the E911 Fund reflect all revenues and expenditures to operate the E911 Bureau?**

The purpose of the 911 surcharge is to “fund the just and reasonable expenses of operating and maintaining the 911 system.”<sup>5</sup> The surcharge is deposited into the Enhanced 911 Emergency Reporting System Fund; created to provide a source of funding for costs associated with an Enhanced 911 Emergency Reporting System. In the event of a shortfall as determined by the PUC, GFD shall request an appropriation from the Legislature in its annual budget to cover any such shortfall.

Georgetown, in its September 1999 Report of Establishment of the E911 Surcharge to the PUC, estimated annual costs for operations and maintenance of the E911 system at \$1.23 million and \$1 surcharge revenues of approximately \$1.07 million. These estimates were prior to the expansion of the telecommunications market on Guam. This left about \$160,000 expected to be subsidized by the General Fund annually.

Our review of the E911 Fund shows inconsistencies in both revenue and expenditures. **Table 4** summarizes the actual revenues, budget appropriations, and expenditures since the inception of the fund:

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<sup>5</sup> Public Law 25-55

**Table 4: Actual Revenues, Budget Appropriations, and Expenditures**

	FY 2003	FY 2002	FY 2001**	FY 2000**	TOTAL
<b>Actual Receipts***</b>	\$ 1,786,565	\$ 310,321	\$ 767,091	\$ 399,913	\$ 3,263,890
<b>Budget Appropriations</b>	\$ 1,300,476	\$ 1,603,593	\$ 181,422	\$ 185,647	\$ 3,271,138
<b>Expenditures</b>	\$ 595,964	\$ 594,579	\$ 140,754*	\$ 33,630*	\$ 1,364,927

\* Audited amounts from FY 2000 & 2001 Government of Guam General Purpose Financial Statements.

\*\* FY 2000 & 2001 were pre-operational since the E911 Bureau was not activated until August 2001.

\*\*\* Represents actual remittance of surcharge by GTA and private service providers.

The failure to remit the E911 surcharge to DOA by several service providers, including GTA, caused FY 2002 revenues to decline by more than half of FY 2001. A report prepared by Georgetown dated September 16, 2002, found that all service providers were in violation of their collection agent duties prescribed by P.L. 25-55. In response to the report, the PUC initiated proceedings to consider appropriate regulatory action against the service providers. These proceedings prompted substantial remittances by service providers to DOA in FY 2003 and caused a dramatic \$1.4 million increase in FY 2003 from the previous year.

FY 2000 and 2001 expenditures were start-up costs prior to the activation of the new E911 system in August 2001; therefore, these two years may not be reflective of total operations. On the other hand, expenditures for FY 2002 and 2003 do not represent the entire cost of operations of the E911 Bureau but represent approximately one-half of the Bureau's appropriations. In this emergent stage of the E911 Bureau, proper budgets are an important tool to monitor and evaluate its performance. If the E911 budget is not appropriately used as a guide, it becomes meaningless as a performance evaluation tool.

### ***E911 Labor Costs***

We noticed that expenditures for salaries, overtime, and benefits were significantly lower than what we estimated for the number of staff manning the E911 Bureau. This indicates that a large part of the E911 Bureau's labor costs were absorbed by GFD (See **Table 5**).

To determine if E911 labor costs were appropriately reflected in the expenditure reports, we reconstructed E911 salaries and benefits for the two full fiscal years since the onset of the IECC in August 2001. To accomplish this reconstruction, we obtained the E911 Bureau's actual staffing since inception and calendar year W-2 salaries and compared them with appropriated personnel costs and those actually paid from the E911 Fund. We estimated W-2 salaries for 2003 because they are not yet available. W-2 information does not indicate benefits paid to employees so we also estimated annual employee benefits for E911 staff at 25% of W-2 salaries based on computations of historical data of actual benefits divided by actual salaries paid from the E911 Fund.

**Table 5: Reconstructed E911 Salaries and Benefits**

	2003	2002	Total
<b>Salaries &amp; Overtime</b>			
Appropriated salaries & overtime	\$ 712,419	\$ 757,929	\$ 1,470,348
W-2 salaries	\$ 829,466	\$ 956,659	\$ 1,786,125
Actual salaries & overtime paid from E911 Fund	\$ 435,372	\$ 341,967	\$ 777,339
Absorbed by GFD ( <i>difference of W-2 salaries and actually paid from E911 Fund</i> )	<b>\$ 394,094</b>	<b>\$ 614,692</b>	<b>\$ 1,008,786</b>
<b>Benefits</b>			
Appropriated benefits	\$ 92,077	\$ 190,421	\$ 282,498
Estimated benefits cost	\$ 207,366	\$ 239,165	\$ 446,531
Actual benefits paid from E911 Fund	\$ 118,470	\$ 78,705	\$ 197,175
Absorbed by GFD ( <i>difference of estimated benefits and actually paid from E911 Fund</i> )	<b>\$ 88,897</b>	<b>\$ 160,460</b>	<b>\$ 249,356</b>
<b>Total absorbed by GFD</b>	<b>\$ 482,991</b>	<b>\$ 775,152</b>	<b>\$ 1,258,142</b>

E911 W-2 salaries exceeded amounts actually spent from the E911 Fund by over \$1 million and our estimated E911 benefits also exceeded actual amounts paid by almost \$250,000. This indicates that the GFD general fund absorbed expenditures of \$1.26 million.

To present a more accurate cost of E911 operations, we reconstructed a statement of revenues and expenditures to reflect actual revenues to the E911 Fund and actual expenditures from expenditure reports. In the reconstructed statement, we replaced labor costs with amounts we obtained from W-2 salaries and estimated salaries for FY 2003, since 2003 W-2 information is not yet available. Our reconstructed expenditures for FY 2002 and 2003 average \$1.2 million, the amount estimated by Georgetown in its September 1999 report. FY 2002 and 2003 actual expenditures were \$594,579 and \$595,964 respectively. See **Appendix B** for the E911 Fund's reconstructed statement.

We asked the Fire Chief why E911 labor costs were charged to GFD. He stated that the inherent dynamics of the fire department requires regular rotation of its personnel. There may be critical areas that need to be staffed, or light-duty personnel (due to injury or medical reasons) that are transferred to desk jobs. Only personnel identified in the E911 staffing pattern are paid from the E911 Fund. If that person is transferred to another GFD area, E911 is still charged labor costs of that employee. However, if a GFD employee moves to E911, GFD is charged the labor costs for that employee.

In order for the different divisions and funds to be charged, a change of job order form is required by DOA payroll to charge proper labor costs. According to the Fire Chief, this is impractical considering the number of rotating personnel of GFD. However, according to the Chief Payroll Officer at DOA, if the job assignments are not long-term,

this form does not have to be submitted. If assignments are long-term it is suggested to submit the form to ensure the proper account is charged.

### ***Interfund Receivables***

**Table 6** summarizes the interfund receivables due to the E911 Fund from the GFD General Fund:

**Table 6: *Interfund Receivables***

Fiscal Year	Interfund Receivables due from General Fund
2000*	\$366,284
2001*	\$992,620
2002	\$611,743
2003	\$1,898,120

*\*Audited Government of Guam General Purpose Financial Statements*

Although the General Fund may have absorbed E911 Bureau expenses, E911 surcharge revenues may have been used for other expenses of the General Fund. The E911 Fund is established separate and apart from the General Fund, however, E911 surcharge revenues are deposited into the General Fund bank account and credited to the E911 Fund as revenue. The interfund receivable is created when the General Fund uses E911 cash for other purposes of the General Fund.

We estimated that the GFD General Fund had absorbed approximately \$1.26 million in personnel costs exclusive of E911 operations for 2002 and 2003. The interfund receivable due from the General Fund of \$1.9 million should be off-set by the personnel costs absorbed by GFD, thus reducing the interfund receivable to approximately \$650,000.

### ***E911 Fund Revenues***

To estimate E911 Fund revenues, we reviewed and compiled data from quarterly reports submitted to the PUC by GTA and four private service providers. We took an average of customer lines that are billed by service providers, including prepaid accounts, applied the months of applicable service, and multiplied this by one dollar. The E911 surcharge was applicable since November 1999, therefore, only 11 months of FY 2000 apply while FY 2001 through FY 2003 comprise 12 months each. We also considered that all service providers were not operating for this entire period and only applied respective months of operation. See **Table 7** for the average of customer lines billed by service providers.

Due to the sensitive nature of financial information contained in the PUC reports we reviewed, we have provided collective data for private service providers in this report



and furnished details of the service providers' E911 revenue activity to the PUC and GFD.

Although six service providers are indicated in the **Background Information** of this report, one private service provider has neither provided reports to the PUC nor have they remitted the surcharge collected to the E911 Fund. Therefore, we were not able to obtain data for this service provider and E911 Fund revenue estimates only include information for GTA and four service providers. The PUC has referred this private service provider to the Attorney General for noncompliance with P.L. 25-55.

**Table 7: Estimated Number of Customers Billed Monthly per Fiscal Year**

	FY 2000*	FY 2001*	FY 2002	FY 2003	Grand Total
GTA	64,282	65,437	61,150	55,808	246,677
Private service providers**	12,027	19,231	26,244	56,787	114,289
Total estimated monthly billing	76,309	84,668	87,394	112,595	360,966

Estimated monthly revenue	\$ 76,309	\$ 84,668	\$ 87,394	\$ 112,595	\$ 360,966
Months of applicable service	11	12	12	12	47
Estimated annual revenue	\$821,237	\$1,012,455	\$1,048,728	\$1,351,140	\$4,233,560

\* Not all service providers were in operation for all of FY 2000 and FY 2001.

\*\* Represents collections from only four service providers. Does not include a service provider referred to AG for not providing reports to PUC or remitting surcharge collected to E911 fund.

Our conservative estimate shows E911 Fund revenues should have been at least \$4.2 million dollars since its inception in November 1999 through September 2003. Remittances to DOA as of September 15, 2003 are \$3,263,890 (refer to **Table 4**), almost \$1 million dollars short of our estimate. Amounts billed to subscribers also fall short of our estimate. See **Table 8** below.

**Table 8: Service Providers' Revenue Estimates**

	FY 2000	FY 2001	FY 2002	FY 2003*	Grand Total
<b>GTA</b>					
Estimated revenues	\$ 707,102	\$ 785,244	\$ 733,800	\$ 669,696	\$ 2,895,842
Remittances to DOA	\$ 397,844	\$ 565,095	\$ 239,290	\$1,044,811	\$ 2,247,040
Difference	\$ (309,258)	\$ (220,149)	\$ (494,510)	\$ 375,115	\$ (648,802)

<b>Other private service providers</b>					
Estimated revenues	\$ 114,135	\$ 227,211	\$ 314,928	\$ 681,444	\$ 1,337,718
Remittances to DOA	\$ 2,069	\$ 201,996	\$ 71,031	\$ 741,754	\$ 1,016,850
Difference	\$ (112,066)	\$ (25,215)	\$ (243,897)	\$ 60,310	\$ (320,868)

\* Remittances in FY 2003 are higher than our estimates because of proceedings initiated by the PUC to initiate regulatory action against those service providers found violating their duties as E911 surcharge collection agents.

Although GTA remittances falls short of our estimated revenues by almost \$650,000, and other private service providers are about \$320,000 short of our estimate, customer billings have been generally consistent with E911 surcharge customer collections. Remittances of the surcharge to DOA are not consistent.

We found that remittances by both GTA and private service providers to the E911 Fund have been inconsistent and untimely since its inception in November 1999. GTA has allowed as little as 3 days to as much as 244 days to lapse between remittances to DOA. We expect remittances to generally be consistent since GTA is not prone to drastic fluctuations in its customer base, yet GTA's remittances vary from \$20,000 in September of 2003, to \$500,000 in October 2002. Likewise, private service providers have been inconsistent in their duties to remit the E911 surcharge to the E911 Fund.

P.L. 25-55 stipulates that those who violate any provision of the law or any PUC order shall be fined a civil penalty not to exceed \$10,000 per infraction, which is deposited into the E911 Fund.

The law also states that the government may take appropriate action to collect the E911 surcharge designated as uncollectible. GTA tracks E911 surcharge receivables due from customers. We only noted one private service provider who submitted uncollectible E911 surcharge information.

We found substantial documentation in the PUC files of their efforts to ensure that service providers submit quarterly reports and remit the E911 surcharge to DOA. In December 2002, the PUC referred two private service providers to the Attorney General in December 2002 for prosecution for noncompliance with P.L. 25-55 in their duties as E911 collection agents. Although the PUC has been monitoring the service providers' compliance with the law, we found that DOA, GFD, nor the PUC have been monitoring the amounts deposited to DOA.

We asked the PUC Chairman why the remittances are not monitored and he said that the PUC monitors service providers' compliance with P.L. 25-55 as collection agents of the surcharge. P.L. 25-55 did not specifically designate any entity to monitor the amounts remitted. The PUC Chairman suggested that perhaps GFD should monitor the amounts remitted to DOA since they are the beneficiaries of the surcharge. The Fire Chief indicated that GFD is willing to take on this responsibility as well.

If GFD or the PUC were to monitor surcharge revenues reported by the service providers, these procedures would require timely revenue deposit reports from DOA indicating amounts deposited into the E911 Fund by service providers. However, GFD and the PUC have not received any such reports from DOA. GFD has made repeated requests to DOA since 2001 and as recent as June 2003, for revenue reports to aid in developing viable budgets for the E911 Bureau.

According to DOA's Deputy Controller, reports to agencies regarding fund status are generally not provided, however, they will provide reports as requested.

## ***Reimbursement of Collection Expenses***

P.L. 25-55 authorized service providers to deduct actual collection expenses from their surcharge remittances subject to approval by the PUC. On April 11, 2003, the PUC established a protocol to reimburse those companies who collect the 911 surcharge for their actual collection expenses.

The PUC determined collection expenses to include incremental expenses occurring in routine operations to bill, collect, and disburse the 911 surcharge. Examples are:

- Billing protocol programming expenses,
- Expenses related to tracking and collecting the surcharge,
- Studies and reports for the PUC,
- Billing platform upgrade for prepaid customers,
- GTA expenses associated with maintaining and delivering the customer database to GFD.

In June 2003, the PUC authorized GTA to deduct historical collection costs of \$387,641, which includes start-up costs of \$32,061, and recurring monthly costs of \$7,393. As a result, GTA will deduct \$28,929 per month from its E911 remittances from July 2003 through December 2004 resulting in total deductions of \$520,722 until December 2004. After these historic costs are recovered, \$7,393 will be deducted every month as recurring expenses, beginning January 2005. One private service provider was also authorized to deduct \$65,958 in historic costs, which includes start-up costs of \$34,800, and forecasted monthly costs of \$676, resulting in total deductions of \$78,120 until December 2004. GTA and the private service provider were the only ones to timely file for reimbursement with the PUC. A breakdown of the reimbursement costs are found in **Appendix C**.

Start-up costs of the two providers appear reasonable because their costs are similar in nature. However, GTA's authorized deductions appear excessive when compared to the private service provider amounts. GTA's monthly recurring costs are over ten times that of the private service provider. Although we realize the customer base for GTA is approximately eight to ten times higher than the private service provider, we urge the PUC to reexamine the details of GTA's reimbursement costs for reasonableness and practicality.

Every effort must be made to ensure that E911 revenues are used to support the Bureau thus easing the burden on the financially distressed General Fund. Excessive expense reimbursements will further burden the General Fund if E911 surcharge revenues are not sufficient for its operations.

P.L.25-55 stipulated that GFD submit a yearly report to the Governor and Speaker to include statistical information and any other information that is useful in evaluating the effectiveness of the 911 system. GFD has not prepared this report, however, they do produce a statistical report for budget hearings.

## **Conclusion:**

Although the law allows for E911 Bureau shortfalls to be covered by GFD, it appears a substantial amount of E911 Bureau personnel expenses have been paid through the GFD within the General Fund due to misallocation of proper job codes. The large interfund receivable due to the E911 Fund from the General Fund is overstated as not all personnel costs of operating E911 have been properly reflected within the E911 Fund.

Service providers' E911 surcharge remittances are inconsistent and not being monitored. Monitoring will require timely E911 Fund revenue reports from DOA. Due to a lack of monitoring by either GFD or the PUC, E911 Fund revenues of almost \$1 million may not have been collected since inception of the surcharge in November 1999. Service providers who are deemed to be in violation of P.L. 25-55 may be fined \$10,000 for their inability to commit to their responsibilities as collection agents of the E911 surcharge.

### **Concern 3: Should civilians replace uniformed fire fighters to staff the E911 Bureau?**

Since 1992, Guam's 911 system has been primarily manned by uniformed personnel of the Guam Police Department and GFD. Georgetown recommended in its letter dated September 11, 2001, to the PUC's Administrative Law Judge that it is desirable to get civilian personnel as soon as it is practical. Attachment 1 of the letter states that with the transition to civilian personnel, the level of wages and overtime could be expected to decrease.

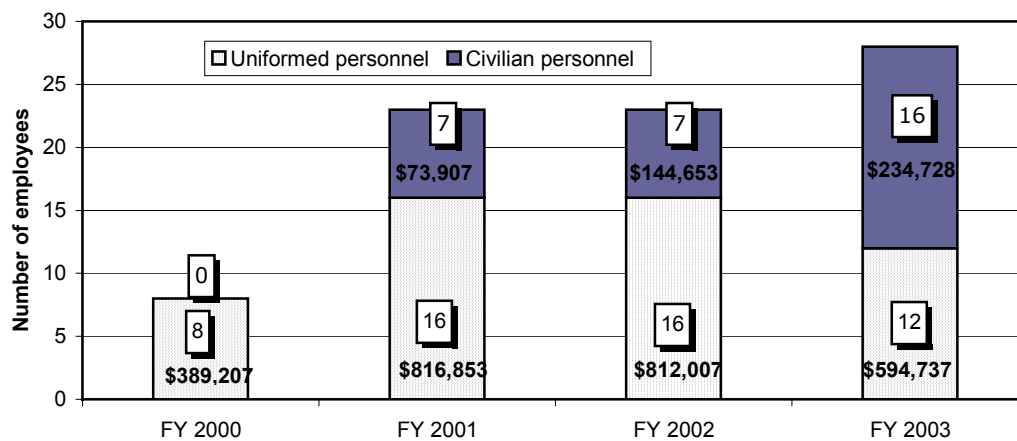
We asked the editor of Dispatch Monthly Magazine, a public safety dispatching news magazine,<sup>6</sup> if many E911 centers throughout the United States employ uniformed fire fighters for their operations. He replied that the trend is toward civilian operated communications centers, where dispatchers and call takers are civilian, although it appears that fire departments seem particularly stubborn in changing to civilians.

In 2003, 12, or forty percent of the 28 people employed at E911 are uniformed fire fighters. **Chart 1** depicts the E911 Bureau's personnel trend and costs since FY 2000:

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<sup>6</sup> Readership of 30,000 in all 50 states and 13 foreign countries, [www.911dispatch.com](http://www.911dispatch.com).

**Chart 1: E911 Bureau Staffing**



**Notes:**

1. Personnel costs are W-2 Calendar Year figures. Figures for 2003 are estimated because W-2 salaries not yet available.
2. In 2001, the same number of civilians cost approximately half of FY 2002 because they were hired mid-year.

**Table 9** illustrates E911 Bureau average salaries since the year 2000 of the different employment classifications. All but the Emergency Medical Dispatchers are uniformed firefighters.

**Table 9: Average Salaries**

Position	Average salary
Fire Captain	\$ 59,575
Fire Service Specialist	\$ 61,516
Fire Fighter 2	\$ 56,943
Fire Fighter 1	\$ 47,263
Emergency Medical Dispatcher (civilian position)	\$ 22,355

A Fire Fighter I, a uniformed position, is paid more than twice the salary of an Emergency Medical Dispatcher, a civilian position. See **Appendix D** for details of E911 staff salary.

Retaining uniformed personnel in the E911 Bureau will cause GFD to lose the valuable services of its uniformed fire fighters, whose fire fighting expertise is vital to other departmental objectives. Therefore, it is more cost effective to staff the E911 Bureau with civilians, who are paid less than half of a fire fighter's salary.

Currently, the E911 Bureau is staffed with 28 people; 5 civilian Emergency Medical Dispatchers (EMD), 11 EMD trainees, and 12 uniformed fire fighters. GFD is training the 11 EMD's at a starting pay rate of \$9.60 per hour or approximately \$20,000 annually. They have completed training in November 2003 and a transition with the uniformed personnel will ensue, however, GFD plans to keep two uniformed personnel in supervisory capacities. We believe this is appropriate staffing for the E911 Bureau. The GFD Fire Chief has expressed to the OPA that he foresees a civilian operated E911 Bureau in one year.

## **Recommendations**

We recommend the following:

### **To the Guam Fire Department:**

1. Continue its efforts towards a civilian operated E911 Bureau by end of fiscal year 2004.
2. Reinforce the requirement with appropriate management and staff that all contracts for professional services are procured according to laws and regulations and are properly documented.
3. Establish procedures to monitor remittances by service providers to the Department of Administration. This monitoring should include determining whether remittances are reasonable based on historical trends of average lines billed and timely received within the 45-day time specified in law. Any unusual changes in the amount of the remittance should be investigated. Pursue collection of the surcharge from delinquent service providers. Reimbursements for expenses for service providers' collection services should be considered.
4. Prepare and transmit a yearly assessment report as required by P.L. 25-55 to the Governor and Legislature. E911 Fund financial activity, i.e., revenues and expenditures, should be included in the report.
5. Charge labor costs to the appropriate fund. In consultation with the Department of Administration, determine personnel costs that should have been charged to the E911 Fund to reduce the Interfund Receivable from the General Fund.

### **To the Department of Administration:**

1. In consultation with the Guam Fire Department, determine personnel costs that should have been charged to the E911 Fund. After this determination, adjust the Interfund Payable to E911 for those expenses paid by GFD on behalf of the E911 Bureau.

2. Submit monthly E911 Fund revenue reports to the GFD and PUC for accounting and monitoring purposes.

**To the Public Utilities Commission:**

1. Require submission of audited annual statements from service providers.
2. Reexamine GTA's cost reimbursement for collection expenses for reasonableness.

**To the Guam Telephone Authority:**

We recommend to the Guam Telephone Authority that they make timely remittances per P.L. 25-55, no later than 45 days after collection from customers.

**To the Attorney General:**

We recommend that the Attorney General of Guam pursue action against service providers referred by the PUC for non-compliance with their duties as collection agents. P.L. 25-55 Section 11 imposes civil penalties not to exceed \$10,000 for those who fail to cure their violations within a reasonable time.

**Management Response**

We provided a draft copy of our report to GFD, the PUC, GTA management, the Director of DOA, and the Attorney General of Guam. GFD, GTA, and DOA generally concurred with the concerns and recommendations of the report. The PUC, however, expressed concern about the reasonableness in submission of audited statements from service providers may not be cost beneficial and that cost reimbursements to GTA are justified. The Attorney General did not respond to the draft report.

**Limitations of the Report**

This report does not provide conclusions involving legal determinations. This report contains only evidentiary conclusions based on documentation available during our review. This report has been released to the Governor of Guam, the Speaker and members of the 27<sup>th</sup> Guam Legislature, the Director of Administration, the Fire Chief, the Chairman of the Public Utilities Commission and the Attorney General of Guam. This report is a matter of public record and its distribution is not limited.

The Fire Chief and staff of the E911 Bureau as well as the staff of the Department of Administration, the Public Utilities Commission and its Chairman, and the Bureau of Budget and Management Research contributed information that materially assisted the OPA in completing its work. The cooperation of these agencies is gratefully acknowledged.

#### **OFFICE OF THE PUBLIC AUDITOR**

A handwritten signature in black ink, appearing to read 'Dor Brooks'.

Doris Flores Brooks, CPA, CGFM  
Public Auditor



## **APPENDICES**

## **Appendix A: Consultant's Progress Payment Schedule**

### **FY 2000 (8/12/00 ~ 9/30/00)**

\$ 3,000.00	Review and acceptance of FY 2000 budget
\$ 3,000.00	Review and acceptance of initial FY 2001 budget
\$ 4,000.00	Perform scope of work for August
\$ 4,000.00	Upon review and final acceptance of completed work
<b>\$ 14,000.00</b>	<b>Total E911 Funds certified for this contract</b>

### **FY 2001 (2/15/01 ~ 9/30/01)**

\$ 4,000.00	Review and acceptance of FY 2001 budget
\$ 4,000.00	Review and acceptance of FY 2002 budget
\$ 1,000.00	Review and acceptance of amended pre-operational budget
\$ 48,000.00	Perform scope of work each month @ \$4,000 per month
<b>\$ 15,000.00</b>	<i>Planning, implementing, and coordinating meetings regarding Public Safety System @ GPD. Paid w/ GPD funds.</i>
\$ 4,000.00	Planning and implementing 911 workshop
\$ 6,000.00	Upon submission of 911 surcharge report on accountability and collection status.
<b>\$ 82,000.00</b>	<b>Total</b>
<b>\$(15,000.00)</b>	<b>Less GPD funds</b>
<b>\$ 67,000.00</b>	<b>Total E911 Funds certified for this contract</b>

### **FY 2002 (11/23/01 ~ 9/30/02)**

\$ 4,000.00	Review and acceptance of FY 2003 budget
\$ 48,000.00	Perform scope of work each month @ \$4,000 per month; \$5,000 per month when PUC is in session.
\$ 4,000.00	Coordinating 911 rule making for collection of 911 surcharge
\$ 4,000.00	Coordinating the change of dispatch systems
\$ 5,000.00	Completing reports and documentation required for National Academy of Emergency Medical Dispatch (NAEMD) for accreditation as a "Center of Excellence"
<b>\$ 73,000.00</b>	<b>Total E911 Funds certified for this contract</b>

\$ 150.00 per hour for additional work in excess of 25 hours per month

Plus compensation for off-island travel: \$3,000 per trip plus \$1,500 per day of work performed on behalf of GFD. Reimbursement for conference registration fees.

## **Appendix B: Reconstructed Statement of Revenues and Expenditures**

	FY 2003	FY 2002	FY 2001	FY 2000	TOTAL
<b>Beginning Fund Balance:</b>	\$ (66,790.15)	\$ 992,620.09	\$ 366,283.44	\$ -	
<b>Revenues:</b>					
E911 Surcharge Receipts	\$ 1,786,564.64	\$ 310,320.82	\$ 767,091.03	\$ 399,913.16	
<b>Total Revenues</b>	<b>\$ 1,786,564.64</b>	<b>\$ 310,320.82</b>	<b>\$ 767,091.03</b>	<b>\$ 399,913.16</b>	<b>\$ 3,263,889.65</b>
<b>Expenses:</b>					
Travel	\$ -	\$ 3,146.89	\$ -	\$ 3,216.72	\$ 6,363.61
Contractual Services	\$ 28,755.99	\$ 141,985.92	\$ 77,406.67	\$ 28,094.00	\$ 276,242.58
Capital Outlay	\$ -	\$ -	\$ 8,700.00	\$ 2,319.00	\$ 11,019.00
Labor:					
Salaries	\$ 829,465.85	\$ 956,659.17	\$ 43,342.89	\$ -	\$ 1,829,467.91
Benefits	\$ 207,366.46	\$ 239,164.79	\$ 11,304.82	\$ -	\$ 457,836.07
Supplies	\$ 5,888.55	\$ 26,128.17	\$ -	\$ -	\$ 32,016.72
Equipment	\$ 139.52	\$ 2,646.12	\$ -	\$ -	\$ 2,785.64
Utilities:					
Water	\$ 2,891.12	\$ -	\$ -	\$ -	\$ 2,891.12
Telephone	\$ 4,446.88	\$ -	\$ -	\$ -	\$ 4,446.88
<b>Total Expenses</b>	<b>\$ 1,078,954.37</b>	<b>\$ 1,369,731.06</b>	<b>\$ 140,754.38</b>	<b>\$ 33,629.72</b>	<b>\$ 2,623,069.53</b>
Increase (Decrease) in Fund Balance	\$ 707,610.27	\$ (1,059,410.24)	\$ 626,336.65	\$ 366,283.44	
<b>Ending Fund Balance</b>	<b>\$ 640,820.12</b>	<b>\$ (66,790.15)</b>	<b>\$ 992,620.09</b>	<b>\$ 366,283.44</b>	

### **NOTES:**

1. This table includes actual expenditures of the E911 Fund except for FY 2002 & 2003 labor costs, which were estimated by OPA.
2. E911 operations did not begin until August 2001, therefore, FY 2000 and 2001 salaries are significantly lower than FY 2002 and 2003.
3. Surcharge collections effective November 1999, 1 month after the beginning of FY 2000.
4. 25% of salaries is assumed for calculation of benefits based on average of actual salaries and benefits paid.

## Appendix C: Service Providers' Cost Reimbursement

GTA Cost Reimbursement			Private Service Provider Cost Reimbursement		
<i>Historic costs thru December 31, 2002</i>			<i>Historic costs thru March 31, 2003</i>		
<b>Start-Up Costs</b>					
Programming	\$	24,061	\$	28,800	
Tracking/Collection	\$	-	\$	6,000	
PUC Reporting	\$	8,000	\$	-	
<i>Total start-up costs</i>	\$	32,061	\$	34,800	
<b>Recurring Costs</b>					
Programming	\$	35,933	\$	8,640	
Tracking/Collection	\$	216,349	\$	1,077	
Dedicated Employee	\$	43,580	\$	-	
PUC Reporting	\$	-	\$	9,413	
<i>Total recurring costs</i>	\$	295,862	\$	29,130	
<b>Monthly costs January ~ June 2003</b>			<b>Monthly costs April ~ June 2003</b>		
Program maintenance	\$	1,081	\$	240	
Tracking/Collection	\$	6,312	\$	308	
Dedicated Employee	\$	2,560	\$	128	\$ 676
<i>Total costs</i>		\$ 59,718		\$ 2,028	
<b>Total historic costs</b>		<b>\$ 387,641</b>		<b>\$ 65,958</b>	
Monthly amortization over 18 months	\$	21,536	\$	3,664	
Forecasted monthly cost July 2003~December 2004	\$	7,393*	\$	676	
Total amount deducted from E911 remittances from July 2003 through December 2004	\$	28,929	\$	4,340	

\*Monthly recurring cost of \$9,953 is reduced by \$2,560 because GTA is expecting to retain dedicated employee.

**Appendix D: FY 2000 ~ 2003 Schedule of Salaries for E911 Employees**

Average salary by position (CY 00~02)	Position	Earnings per calendar year			
		CY 2003 (estimated)	CY 2002	CY 2001	CY 2000
\$ 59,575	Fire Captain	\$ 61,537	\$ 61,537	\$ 63,107	\$ 54,080
\$ 61,516	Fire Service Specialist	n/a	n/a	\$ 60,350	\$ 53,983
	Fire Service Specialist	n/a	\$ 66,435	\$ 66,853	\$ 59,957
\$ 56,943	Fire Fighter II	\$ 58,007	\$ 58,007	\$ 55,879	n/a
\$ 47,263	Fire Fighter I	\$ 47,263	n/a	\$ 44,784	n/a
	Fire Fighter I	\$ 47,263	n/a	n/a	n/a
	Fire Fighter I	\$ 47,263	n/a	n/a	n/a
	Fire Fighter I	\$ 47,263	n/a	n/a	n/a
	Fire Fighter I	\$ 54,192	\$ 54,192	\$ 50,228	\$ 46,467
	Fire Fighter I	\$ 45,237	\$ 45,237	\$ 44,753	n/a
	Fire Fighter I	\$ 47,263	n/a	n/a	n/a
	Fire Fighter I	\$ 39,642	\$ 39,642	n/a	n/a
	Fire Fighter I	\$ 44,923	\$ 44,923	n/a	n/a
	Fire Fighter I	\$ 54,883	\$ 54,883	\$ 54,276	n/a
	Fire Fighter I	n/a	\$ 51,341	\$ 48,658	n/a
	Fire Fighter I	n/a	\$ 50,083	\$ 47,155	\$ 43,645
	Fire Fighter I	n/a	\$ 47,894	\$ 46,628	\$ 40,369
	Fire Fighter I	n/a	\$ 42,421	\$ 42,894	n/a
	Fire Fighter I	n/a	\$ 38,638	\$ 38,482	n/a
	Fire Fighter I	n/a	\$ 51,242	\$ 54,321	\$ 43,922
	Fire Fighter I	n/a	\$ 52,820	\$ 49,228	\$ 46,784
	Fire Fighter I	n/a	\$ 52,711	\$ 49,256	n/a
\$ 22,355	Emergency Medical Dispatcher	\$ 11,177	n/a	n/a	n/a
	Emergency Medical Dispatcher	\$ 11,177	n/a	n/a	n/a
	Emergency Medical Dispatcher	\$ 11,177	n/a	n/a	n/a
	Emergency Medical Dispatcher	\$ 11,177	n/a	n/a	n/a

Average salary by position (CY 00-02)	Position	Earnings per calendar year			
		CY 2003 (estimated)	CY 2002	CY 2001	CY 2000
	Emergency Medical Dispatcher	\$ 11,177	n/a	n/a	n/a
	Emergency Medical Dispatcher	\$ 11,178	n/a	n/a	n/a
	Emergency Medical Dispatcher	\$ 11,178	n/a	n/a	n/a
	Emergency Medical Dispatcher	\$ 11,178	n/a	n/a	n/a
	Emergency Medical Dispatcher	\$ 11,178	n/a	n/a	n/a
	Emergency Medical Dispatcher	\$ 11,178	n/a	n/a	n/a
	Emergency Medical Dispatcher	\$ 11,178	n/a	n/a	n/a
	Emergency Medical Dispatcher	\$ 23,248	\$ 23,248	\$ 10,754	n/a
	Emergency Medical Dispatcher	\$ 22,646	\$ 22,646	\$ 10,619	n/a
	Emergency Medical Dispatcher	\$ 22,278	\$ 22,278	\$ 10,428	n/a
	Emergency Medical Dispatcher	\$ 21,924	\$ 21,924	\$ 10,255	n/a
	Emergency Medical Dispatcher	\$ 21,681	\$ 21,681	\$ 10,456	n/a
	Emergency Medical Dispatcher	n/a	\$ 17,642	\$ 10,545	n/a
	Emergency Medical Dispatcher	n/a	\$ 15,234	\$ 10,850	n/a
<b>TOTALS</b>		<b>\$829,466</b>	<b>\$956,659</b>	<b>\$890,759</b>	<b>\$389,207</b>
Uniformed salaries		\$594,737	\$812,007	\$816,853	\$389,207
Civilian salaries (See <b>Note 2</b> )		\$234,729	\$144,652	\$ 73,906	\$ -

NOTES:

1. 2003 salaries are OPA estimates based on either previous years' salary or average salary of respective position. 11 Emergency Medical Dispatchers were hired in June 2003. Their salaries are estimated for 6 months of 2003.
2. Emergency Medical Dispatchers are civilian employees.
3. n/a means employee is no longer assigned to E911 Bureau.

## **Appendix E: Management Response**



Felix P. Camacho  
Governor

Kaleo S. Moylan  
Lt. Governor

**GUAM FIRE DEPARTMENT**  
**DIPATTAMENTON GUAFI GUAHAN**



Michael F. Uncangco  
Fire Chief

December 9, 2003

Received by Office of the  
Public Auditor

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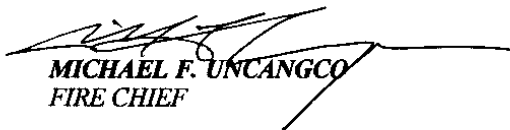
**Mrs. Doris Flores Brooks, CPA, CGFM**  
Public Auditor  
Office of the Public Auditor  
Suite 401, Pacific News Building  
238 Archbishop Flores St.  
Hagatna, Guam 96910

**Mrs. Doris Flores Brooks:**

Submitted to your office is the response of the Guam Fire Department E911 IECC to the OPA Report No. 03-10, "Preliminary Investigative Report" received from your office on November 19, 2003. The department remains committed to ensuring that recommendations made by your office will be addressed within FY2004 and FY2005.

I would also like to take this opportunity to commend you and your staff for the professionalism and patience extended to my staff. If there are any questions or comments please call on me or my staff at 472-3304/5.

Sincerely,

  
**MICHAEL F. UNCANGCO**  
FIRE CHIEF

1301-I Central Avenue, Tiyan Guam 96913 • Phone: (671) 472-3304 • Fax: (671) 472-3360  
Mailing Address: P.O. Box 2950 Hagatna, Guam 96910



### **Recommendations**

**1. Continue its efforts towards a civilian operated E911 Bureau by the end of Fiscal Year 2004.**

GFD Response: As indicated in the OPA Report No. 03-10, the department has graduated eleven (11) Emergency Medical Dispatchers from its cycle on November 08, 2003. The team is currently undergoing the second phase of their training which involves working with the Public Service Answering Point (PSAP). Upon completion of their probationary period these employees will become permanent employees of the department. With this anticipated completion the listing below delineates the personnel time line for the E911 IECC Bureau:

- A. Week of January 18, 2004: Recruitment of E911 Administrator/Quality Assurance Officer;
- B. Week of February 1, 2004: Four (4) GFD Uniform personnel will be reassigned out to Stations to augment manpower shortage;
- C. Week of March 14, 2004: Recruitment of Secretary Typist and/or Word Processing II personnel;
- D. Week of April 5, 2004: Recruitment and training of eight (8) additional civilian Emergency Medical Dispatchers to augment final GFD Uniform personnel who will be reassigned on September 30, 2004;
- E. Week of September 30, 2004: Remaining seven (7) Uniform Personnel will be reassigned out of the E911 IECC Bureau;
- F. Week of January 3, 2005: Recruitment of two (2) EMD Supervisor positions.

- 2. Reinforce the requirement with appropriate management and staff that all contracts for professional services are procured according to laws and regulations and are properly documented.**

GFD Response: As listed above the department will continue to work with the Department of Administration to ensure proper recruitment and hiring of personnel needed to staff the bureau. Once the proper and adequate staffing level is met we can assign responsibilities to these employees whose job duties entail the following of rules and regulations of the Government of Guam when it deals with not only procurement but personnel evaluations. Furthermore, GFD will ensure that all procurements either for professional services or materials/equipment will follow all applicable procurement laws.

- 3. Establish procedures to monitor remittances by service providers to the Department of Administration. This monitoring should include determining whether remittances are reasonable based on historical trends of average lines billed and timely received within the 45-day time specified in law. Any unusual changes in the amount of the remittance should be investigated. Pursue collection of the surcharge from delinquent service providers. Reimbursements for expenses for service providers' collection services should be considered.**

GFD Response: The Guam Fire Department, upon the hiring of the E911 Administrator will be able to review each month the actual monies remitted into the account. Procedures will be established to ensure a fair and equitable resolve to any matters relating to remittances received from all service providers.

- 4. Prepare and transmit a yearly assessment report as required by P.L. 25-55 to the Governor and Legislature. E911 Fund**

**financial activity, i.e. revenues and expenditures, should be included into the report.**

GFD Response: Every first work day in January a report will be submitted concurrently to the Governor of Guam and the Legislature. This will commence on January 02, 2004.

- 5. Charge labor costs to the appropriate fund. In consultation with the Department of Administration, determine personnel costs that should have been charged to the E911 Fund to reduce the Interfund Receivable from the General Fund.**

GFD Response: The department is working closely with DOA Payroll to ensure that all documentation is completed to ensure proper account codes are assigned to each personnel and that any journal voucher transaction is correct and justified before the transaction is complete. Upon recruitment, the E911/Administrator/Quality Assurance Coordinator will be tasked to complete these tasks.



**FELIX P. CAMACHO**  
Governor

**KALEO S. MOYLAN**  
Lieutenant Governor

**GOVERNMENT OF GUAM**  
(GUBETNOMENTON GUAHAN)  
**DEPARTMENT OF ADMINISTRATION**  
(DIPATTAMENTON ATMENESTRASION)  
**DIRECTOR'S OFFICE**  
(UFISINAN DIREKTOT)

Post Office Box 884 • Hagatña, Guam 96932  
Tel: (671) 475-1101/1136 • Fax: (671) 472-8483



**LOURDES M. PEREZ**  
Director

**JOSEPH C. MANIBUSAN**  
Deputy Director

December 3, 2003

Ms. Doris F. Brooks, CPA, CGFM  
Public Auditor of Guam  
Office of the Public Auditor  
Suite 401, Pacific News Building  
238 Arch Flores Street  
Hagatña, Guam 96910

**RE: Draft OPA Report No. 03-10**

Dear Ms. Brooks:

**Hafa Adai!** In response to your letter of November 19, 2003, we concur with your office on the following audit recommendations:

1. Consult with the Guam Fire Department and determine the pro rata share of personnel costs to the E911 Fund. Subsequently, adjust the Interfund payable of the General Fund to the E911 Fund; and
2. Submit monthly E911 Fund Revenue Reports to the Guam Fire Department and the Guam Public Utilities Commission (PUC).

We look forward to the completion of the report.

Should you have any questions, please do not hesitate to call our office at 475-1101/1136/1250.

Sí Yu'os Ma'åse'.

Sincerely,

**JOSEPH C. MANIBUSAN**  
Deputy Director

B

**PUBLIC UTILITIES COMMISSION  
OF GUAM**

Terrence M. Brooks, Chairman  
Gerald M. Woo, Vice Chairman  
Filomena M. Cantoria  
Edward C. Crisostomo  
Joseph M. McDonald  
Rowena E. Perez  
Richie K.T. Lim

Suite 207, GCIC Building  
Post Office Box 862  
Hagatna, Guam 96932  
  
Telephone: (671) 472-1907  
Fax: (671) 472-1917  
Email: guampuc@kuentos.guam.net

Harry M. Boertzel, Esq.  
Administrative Law Judge  
  
Lourdes R. Palomo  
Administrator

December 2, 2003

Office of the Public Auditor  
Doris Flores Brooks, Public Auditor  
4<sup>th</sup> Floor, Pacific Daily News Building  
238 Archbishop Flores Street  
Hagatna, Guam 96910

*Yuta Cebun*  
Received by Office of the  
Public Auditor  
*12/3/03*  
*10:40 am*

RE: OPA Draft Report No. 3-10 [*Preliminary Investigative Report of the  
Guam Fire Department's Enhanced 911 Emergency Reporting System  
Fund*] [*the "Report"*].

Dear Public Auditor Brooks:

The Guam Public Utilities Commission [PUC] appreciates the opportunity to respond to the two recommendations in the Report, which are directed to the PUC.

**1. Recommendation:** *Require submission of audited annual statements from service providers.*

**Response**

The responsibility for the collection of the \$1 dollar per month 911 surcharge falls currently upon five collection agents [Agents] [*Guam Telephone Authority, GuamCell, IT&E Overseas, Inc., Choice Phone and Guam Wireless*]. PUC is responsible under P.L. 25-55 with monitoring the Agents' performance of their collection duties. By PUC Order dated June 24, 2002, Agents are required to submit quarterly reports of their collection activities, which are reviewed by PUC's regulatory consultant [*Georgetown Consulting Group*]. Irregularities in Agent reports and in their performance are subject to PUC authorized investigation and review by Georgetown on an "*as necessary*" basis. As a result of this regulatory process, on January 21, 2003 four Agents were referred to the Attorney General for prosecution under P.L. 25-55:11.<sup>1</sup>

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<sup>1</sup> Subsequent meaningful remedial action by two Agents caused PUC, by letter dated April 15, 2003, to withdraw their referral for prosecution.

The Report recommends that PUC's quarterly review of 911 collections be augmented by a blanket requirement that each Agent submit an audited annual financial statement. PUC is open to discussing with your office the prudence and need for such a blanket audit requirement. An initial concern would be whether the benefit derived from the audits would justify their *substantial* expense, which would be reimbursable to the Agents from the 911 Fund. As the 911 System operates at a deficit [*system expenses exceed surcharge revenues*], additional operational expenses, such as the proposed blanket audits, would necessarily impact the General Fund. Other questions, which should be examined in this discussion, include: 1. Has OPA identified specific inadequacies in PUC's oversight of Agent collection activities, which warrant additional control measures, such as the blanket audit recommendation? 2. Are their less expensive measures, which could be implemented to address OPA concerns?

PUC has the authority under P.L. 25-55:3(c) to audit an Agent and would not hesitate to do so if it determined that it was reasonable and necessary under the circumstances. PUC questions, however, whether the blanket application of this audit authority would be in the best interests of the 911 Fund.

**2. Recommendation.** *Reexamine GTA's cost reimbursement for collection expenses for reasonableness.*

### Response

P.L. 25-55: 3(c) authorizes PUC to establish a process under which Agents may deduct from 911 collection proceeds the actual reasonable expenses, which they incur in discharging their collection duties. On April 11, 2003, PUC established a regulatory protocol under which Agents could petition for reimbursement of historic and ongoing collection expenses.

Two Agents, [IT&E and GTA] filed petitions for reimbursement, which were carefully examined by PUC's regulatory consultant [Georgetown]. By reports dated June 3, 2003 and June 16, 2003, Georgetown recommended specific reimbursement awards for these Agents, which were adopted by PUC Order dated June 23, 2003. Under this Order, PUC has required that the Agents file reconciliation reports on or before May 1, 2005 and has announced that it will review and make appropriate adjustments to the reimbursement awards during the June 2005 regulatory session.

In response to this Report recommendation, PUC requested Georgetown to reexamine its recommendation regarding GTA's cost reimbursement petition.

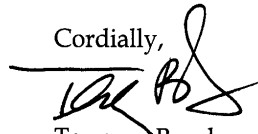
By letter dated November 28, 2003, Georgetown stands by its June 2003 reports. Given the fact that PUC has already scheduled a subsequent review of its reimbursement awards for the June 2005 regulatory session, no further regulatory activity is considered necessary at the present time.

*Summary*

PUC shares the concern expressed in the Report regarding the lack of coordinated oversight of the 911 Fund. P.L. 26-55:2 divested PUC of the authority to regulate the Guam Fire Department's [GFD] 911 budget and procurements. This oversight responsibility now resides with the Guam Legislature and is particularly important given GFD's statutory duty of assuring that: "...the money collected and interest earned shall be used by the [Fire] Department solely for enhanced 911 equipment and system costs as described in the Act". P.L. 25-55:4. PUC is unaware of any coordinated program under which the Government of Guam is pursuing the collection of unpaid surcharge assessments from telephone customers under P.L. 25-55:6. PUC has no statutory authority to regulate either GFD or the Department of Administration. On April 14, 2003, PUC recommended legislation to the Guam Legislature, which would empower PUC to tailor a special protocol for the collection of the 911 surcharge on prepaid cellular accounts. A copy of this letter is enclosed for your information.

Please let me know if it would be useful for PUC to further respond to your Report.

Cordially,



Terrence Brooks  
Chairman

Enclosure: PUC April 14, 2003 letter to Senator Quinata.



**GUAM TELEPHONE AUTHORITY**  
**ATURIDÁT TILIFON GUÅHAN**

Post Office Box 9008 • Tamuning, Guam 96931

December 2, 2003

Received by Office of the  
Public Auditor

12/03/03  
2:25PM

Ms. Doris Flores Brooks, CPA, CGFM  
Public Auditor  
Suite 401 Pacific New Building  
238 Archbishop Flores Street  
Hagatna, Guam 96910

Hafa Adai Ms. Brooks,

GTA has reviewed the proposed OPA Report No. 03-10, Preliminary Investigative Report of the Guam Fire Department's Enhanced 911 Emergency Reporting System Fund covering the period Nov. 1, 1997 – September 30, 2003.

Attached is a summary of GTA's E911 Fund Balance report outlining our billing, collections, and remittances. Inclusive in our summary are the amounts that GTA has offset against the collections to cover the Commissions expenses billed to GTA for conducting regulatory activities for E911 and GTA's reimbursement award for providing collection services for the E911 system.

GTA will make every effort to comply with our obligation outlined in PL 25-55 by remitting timely collections and by providing quarterly listing of uncollectibles to the PUC.

Should you have any questions or concerns, please feel free to contact me at 646-1427.

Senseramente,

**Lawrence P. Perez**  
**Interim General Manager**

attachment





Guam Telephone Authority E911 Fund Balance Summary									
	FY 2000	FY 2001	Cumulative	FY 2002	Cumulative	FY 2003	Cumulative	FY 2004 (as of 10/31/03)	Cumulative
<b>Total Revenues Billed Annually</b>	707,105	785,243	1,492,348	733,799	2,226,147	668,776	2,894,923	51,636	2,946,559
<b>Total Cash Receipts Collected</b>	552,272	741,461	1,293,733	727,534	2,021,267	707,722	2,728,989	53,238	2,782,227
<b>Total Uncollected</b>	154,833	43,782	198,615	6,265	204,880	(38,946)	165,934	(1,602)	164,332
<b>DOA Remittance Breakdown</b>									
Collections remitted	(558,230)	(542,088)	(1,100,318)	(195,908)	(1,296,226)	(1,218,392)	(2,514,618)	(217,610)	(2,732,228)
Offset (PUC Regulator Cost - Docket 99-10)	31,434	96,556	127,990	14,381	142,371	127,659	270,030	15,268	285,298
Offset (GTA Administrative Fee)	0	0	0	0	0	0	0	86,787	86,787
Total Offset against collections	31,434	96,556	127,990	14,381	142,371	127,659	270,030	102,055	372,085
<b>Total Remittance to DOA (Inclusive of Offsets)</b>	(526,796)	(445,532)	(972,328)	(181,527)	(1,153,855)	(1,090,733)	(2,244,588)	(115,555)	(2,360,143)