
**Management Audit of the
Department of Youth Affairs**

A Report to the
Governor, the
Judiciary and
the Legislature
of the Government
of Guam



**THE PUBLIC AUDITOR
GOVERNMENT OF GUAM**



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BACKGROUND

The Office of the Public Auditor was created by P.L. 21-122 as an independent agency of the Government of Guam. The first Public Auditor, Robert G.P. Cruz, was one of three candidates recommended by the Commission on the Public Auditor made up of representatives from the Guam Society of Certified Public Accountants, the Territorial Board of Accountancy, the Guam Bar Association, and majority and minority representative of the Guam Legislature. After nomination by the Governor and confirmation by the Legislature, Mr. Cruz began operation of the office in October, 1994. He serves for a six year term of office.

MISSION

Subject to the availability of resources the Public Auditor has a mission of annually auditing the financial transactions and management of every agency in each of the three branches of the Government of Guam. In addition, other audits or reviews may be conducted as deemed necessary, or as required by statute. We see ourselves as the public's advocate for government accountability. Based upon our observations, we recommend changes in financial procedures to the heads of the branches of our government. We recommend changes to our statutes as appropriate. Because we are independent, we have the objectivity and integrity to objectively perform audits and investigations, and to provide feedback on the Government of Guam's programs, activities and functions. Our work is vital in maintaining citizen trust and confidence that its resources are used effectively and honestly. We use the Government Auditing Standards in performing our audits. Audits are either contracted out or done by us. We coordinate with the U.S. Department of the Interior and other audit agencies to avoid duplication of audits.

O V E R V I E W

Management Audit of the Department of Youth Affairs

SUMMARY

The Department of Youth Affairs (DYA) is responsible for providing care, custody, and rehabilitation to juvenile clients by operating a youth correctional facility. We find that DYA provided educational, vocational, and leadership training to the youth to become productive members of the community and law abiding citizens.

The Council is responsible for the overall operation of DYA, including the appointment and removal of the Director or any employee of the department. It can review and approve the annual budget and fiscal policies prior to submission to the Governor and the Legislature. The Council, however, has not asserted its authority to set policy or exercised oversight responsibility over the department.

The DYA has not efficiently operated the Cafeteria for resident clients although the DYA Cafeteria operation is inherent to the rehabilitation of juvenile clients.

The DYA has not properly implemented the annual Summer Youth and Training Program (SYETP) and improperly limited participants selected for this program. Also, the DYA has not effectively reviewed or monitored each client's programs to fully rehabilitate and hasten the release of the clients.

The DYA has not fully utilized Federal grant awards within the grant periods resulting in the reversion of unexpended grants to the grantor agency. The total unexpended grants reverted to the grantor in FY 1994 and FY 1995 was \$168,471.00. Consequently, GovGuam absorbed the expenditures incurred in trying to improve the juvenile system and in taking care of male non-status offenders,

The DYA has not strictly implemented established guidelines to achieve effective internal controls over the Auxiliary Fund. And, the DYA has inadequate internal controls over property and equipment.



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John H. Jones, DYA

ROBERT G.P. CRUZ
PUBLIC AUDITOR

August 6, 1997

Mr. Ed Fortier
Director
Department of Youth Affairs
P. O. Box 23672
GMF, Guam 96921

Dear Mr. Fortier:

Enclosed for your information is our draft report, Management Audit of the Department of Youth Affairs. We ask that you comment on our recommendations within fifteen (15) days or no later than Thursday, August 21, 1997. Your comments will be included in the report. Should you have any recommended statutory amendments or specific accomplishments you would like to see included in this report, please include them in your response, which will contain all your comments verbatim.

Since this report is not in final form and changes may be made to it, access to the report should be restricted to those assisting in preparing your response. Public release of the report will be made solely by our office and only after the report is published in its final form. Thank you for your cooperation in this effort.

Sincerely,

Robert G.P. Cruz
ROBERT G.P. CRUZ

Enclosure

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INTRODUCTION

BACKGROUND

The Guam Youth Affairs Act of 1978, Public Law (P.L.) 14-110, created the Department of Youth Affairs (DYA) under the general direction of the Governor and the Guam Council on Youth Affairs (Council) to plan, coordinate, and implement programs, services and activities geared toward youth development, rehabilitation and involvement in the community. The Council is comprised of eleven (11) members appointed by the Governor with the advice and consent of the Legislature for a term of four (4) years. The Council is primarily responsible to oversee the formulation of policies, plans and programs, and budget of the Department of Youth Affairs (DYA).

The DYA was created by the Guam Legislature to perform the following:

- * Provide temporary and continuing care, custody or detention or commitment of juveniles entrusted to the DYA.
- * Establish, maintain, and operate a youth correctional facility which conforms to the classification requirements of the different types of juvenile offenders.
- * Provide opportunities to the youth in enhancing their leadership, educational and vocational potentials which would aid them in becoming productive members of the community.

- * Ensure that youth undergoing therapeutic and rehabilitation programs are provided with effective services in an effort to reunite and integrate them into the community as law abiding citizens.
- * Provide pre-vocational skills training for the DYA juvenile clients.
- * Provide cafeteria services for the DYA juvenile clients; and
- * Manage Federal programs and grants-in-aid.

In November 1993, the Youth Correctional Facility (YCF) housing the department's male non-status offender population was transferred to the Department of Corrections (DEPCOR) pursuant to Executive Order No. 93-15. The initial transfer to DEPCOR was on an emergency basis following a legislative review of identified mismanagement of the department. In January 1995, Executive Order No. 93-15 was repealed and operational control of the YCF was returned to the DYA. A total of 560 clients were admitted to YCF in 1994 and 538 clients in 1995.

The 30-hour per week, eight-week annual Summer Youth Employment and Training Program (SYETP) was conducted involving 362 participants (345 within the private sector and 17 GovGuam) in 1994 and 356 participants (182 within the private sector and 174 GovGuam) in 1995. The goal of SYETP is to provide on-the-job training experience to eligible youth between the ages of 14 and 25. The SYETP incurred total expenditures of \$97,675.97 and

\$214,818.52 in FYs 1994 and 1995, respectively. The DYA incurred \$3,931,164.05 total expenditures in FY 1994 and \$3,561,633.04 in FY 1995.

The Federal grant award to DYA for Fy 1994 was \$502,577. Forty seven percent, \$236,348.95 was expended. A grant of \$532,761 was provided for FY 1995, and \$199,168.85 or 37% was expended. The DYA established the Department Auxiliary Service Fund to meet the immediate needs of the youth programs.

OBJECTIVE AND SCOPE

The objective of our audit was to determine whether 1) the Council exercised authority and oversight responsibility over the department in accordance with its defined powers, duties, and responsibilities; 2) the DYA Cafeteria has operated and provided the service to juvenile clients in accordance with established guidelines, policies, and procedures; 3) the DYA has implemented an annual Summer Youth Employment Training Program (SYETP) Plan to develop the youth maximum occupational potential and afford job training opportunities to achieve productive career development and employment. 4) the DYA provided care, custody or detention, or commitment and rehabilitation of juvenile clients referred by the Guam Police Department or the Superior Court of Guam; 5) the DYA fully utilized the Federal grant awards and submitted Federal Status Reports within the statutory

periods; 6) the DYA has implemented an adequate internal control over handling of the Auxiliary Fund for youth programs; and 7) the DYA has implemented internal control systems to safeguard its fixed assets against loss, damage or theft.

To determine the authority and responsibility exercised by the Council, we reviewed the Council's defined powers, duties and responsibilities, Council minutes of meetings, stipend paid to members, attendance sheets, and adopted by-laws, rules and regulations.

To determine whether the DYA Cafeteria operated and provided service to juvenile clients, we reviewed established guidelines, policies and procedures to manage the Cafeteria operation, inspected the kitchen facilities, checked the weekly menu with three (3) regular meals daily, inspected the food supplies inventory, and verified meal sales to employees. Moreover, we included the review of purchase orders, requisitions, vendor's invoices, and delivery receipts to ascertain the cost of food consumed and whether DYA complied with procurement regulations.

To determine whether DYA implemented the Summer Youth Employment and Training Program (SYETP) Plan annually, we reviewed the SYETP Plan, list of summer trainees, applicants, allotment, wages paid to participants, basis of selection of participants, and evaluation reports.

To determine the care, custody, and rehabilitation provided to juvenile clients referred by the Guam Police Department (GPD) or Superior Court of Guam (SCG), we reviewed the functions of the Board of Review and Special Services Committee, inspected the Youth Correctional Facilities in Mangilao and Talofof Cottage Homes, evaluated the intake procedures, number of clients admitted, training provided to employees and clients, including the guidelines for youth correctional or detention facilities and Step Plan Program.

To determine how the DYA utilized Federal grant awards and submitted of quarterly reports, we reviewed the SF269A Financial Status Reports indicating the date of submission, grant awards, grant number, grant period covered, total Federal share, total obligations and unobligated balance of the Federal funds.

To determine the internal control system of the Auxiliary Fund for the youth programs, we reviewed the guidelines, bank statements, checkbook, official receipts, monthly status reports, and procedures in handling cash collection and deposits in the bank.

To determine whether the DYA implemented internal controls over property and equipment, we reviewed the List of DYA Fixed Assets furnished by DOA, inspected the items selected at random, checked the tag and general condition of each property, and verified the transfer of property from one office or staff to another.

The scope of our audit covered the DYA operations and financial status reports for FYs 1994, 1995, and 1996 (to June 30, 1996).

Audit work was performed at the Department of Youth Affairs and Department of Administration. To accomplish our objective, we interviewed employees and reviewed relevant laws and regulations, policies and procedures manuals, permanent files, minutes of meetings, budgets, financial status reports, bank statements, and other supporting documents.

The management audit was conducted from February 28, 1996 through October 31, 1996. It was made, as applicable, in accordance with generally accepted government auditing standards. Accordingly, we included such tests of records and other auditing procedures that were considered necessary under the circumstances.

As part of the review, we evaluated the DYA's internal control system on providing service to juvenile clients such as care, custody and rehabilitation to the extent that we considered necessary to accomplish the audit objective. Significant internal control procedures were identified in the following areas: admission of clients, providing regular meals to clients, inventory of food supplies, handling of summer trainees, utilization of Federal grant awards, submission of financial status reports, handling of Auxiliary Fund, and safeguarding of fixed assets. Our audit showed that the internal control procedures for

providing regular meals to clients, inventory of food supplies, handling of summer trainees, handling of the Auxiliary Fund, and safeguarding of fixed assets were not properly implemented. The audit disclosed weaknesses in the methods used to handle meal sales to DYA employees, select summer youth participants, and safeguard fixed assets. These weaknesses are discussed in the Findings and Recommendations section of this report. Our recommendations, if implemented, should improve the internal controls in these areas.

PRIOR AUDIT COVERAGE

No audit has been conducted since 1978 when the Department of Youth Affairs was created by P.L. 14 - 110.

FINDINGS AND RECOMMENDATIONS

The Department of Youth Affairs (DYA) continued to provide care, custody, and rehabilitation to juvenile clients by operating a youth correctional facility. We find that DYA provided educational, vocational, and leadership training to the youth to become productive members of the community and law abiding citizens. In this section, we assess the services extended to the clients and we present recommendations on how to improve youth programs.

SUMMARY OF FINDINGS

The DYA has operated and accomplished its defined functions under the Guam Youth Affairs Act of 1978 and Summer Youth Employment and Training Program. The following are our observations concerning the welfare of juvenile clients:

1. The Council has not asserted its authority to set policy or exercised oversight responsibility over the department.
2. The DYA has not efficiently operated the Cafeteria for resident clients.
3. The DYA has not properly implemented the annual Summer Youth Employment and Training Program (SYETP) and improperly limited of participants selected for this program.

4. The DYA has not effectively reviewed or monitored each client's programs to fully rehabilitate and hasten the release of the clients.
5. The DYA has not fully utilized Federal grant awards within the grant periods resulting in the reversion of unexpended grants to the grantor agency.
6. The DYA has not strictly implemented established guidelines to achieve effective internal controls over the Auxiliary Fund.
7. The DYA has inadequate internal controls over property and equipment.

A MORE FUNCTIONAL COUNCIL

Leadership is a driving force to accomplish established goals and objectives through cooperative efforts utilizing experience and expertise of the members. The Council's strength can be derived from asserting its authority and exercising oversight responsibility. To be effective, the Council members must be familiar with their defined powers, duties and responsibilities, and how the Council is organized to carry out its mission.

Council's Established Authority

The Council shall elect from its eleven (11) members a Chairman and a Vice Chairman. Six (6) members constitute a quorum and the affirmative votes of six (6) members is necessary

for Council action. According to Chapter 5, Title XXVII of the Government Code of Guam, Section 26505, the Council has the power to approve plans and programs of the DYA and adopt rules and regulations for implementation. The Council is responsible for the overall operation of the department, including the appointment and removal of the Director or any employee of the department. It can review and approve the annual budget and fiscal policies prior to submission to the Governor and the Legislature. In addition, the Council shall meet at such times and places as prescribed by rule or resolution not less than once per month. All meetings shall be public and notice of such meetings shall be given three (3) days prior to scheduled date.

Inactive Council Members

We reviewed the Council minutes of meetings and found that the Council met only four (4) times each in FYs 1994 and 1995. The Council has a responsibility to set policy and to oversee the formulation of plans, programs and annual budget of the department. Yet, we found that the Council has not fully assumed this responsibility.

The Council did not meet regularly. Two (2) to five (5) members did not attend the monthly meetings and minutes of three (3) monthly meetings were not on file. However, those who attended the monthly meetings received the stipend of \$50.00 per meeting. The approved

The Cafeteria shall provide at least three (3) regular meals daily (breakfast, lunch, and dinner) and a nutritious snack after evening meal prior to bedtime. The food must be fully cooked, taken directly from stove or oven, or placed in heated slots on steam table. If food requires refrigeration, it must remain refrigerated or placed in serving slot over ice until served. Lunch and dinner must be ready thirty (30) minutes prior to serving time.

The Cafeteria shall provide an excellent food service program for DYA juvenile clients by providing a nutritiously balanced diet, maintaining "A" rating in the observance of guidelines set by the DPHSS, and upgrading service through staff development sessions. All Cafeteria staff are required to possess updated health certificates issued by the DPHSS.

Meal counts are done in the morning by the Juvenile Hall by completing the Cafeteria Form DSSF22. Any subsequent changes in the meal count is called in by phone and followed with another Form DSSF22. Food supplies are replenished monthly or as needed. The Cafeteria manager must submit food requisitions to the Administrator, Vocational Rehabilitation and Support Services (VRSS), not later than the 15th day of every month for Mangilao and Cottage Homes facilities. Upon release of Purchase Orders (P.O.s), the Cafeteria manager

schedules shopping by herself or one of the cooks. All purchases are immediately entered in the food supplies inventory record for control purposes. The Cafeteria manager must submit a monthly report to the VRSS Administrator by the 7th day of each month.

All department employees are allowed to eat meals at the DYA Cafeteria for \$1.25 breakfast, \$2.50 lunch, and \$3.00 dinner. The price of meals charged to employees is based on the school meal charged to students.

DYA Cafeteria Guidelines Not Wholly Followed

The DYA Cafeteria operation is inherent to the rehabilitation of juvenile clients. The primary objective of the DYA Cafeteria is to provide three (3) meals a day of nutritious food to resident clients plus a snack prior to bedtime in the evening. Additional food is prepared if there are new clients after the head count and when employees want to eat meals at the Cafeteria. The menu is prepared in advance weekly by a dietitian providing a balanced diet. The meals should be ready at least thirty (30) minutes prior to serving time.

In the inspection of the DYA Cafeteria, we found that one (1) big rice cooker has no handle and cover but it is still being used with aluminum foil to cover the rice cooker. The cooks did not have hair nets, hats, aprons and serving gloves when preparing and serving food to

clients. However, the health certificate of each staff was displayed on the bulletin board. The DYA Cafeteria has a sanitary permit but it has no rating on display issued by the DPHSS. According to the inspection report dated November 15, 1995, the DPHSS inspector cited cleaning of back portion of the stove, screen near the stove, and interior bottom portion of the refrigerator is necessary. A self closing device for the entrance door to the DYA Cafeteria is needed to keep out insects.

We reviewed the inventory listing of kitchen utensils and equipment, and noted that most of the items were estimated to be five (5) to fifteen (15) years old. The inventory report does not reflect the acquisition date and cost of kitchen utensils and equipment to establish the book value. The food supplies stored in the warehouse were not in order and the index cards were not updated to determine the actual inventory on hand.

There were instances when employees had to buy rice, paper products, garlic, onions, and other supplies in the open market due to out of stock position. The Cafeteria manager requests funding from the Administrative Services Officer (ASO) to purchase food and cleaning supplies. This type of purchase is separate from the scheduled monthly requisition forwarded to the GSA to obtain the purchase order.

The Cafeteria staff cleans the windows, stoves, refrigerator, tables, chairs, and floor three (3) times a week and the freezer once a week. The cleaning of utensils is done by the cook on duty including the disposal of waste and trash. The cleaning of Cafeteria facilities and equipment is done with the help of certain resident clients.

After the evening meal, there are visitation hours, bible study or social functions which are healthy transitional programs to encourage the juvenile clients to change their way of life, improve personality, and become good citizens. Parents visiting their children in the evening bring some snacks to manifest love and affection for their children..

We were not able to review the Cafeteria manager's monthly reports required to be submitted to the VRSS Administrator. The monthly report should indicate whether the Cafeteria manager met the staff to discuss complaints, cleaning schedule and work to improve service to clients. The monthly report also should include cost of food incurred, number of clients served, type of food served to clients, cost recovery for meals served to employees, condition of Cafeteria facilities, equipment and utensils, and requisition to replace old equipment and utensils if necessary.

In addition, we found that the Cafeteria staff accept cash from employees without using a Cash Register to enter the cash received for record purposes. Cash collected for meals served

to employees is remitted to the ASO monthly. There is no record to show the amount of cash collected daily to substantiate the cost recovery remitted to the ASO for deposit in the bank.

Limited Management Focus and Direction

The DYA Cafeteria continued to provide three (3) balanced meals per day to the clients and the parents visiting their children in the evening provided snacks. The DYA Director initiated a new policy by centralizing the preparation of meals in Mangilao and stopped the cooking of meals except weekends and holidays at the Cottage Homes in Talofoto. It is significant to note that the daily cost of food was drastically reduced from \$7.88 to \$4.10 per client in FYs 1994 and 1995.

Maintaining old equipment and utensils, no hiring of additional staff, and no provision to serve snacks in the evening can be attributed to budget constraints. The Cafeteria manager needs to understand that the purpose of the monthly report is to establish accountability and to provide feedback as a basis for decision making by policy makers. The overall conclusion was that DYA is not giving sufficient attention to the Cafeteria operation.

The annual inventory taking of equipment and utensils must show the historical cost and date of acquisition. The cash receipts from meals sold to employees should be remitted to the

ASO either daily or weekly. The procurement of food supplies should be properly planned and scheduled to avoid buying in the open market which is time consuming and not economical. The Cafeteria manager also should display the rating issued by DPHSS in compliance with existing regulations and act on the citation in the inspection report conducted by DPHSS inspector.

The Council members and the DYA Director should conduct a surprise inspection once or twice a year to gather first hand information in the field. It is necessary to get information on the spot before taking action to improve the facilities and services to the clients. The Council members and the DYA Director should bring the problems to the attention of higher authority to secure budget for procuring new kitchen equipment and utensils to maintain health and safety of the juvenile clients. By documenting the age and condition of each asset, the need to make repairs or to replace the facilities becomes more evident to decision makers. It is important that there be constant communication and dialogue among the DYA Director, Cafeteria manager, and juvenile clients to improve the Cafeteria operation.

Equipment and utensils should be physically counted and compared to accounting records to determine whether there are missing items. The agency should establish accountability in order to pinpoint who is responsible in case there is loss of equipment and utensils. The handling of cash collected from employees who eat meals at the Cafeteria could cause

of the situation as well as a regular control. The cash collected might be used for the purchase of needed supplies if there is an out of stock position with or without the approval of the VRSS Administrator and the DVA Director. Cash collected from the cafeteria is treated as cost recovery and deducted from the actual cost of food and supplies. Regular meeting of the Cafeteria manager and staff would bring early solution to any existing problem. The Cafeteria monthly report should be submitted on the due date so that top management is made aware of problems that need to be addressed on time.

LIMITED PARTICIPANTS IN THE SUMMER TRAINING PROGRAM

Training the youth at an early stage sets the tone to make them more productive in the future. It keeps the youth busy during summer time while they learn and gain work experience. Life is fruitful when they apply what they learned from school and especially when they earn money from their labor. Their time at the work place keeps them out of trouble and away from some of the menaces of society..

Summer Participation of the Youth

P.L. 17-69 was enacted by the Guam Legislature creating the "Summer Youth Employment and Training Program" (SYETP). It provides eligible youth employment and training opportunities within the government of Guam and the private sector. This is a 30-hour per week, eight (8) weeks program or 240 hours summer youth program. The DYA shall pay 100% of minimum wage of \$4.25 per hour plus FICA/Medicare when participant is assigned in the government and 50% in the private sector without FICA/Medicare. The total cost per participant will be \$1,098.03 which includes FICA/Medicare for participants placed in the government of Guam and \$511.20 for those placed in the private sector.

The annual SYETP Plan shall be approved by the Council and the Governor at least 120 days prior to publication and implementation. The SYETP Plan shall be submitted to the Guam Legislature for concurrence at least 80 days prior to publication and implementation. The goal is to provide eligible youth with useful work, sufficient basic education, or on the job training to develop their maximum occupational potential and to obtain possible employment. In addition, the DYA shall coordinate with educational institutions on the application of school and shop credits for a recognized training program to benefit eligible summer participants.

The selection of participants is based on a village's youth population compiled by the Department of Commerce. To determine the number of participants from each village, the percentage of distribution ratio is computed by dividing youth population per village by total youth population. The applicants are required to fill out an application form and submit other requirements to determine eligibility. An applicant must be 14-25 years of age at the time of enrollment and must be attending middle, secondary, post-secondary school, or an institution offering a certified high school equivalency or post-secondary equivalency program. The applicant must be a citizen or national of the U.S., lawfully admitted permanent resident alien, or authorized by the U.S. Attorney General to reside and work in the U.S. Monitoring and financial status reports on the SYETP shall be completed and followed by a post-program report after the annual summer training period.

SYETP Plans Not Properly Implemented

We found that the annual SYETP Plan for 1994 was approved late by the Council and the SYETP Plan for 1995 was not approved at all. Also, there was no approval by the Governor and concurrence by the Guam Legislature of SYETP Plans for 1994 and 1995 prior to implementation. In 1994, the plan was to select 540 participants but only 362 youth participated, although there were 1,303 applicants. In 1995, the plan was to select 262 participants; however, 356 youth participated out of 1,186 applicants.

The allotment released to DYA in 1994 was \$197,000.00 and \$97,935.97 was spent for the 362 participants with 17 participants placed in the government of Guam. The available funds in 1995 were \$227,051.75 and total expenditures \$214,818.52 for 356 participants with 174 participants placed in the government of Guam. We noted that the 356 participants in 1995 exceeded the target number of 262 participants. The total expenditures in 1995 did not exceed the allotment because the participants worked an average of 198 hours versus the budgeted 240 hours.

The basis of youth distribution ratio per village taken from the census of population conducted by the Department of Commerce in 1990 is not reliable due to changes during the

intervening years. In the absence of an updated census of youth population for the yearly SYETP Plan, perhaps the distribution ratio would be meaningful when based on the number of applicants per village divided by the total applicants. In the selection of participants, it might be fair to give priority to those applicants who were not selected in the past.

It was also noted that DYA did not coordinate with educational institutions to provide academic credits to eligible summer participants for a recognized training program. There were evaluation forms completed and submitted by the employers and employees with their comments. However, there was no summary of evaluations prepared by DYA to show the program results for possible improvement. The program evaluation and total wages paid to participants in both government and private sectors should have been included in the post-program report for top management review. But the required annual post-program report was not completed in 1994 or 1995.

Lack of Monitoring and Evaluation of SYETP

The Council should have approved the SYETP Plan for 1994 on or before February 20, 1994 instead of March 17, 1994 to comply with the 120 days provision before the implementation. The SYETP Plan for 1995 was not approved by the Council because there was no constituted Council to take action. The incumbent Council members were appointed or re-appointed late

in 1995. The program goal in 1994 was to encourage job placement in the private as opposed to the government sector. Consequently, a total of 362 youth between the ages of 14 and 25 participated in the SYETP, 17 placed in the government and 345 in the private sector. The processing of applicants was focused on selective hiring depending on the interest and preference of the applicants. Hiring was limited to 27% and 30% of the total applicants in 1994 and 1995 due to insufficient funds. Since the participants started two (2) weeks late in 1995, whatever savings derived from late implementation of the SYETP Plan was used to hire more applicants than the target number of 262 participants.

The DYA should coordinate with the Department of Commerce to update the census of population to provide a reliable distribution ratio in determining the number of participants from each village. Otherwise, the DYA should compute the participants per village based on the ratio of the applicants per village to the total applicants.

The DYA should follow-up the billing of the participating employers in the private sector immediately after the summer training period. This is to reimburse without delay the 50% of total wages paid to the participants assigned to private companies. The DYA should coordinate with educational institutions to provide school or shop credits to eligible summer participants.

Submission of the post-program report must be a major concern after the annual summer training. To fully comply with the provisions of P.L. 17-69, the Council, DYA Director, and Division of Youth Development Administrator must be seriously involved in monitoring the implementation of the SYETP Plan as well as in the planning stage. They have to consider the comments and suggestions of the participating employers and the youth participants as reflected in the evaluation forms.

Desired Results Not Fully Achieved

DYA did not comply with the provisions of P.L. 17-69 due to late approval or no approval by the Council, and the Governor and non-concurrence by the Guam Legislature prior to publication and implementation of SYETP Plans. In 1995, the summer trainees worked an average of 198 hours instead of the required 240 training hours because of the delay in the implementation of the SYETP Plan. Although the government was able to save money, the summer trainees were not given enough exposure to gain work experience because of the shortened training period. In addition, the DYA failed to hire 73% and 70% of the total applicants in 1994 and 1995 due to budget constraints. With only 362 and 356 participants in 1994 and 1995 respectively relatively few students were served. Additional funding is required to satisfactorily meet the needs of the applicants.

The 1990 population census provided by the Department of Commerce affected the distribution ratio of applicants per village. There would be unequal distribution of participants per village because of the use of an outdated of population census. DYA should adhere to the approved SYETP Plan so that the program can achieve its goals and objectives. The failure to coordinate with educational institutions to extend academic or shop credits to summer trainees or youth offenders can be used as a reason to modify the training program. The SYETP Plan should be revised if there is a deviation from the previously planned activities.

The post-program report serves as a feedback mechanism in monitoring and evaluating the SYETP. The report should indicate relevant information such as the total applicants, the number of participants in the government and the private sector, distribution of applicants per village, total expenditures incurred, comments and suggestions of employers and trainees, academic credit extended to eligible summer trainees, number of youth offenders attended training, number of trainees retained by their employers, number of trainees returned to schools, etc. To measure the performance of the program, match the post-program report to the SYETP Plan implemented for proper evaluation. The post-program report provides vital information for improving the SYETP operation in succeeding years.

AGGRESSIVE REHABILITATION OF JUVENILE CLIENTS

The handling of juvenile clients is a difficult function because of the rising tide of juvenile violence, juvenile victimization, and family disintegration on our island. There is a need to review and implement a comprehensive strategy of care, treatment, and prevention that focuses on our children. Regularly monitoring each client's programs ensures proper rehabilitation of juvenile clients.

Rehabilitation of Juvenile Clients

DYA is designated as caretaker of juvenile clients referred by the Guam Police Department (GPD) or the Superior Court of Guam (SCG). According to Chapter 5, Title XXVII, Section 26516 (a) of the Government Code of Guam, there shall be an established Board of Review comprised of five (5) members, one (1) of whom shall be a youth, appointed by the Council and approved by the Governor. The Board is responsible for reviewing and monitoring programs of each client adjudicated by the courts and shall submit a report on each client at six (6) months intervals to the Chairman of the Council, who will maintain close liaison with the Juvenile Court of Guam relative to the care of an adjudicated youth. Chapter 5, Title XXVII, Section 26516 (b) of the Government Code of Guam provides that there will be a Special Services Committee consisting of twenty-one (21) members, eleven (11) of whom

shall be the persons appointed to the Council. The remaining ten (10) members are appointed by the Governor for a term of four (4) years. The Special Services Committee exists for the sole purpose of providing input to the Supervisory Board of Guam's State Planning Agency for Criminal Justice and Law Enforcement (Territorial Crime Commission) relative to the development of the Supervisory Board's Annual Comprehensive State Plan. The Special Services Committee makes recommendations and proposes legislation for the de-institutionalization of "status offenders" as required by the Juvenile Justice Delinquency Prevention Act of 1974.

All employees in the residential facilities shall be responsible for the annual renewal of health certificates necessary for the licensing of the Child Care Facilities. New employees of DYA shall be given the prescribed orientation upon employment and the employees shall have the opportunity to improve their skills through in-service training. P.L. 15-134 requires DYA employees who are assigned to work with adjudicated clients to be designated by DYA Director as Peace Officers. All designees are required to participate in a training program to qualify and meet the requirements of the law.

When a juvenile is referred for detention, the receiving worker performs a body search prior to acknowledging receipt of the juvenile. This is to ensure that the juvenile does not have any contraband on his person and that any physical injuries or signs of abuse would be

noted together with the referring officer. The description data sheet and initial interview form shall be completed. The intake worker shall make every effort to help the client feel at ease and emphasize the importance of good conduct and cooperative attitude. When a client is brought into the custody of the DYA, the following shall be initiated: body search and inventory of personal belongings, initial interview (client's personal data), shower, room assignment, orientation of court proceedings initiated by the Youth Service Supervisor, and orientation on dorm rules and introduction of all staff on duty.

Chapter 5, Title XXVII, Section 26520 (b) of the Government Code of Guam provides that the DYA shall promulgate, pursuant to the Administrative Adjudication Law, such rules as may be necessary for the guidance of all youth correctional or detention facilities, which rules must be filed with the Legislative Secretary. Subsection 263 (e) of the Code of Civil Procedures provides that the court may dismiss the petition or otherwise terminate its jurisdiction at any time. Whenever the court commits a child to DYA, it shall transmit with the order of commitment a summary of its information concerning the child and DYA gives to the court such information concerning the child as the court may at any time require.

Generally, admissions come from the GPD or the SCG. In the case of the Talofoto Cottage Homes, the clients are administratively transferred from the Juvenile Hall with their record.

All admissions of juveniles are channeled through the Shift Supervisor for orientation to assist them in adjusting to a non-secure area and a more liberal program. Daily observation reports on each client concerning behavior and attitude as observed in the group living condition is the responsibility of all staff and is to be submitted at the end of each shift.

Transportation is an important aspect of the staff responsibility. Transportation guidelines must be followed to ensure the safety of clients and staff. Whenever possible the same sex will transport clients. There are three (3) transport situations for staff. They are transport to medical treatment, court hearing, and community-based school and other agencies. There must always be two (2) staff members to transport clients to and from the facilities.

DYA offers pre-vocational programs such as carpentry, engine repair, masonry, welding, minor electrical repair or plumbing with on-the-job training. The Department of Education (DOE) provides a certified counselor and special education teachers for the students. The curriculum is structured for those clients who cannot function in a regular classroom setting.

A client may be isolated for medical, psychiatric, or disciplinary reasons. The client needing medical attention must receive it promptly. Removal from a group shall be used with

extreme caution and never as punishment. Removal from a group shall take place if there is a possibility of physical danger to any member of the group and the behavioral problem might be uncontrollably contagious to the group. In addition, a Step Plan Program has been designed for those who have been placed in Juvenile Hall by the GPD or the SCG. This program is designed to measure client progress in steps. Positive behavior shall be the basis to advance or complete a step. The Step Plan Program is a process wherein a client participates in voting for promotion of other clients under close supervision of staff.

No Review and Monitoring of Client's Programs

DYA lacks review and monitoring of each client's program. The Board of Review is required to submit a report on each client every six (6) months to the Chairman of the Council. There was no established Board of Review consisting of five (5) members appointed by the Council and approved by the Governor. There was no Special Services Committee consisting of twenty-one (21) members to recommend and propose legislation for the de-institutionalization of "status offenders" as required by law. Although there were eleven (11) members appointed to the Council the remaining ten (10) members were not appointed by the Governor.

We inspected the residential facilities and found that the employees have health certificates and the sanitary permit for the Child Care Facilities was issued by the DPHSS. The new employees were provided orientation upon employment and the employees attended some workshops in 1995 such as Drug Awareness, Team Building, Total Quality Management, Effective Writing and Improving Communication Skills to further improve their performance. The Youth Service (YS) Workers participated in the Youth Correctional Officer Training Program at the Guam Community College Criminal Justice Academy to qualify and meet the requirements of the law as Peace Officers. This was a 200-hour, six (6) weeks extensive training program completed by fourteen (14) YS Workers on May 26, 1994.

According to the YS Supervisor, when a court order or police report order is received, the intake worker observes the intake procedures by performing body search and inventory of personal belongings, initial interview to fill out the personal data sheet, requiring client to take a shower, assigning room, orientation on court proceedings and dorm rules, and introduction of client to staff on duty. Newly accepted clients by DYA are physically examined within forty-eight (48) hours by the nurse contracted by DYA. The YS Supervisor informs the new clients of their basic rights, approved rules for behavior and control, institutional rules of conduct and grievance procedures within twenty-four (24) hours of the clients' arrival at the living units.

The original Manual of Operation for the Division of Youth Corrections was approved by the Council in May 1982 but the updated draft Manual of Operation prepared in March 1994 was never approved by the Council. According to the YS Supervisor, both manuals are being used for the operation of the residential facilities. However, another revised Manual of Operation is being finalized to further improve services to the DYA clients.

Adjudicated clients are under DYA custody and temporarily detained until the court decides on the cases. Clients are released by DYA upon court order. DYA staff look after the care and welfare of the clients while in custody. The YS Supervisor is responsible for meal count daily being sent to the Cafeteria manager. There is one (1) caseworker in DYA for every four (4) clients. The YS Supervisor conducts investigations and takes disciplinary action if there is misbehavior or undisciplined acts committed by the clients and employees.

Observation, incident, or progress reports are forwarded to the caseworker if there is a recommendation about the behavior of a certain client. Caseworkers are informed about the clients' attitude problems and the caseworkers inform the parents and court. Caseworkers coordinate with the clients regarding their needs for legal assistance, contact with parents, medical treatment, and other problems.

The Talofoto Cottage Homes is administered by the YS Supervisor and YS Workers. This is not a secured area and the clients are non-criminal offenders referred to DYA by the court or GPD. Two (2) employees for every shift are responsible for at least seventeen (17) clients. Clients at the Talofoto Cottage Homes are runaways, truants, students suspended from schools, youths with no place to go, individuals under court jurisdiction, or under psychological observation, those emotionally handicapped, or on medication. The clients' stay at the Talofoto Cottage Homes usually ranges from three (3) to six (6) months.

The clients from Talofoto Cottage Homes are transported daily (Monday to Friday) to Mangilao to attend training and classes. Emotionally disturbed clients are referred to the DMHSA for treatment by a psychiatric nurse. Mentally disturbed clients are closely watched to determine how they react to medication. In case of sickness, they are sent to their own private doctor or referred to GMH or DPHSS in Inarajan.

Clients are taught about the right choices, values, conflict resolutions, and basic skills such as cooking, and talking. They are also encouraged to become good citizens. Six (6) DOE teachers are assigned to teach the clients basic subjects inside the YCF in Mangilao. Clients receive vocational training such as general trades, building and equipment maintenance, culinary arts and office work. Activities to celebrate Chamorro Week, Christmas, Thanksgiving, picnics, and sports are held both outside and inside DYA with participation by eligible clients.

clients. Monthly Status Reports containing present clients, released, accepted, ethnic and a breakdown of offenses, are submitted to the DYA Director.

Lack of Concern to Fully Rehabilitate Clients

The Board of Review was not established to review and monitor each client's programs and to submit a report on each client every six (6) months to the Chairman of the Council. The Special Services Committee was not organized to recommend and propose legislation in favor of the status offenders as required by law. The Division of Youth Corrections was not able to promulgate an updated Manual of Operation pursuant to the Administrative Adjudication Law. Juvenile clients remain under the care, custody, and rehabilitation of the DYA while their cases are pending in court.. DYA releases the clients upon court order although the caseworkers believe that some juvenile clients still need treatment or rehabilitation.

The non-hiring of a psychiatric nurse by DYA delays the treatment of the client. Emotionally disturbed clients may have to wait several days for a psychiatric nurse from Department of Mental Health & Substance Abuse (DMHSA). The lack of a doctor assigned to DYA prompts the clients to seek their own physician or go to GMH or DPHSS which is open from Mondays to Fridays, 8:00 a.m.- 5:00 p.m. Sometimes the caseworkers are faced with the

responsibility of administering medicine to the clients. The three (3) to six (6) months stay at the residential facilities indicates that rehabilitation is at a slow pace.

Slow Pace of Rehabilitation of Clients

Without an established Board of Review to review and monitor programs of each client adjudicated by the courts and without a progress report on each client submitted to the Chairman of the Council every six (6) months, there is a possibility of slow rehabilitation or delay in the release of the clients from detention. Without a Special Services Committee to recommend and propose legislation to assist status offenders, there is a possibility of unimproved services in the care, custody, and rehabilitation of the clients. A Council approved Manual of Operation under the Administrative Adjudication Law makes the operational guidelines official.

A medical check up of clients during the turnover to DYA, makes treatment possible at an early stage to prevent the spread of diseases within the facilities. Without a psychiatric nurse or doctor assigned to DYA, there is a potential delay in the psychiatric or medical treatment of the clients. Orientation makes the clients aware of their basic rights and the

dorm rules. Any violation of the institutional rules and regulations will prolong the clients' stay in the facilities. Appropriate action can be taken to reward the clients for good behavior by applying the Step Plan Program. Annual training for DYA staff will improve their performance in providing assistance to the clients. Close coordination by the caseworkers with the parents and court will hasten the release of the clients from government custody.

The clients have to wake up early in the morning to be transported from Talofofu Cottage Homes. This instills discipline to clients by waking them up early in the morning to prepare for their classes. Transporting the clients from Talofofu Cottage Homes to Mangilao facilities daily makes them accessible to DOE teachers. The food is also accessible to clients since the DYA Cafeteria is located in Mangilao. Transferring the status offenders to Talofofu Cottage Homes protects them from undue influence of the criminal offenders. Academic classes and pre-vocational training skills provided to clients make them more productive and better citizens.

Participation of clients in parties, picnics, and sports activities would create a feeling of belonging, develop rapport among themselves, and improve personality and behavior. There should be proper monitoring and evaluation of clients' custodial care. Reformed, better behaved, and rehabilitated clients must be released without delay. To prolong clients' stay in the facilities will ensure full rehabilitation but it is costly to the government.

FEDERAL GRANTS NOT FULLY UTILIZED

After a grant award has been signed by the grantor agency, the amount of the award is considered an obligation of the Federal Government and it is recorded in its accounting system. Funds are obligated by a grantee when a legal liability to pay for goods or services is incurred and will require payment in the future. If funds are not used to improve the juvenile justice and the delinquency prevention system within the statutory limits, they should be reverted to the grantor agency.

Reporting of Financial Status

In accordance with Grant Common Rule and OMB Circular A-110, quarterly reports shall be submitted by the grantee (DYA) to the grantor agency within 30 days after the end of the calendar quarter. The Office of Justice Programs allows a fifteen (15) days grace period for submission of the quarterly SF269A Financial Status Report. The final report is due 90 days after the end of the grant period or any extension thereof. It is designed to reflect financial information relating to Federal obligations and outlays. Outlays and unpaid obligations are reported at the implementing agency level.

Block and formula grants are awarded for the fiscal year of the appropriation plus the next two (2) full fiscal years. Categorical grants are awarded for a specified time, and a particular grant period is usually established for twelve (12) or eighteen (18) months. Future awards may be withheld if the Financial Status Report information is delinquent. Any funds not properly obligated within the grant period will lapse and revert to the grantor agency. Funds properly obligated by the end of the grant period must be liquidated within 90 days thereafter.

Federal grants may be granted an extension of the obligation date in response to a written request indicating additional time required. The request must be approved by the grantor agency and must not exceed twelve (12) months without retroactive effect. The deadline requesting for extension of obligation date must be 30 or 60 days before end date of grant.

Federal Grants Reverted to the Grantor Agency

The SF269A is a quarterly report showing the financial status of each Federal grant awarded to the grantor agency. We reviewed all quarterly reports for FYs 1994 and 1995 and found that they were submitted by DYA within the due dates and grace period except one (1) quarterly report which was fourteen (14) days late. The financial status report contains grant number, grant period covered, total Federal share, total obligations and unobligated balance

of the Federal funds. The grant period allows three (3) years to spend the Federal grant to improve the juvenile justice system in Guam with twelve (12) months extension if requested on time. It was observed that the release of Federal grants to DYA by Bureau of Budget and Management Research is after one (1) year of the three (3) years grant period had expired.

In the review of the financial status reports, we found that the outstanding Federal grant awards to DYA as of September 30, 1994 was \$502,577. Forty-seven percent \$236,348.95 or 47% was obligated and \$266,230.05 or 53% was unexpended. Of the unexpended Federal grants, \$112,480.52 was reverted to the grantor agency for failure to spend within the three (3) years grant period. The outstanding Federal grants given to DYA as of September 30, 1995 was \$532,761. Only 37% 199,168.85, was obligated and \$333,592.15 or 63% was unexpended. Federal grant # 92-JF-CX 0066 for \$75,000 with twelve (12) months extension was not totally spent in FY 1995 and \$33,303.53 was reverted to the grantor agency.

Transfer of YCF Responsibility to DEPCOR

Executive Order (EO) 93-15 was issued by the former Governor in November 1993 transferring operation of the Youth Correction Facility (YCF) housing the male non-status offenders to the Department of Corrections (DEPCOR). Over one third (1/3) of the DYA staff were assigned to DEPCOR on an emergency basis pending legislative review of the

department. However, EO 93-15 was repealed by the incumbent Governor which returned control of male non-status offenders to DYA.

DEPCOR is primarily responsible for taking care of adult offenders and juvenile offenders must be separated from the adult offenders as required by the court. When DEPCOR took over operation of the YCF, DYA employees could not be used to watch adult offenders and juvenile offenders at the same time. This is a violation of the conditions of the Federal grants to prevent delinquency and improve the juvenile justice system in Guam. Therefore, DYA was not able to spend the Federal grants within the statutory limits to pay the salary of caseworkers and other staff temporarily assigned to DEPCOR. Hence, the unexpended Federal grants \$112,480.52 in FY 1994 and \$55,990.15 in FY 1995 were reverted to the grantor agency.

The delay in the release of Federal grants to DYA until after one (1) year of the three (3) years grant period was due to the overlapping of Federal grants. Even if grants are not released on time, funds from previous releases are still available to support the Male Non-Status Offenders Program. In addition, in view of the non-submission of SF269A quarterly report within thirty (30) days after each calendar quarter, there appears to be a lack of internal control to ensure the SF269A is submitted in a timely manner.

Expenditures Incurred Absorbed by GovGuam

Financial status reports are submitted quarterly to inform the grantor agency how much was expended and to note the balance of the Federal grants available. Federal grants are released to the grantee to achieve certain objectives. Since funds were not fully utilized in FYs 1994 and 1995, they were returned to the grantor agency. Consequently GovGuam absorbed the expenditures incurred in trying to improve the juvenile justice system and in taking care of the male non-status offenders. If DYA spent the Federal grants for the juvenile offenders transferred to DEPCOR, the Federal grantor agency would claim refund of expenditures charged to the grants plus administrative penalty and interest.

The late submission of SF269A quarterly report is considered a non-compliance to Grant Common Rule and OMB Circular A-110. It is possible for subsequent awards to be delayed or suspended. Target goals might not be achieved if Federal grants are not released on time nor fully utilized. In view of the three (3) years grant period, overlapping of Federal grants is beneficial to the grantee.

WEAK CONTROLS AUXILIARY FUNDS

The DYA must seriously consider the inadequacy of internal control over handling of the Auxiliary Fund to avoid possible loss of funds. Cash receipts must be properly documented and deposited promptly in the depository bank. There must be a periodic review of official receipts and other documents to ensure that the established controls are strictly followed.

Established Controls Over Auxiliary Fund

Chapter 5, Section 26511 (a) of the Government Code of Guam states that for the purpose of securing self-supporting activities of some programs of the department, there must be an established fund known as the "Department Auxiliary Service Fund" which shall be maintained in connection therewith. The established policies and procedures require that whenever money is collected a receipt shall be issued by the fund custodian. A copy shall be retained for the file. All funds must be deposited in a depository bank at the close of each day when possible but in any event no later than the next business day in which the bank is open. Use of funds shall be limited to the immediate needs of the youth programs and shall in no way be considered a substitute for the general appropriation budget. The disbursement

of funds shall be kept to a maximum of \$100. Disbursements exceeding \$100 must have prior approval of the Director and the Council. The DYA Director shall render to the Council a monthly statement reflecting the correct financial condition of the fund. An annual report shall be prepared and submitted to present the activities of the fund for the fiscal year to the Council. Moreover, a financial and compliance audit may be performed anytime upon the direction of the Director and the Council annually. The Council shall oversee the department's policies, plans, programs, and budgets.

Handling of Fund Not Consistent

We reviewed the deposits in Bank of Guam Account No. 0601-018888 per bank statements in FYs 1995 and 1996 (cut-off date June 11, 1996) and found that for 43 out of 76 deposits or 56% no official receipts were issued by the fund custodian. The total deposits was \$14,151.34 and of these deposits \$3,655.59 were not supported by official receipts. We also found that the collections were not promptly deposited in the depository bank. The delay in the deposit of collections ranges from ten (10) to forty-five (45) days.

It has been noted that there were payments exceeding \$100 without approval of the Council particularly those involving the repair of motor vehicles and the purchase of equipment. The fund was improperly used by making cash advances for a retirement party and lunch for DYA officials. The monthly status reports of Auxiliary Fund were prepared and submitted by the fund custodian to the Director and none to the Council in FYs 1994 and 1995. The annual reports of Auxiliary Fund were not completed in FYs 1994 and 1995 and there was no annual audit of the Auxiliary Fund to comply with the established guidelines.

Written Policies and Procedures Not Followed

The internal controls over handling of Auxiliary Fund were clearly defined but not properly followed. There are written policies and procedures, however, the fund custodian failed to issue official receipts and did not deposit collections daily. The improper use of funds for cash advance for retirement party, lunch of DYA officials, and disbursements over \$100 without approval of the Council was contrary to existing guidelines.

If the Council was not furnished monthly status reports on the Auxiliary Fund, it indicates that both the Council and management were not aware of the requirement.

Similarly, if the Director and Council did not require the submission of an audited annual report of the Auxiliary Fund, it shows that they were not informed of this policy either. In addition, the Council should have required the review of the 1994 guidelines prior to implementation.

Strengthening Control of Auxiliary Fund

For effective internal control of the Auxiliary Fund, the fund custodian must follow the established guidelines by issuing official receipts for all cash collected and depositing all collections daily. Disbursement of funds exceeding \$100 must be approved by the Director and the Council. Use of funds for other than the immediate needs of the youth programs must be discouraged. The Director and fund custodian must forward the monthly status reports and annual report of the Auxiliary Fund to the Council for review and scrutiny. The Director and/or Council must initiate the annual audit including review of the guidelines. The DYA must comply with the established policies and procedures to strengthen control of the fund.

INADEQUATE CONTROL OF DYA FIXED ASSETS

The term fixed assets includes property and equipment which are tangible assets with a service life of more than one (1) year. These fixed assets are used in the operation of the DYA to carry out its objectives. The purpose of internal controls relating to property and equipment owned by the DYA is to safeguard the fixed assets against loss, damage or theft.

Proper handling of Property and Equipment

The Property Management Systems and Procedures adopted by the Department of Administration (DOA) on March 16, 1981 provides that DOA must maintain official accounting records and reports of fixed assets accounts. DOA shall initiate physical inventory of all property and equipment every three (3) years and tag all these assets. The property officer/s shall properly document all relevant information such as serial number or other identification number, model, location, acquisition date and cost upon receipt of the asset. Pertinent information such as the name of employees assigned the regular use and responsibility for the fixed assets as well as general condition of the fixed assets shall be provided to DOA and included in the summary of fixed assets. Any movement of property from office or staff to another shall be documented. Internal control policies and procedures shall be developed for handling and controlling fixed assets.

Loose Control of Fixed Assets

We reviewed the list of DYA fixed assets and found that DOA maintained accounting records and report of fixed assets showing the description, serial number, model, location, acquisition date and cost. DOA initiated physical inventory taking of property and equipment on August 8, 1994 per DOA Circular 94-21. DOA should have started tagging government property including DYA while performing physical observation of fixed assets.

We selected ten (10) items at random and could not identify or locate three (3) items because of lack of tag, movement documents or serial number indicating the name of employees to whom the property was assigned. We could not identify the employee responsible for each property to establish liability in case of loss or damage to such property.

DYA Lacks Guidelines on Fixed Assets

We believe that the failure to conduct inventory taking periodically, to tag property, name employees to whom property is assigned, identify or locate property, and trace transfer of property from one office or staff to another was due to a lack of internal control policies and DYA fixed assets are adequately safeguarded against loss, damage or theft.

Liability Cannot Be Established

Without the inventory taking, property tag, movement documents or memorandum receipts, and known location or identity of property, there is a potential that loss, damage, or theft of property and equipment may go undetected. However, if there are internal control policies and procedures implemented, it is easy to establish liability to recover loss or damage to property.

RECOMMENDATIONS

1. We recommend that the Council assert and exercise its defined powers, duties, and responsibilities to comply with P.L. 14-110.
2. We recommend that the Council and Director replace the old kitchen utensils and equipment and strictly implement the DYA Cafeteria guidelines to improve operation.
3. We recommend that the Council and Director implement the annual SYETP according to approved plan annually and substantially increase the number of participants.

4. We recommend that the Council and Director review and monitor each client's programs to hasten the rehabilitation of juvenile clients and request Guam Legislature to repeal Chapter 5, Title XXVII, Sections 26516 (a) and (b) to eliminate the Board of Review and Special Services Committee.
5. We recommend that the Council and Director fully expend the Federal grant awards to avoid reverting the unexpended funds to the grantor agency.
6. We recommend that the Council and Director update and strictly implement the established Auxiliary Fund guidelines to satisfy the immediate needs of the youth programs in conformity with the present practices.
7. We recommend that the Council and Director establish and implement written guidelines to strengthen internal control over fixed assets.