
**Management Audit of the
Department of Public Works**

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



**Management Audit of Department of Public Works's Bus
Operations, Transportation Maintenance, and Solid Waste
Management Divisions**

SUMMARY

The Department of Public Works (DPW) was established by Public Law 1-88 and enacted in 1952 under Section 5104 of the Government Code of Guam for the purposes of maintenance, rehabilitation, repair or demolition of public buildings, roadways or other public facilities in the Territory of Guam. It is a line function of the Executive Branch. It has seven distinct divisions, which are, Administrative, Building and Maintenance, Bus Operations, Capital Improvement Projects, Highway, Transportation Maintenance, and Solid Waste Management.

The Office of the Public Auditor performed a management audit of Department of Public Works Bus Operations Division (BOD), Transportation Maintenance Division (TMD), and Solid Waste Management Divisions (SWMD).

The objectives of our audit within these three divisions were to determine whether: bus operations are efficient and cost effective; overtime is used as a tool of last resort; maintenance of government vehicles is provided; a clean and healthy environment for regulating the waste disposal program is provided; cash fee collections are properly accounted for; and whether these programs complied with the applicable laws, executive orders, budget acts and departmental policies.

In general, the DPW's Bus Operations Division, Transportation Maintenance Division and Solid Waste Management Division are carrying out their mandated responsibilities. However, our audit disclosed the following: (1) current bus operations are not efficient or cost effective; (2) overtime is not used as a management tool of last resort; (3) alternative work schedules are not used to reduce operating costs; (4) better internal controls are needed over bus charter revenues; (5) adequate segregation of duties and responsibilities are needed; (6) aggressive action is needed to collect receivables; (7) a revolving fund should be established for bus charter revenues; (8) funds need to be appropriated; (9) bus repair services need to be improved; (10) implementation of health and safety programs are needed; and (11) exempt employees receiving overtime pay raises questioned costs.

the requisition expeditiously and to aggressively follow up on its status until the needed parts are finally purchased and received. There should be closer coordination between DPW Supply Control and DPW Transportation Maintenance divisions.

Dependable and Reliable School Bus System

When school buses are well maintained and serviced, DPW will be in compliance with the provisions of the Vehicle Maintenance and Repair Act. Furthermore, if school buses are effectively maintained and serviced the school buses will be on regular schedules and students will be on time for their classes. Finally, the school bus system will be dependable, efficient, reliable and safe.

Solid Waste Management Division (SWMD) – Lack of Segregation of Duties

There is a lack of segregation of duties wherein we noted that SWMD's entire financial operation is controlled by SWMD management. During the audit we disclosed that; (1) the SWMD's budget was prepared by one SWMD administrative official without any budget verification from DPW accounting department; (2) the payroll system is processed by the same administrative official. Concurrently, the administrative official is also the sole individual who authorizes all overtime schedules and payments; and (3) all schedules of operation regarding trash collections and changes are approved by the same official.

SWMD – Lack of implementation of health and safety programs

Lack of implementation of health and safety programs needed to provide a safe workplace. Based on the results of our observation and interviews, we noted that employees were not wearing safety equipment such as vest reflectors, and respirators/dust masks. We observed that solid waste technicians were using worn out gloves. Also some garbage trucks did not have a complete inventory of emergency kit, or oxygen box. Therefore, the division failed to meet the OSHA's safety standards to address minimal safety and health standards for Solid Waste employees.

SWMD - Exempt Employees Received Overtime Pay

Based upon Executive Order No. 95-11 which specifically states "relative to establishing a definition of employees employed in a bonafide executive, administrative, or professional capacity, establishing a policy declaring those employees ineligible for payment of overtime or compensatory time and directing its immediate implementation" and also based upon Department of Administration's Government of Guam Classification Listing of Exempted Positions compiled by Civil Service Commission, we disclosed two employees who were exempt but received overtime pay and continue to do so. Therefore, management failed to comply with Executive Order No. 95-11. The following is an overtime schedule for the employees supposedly exempt but receiving overtime payments.

Recommendations

1. We recommend that the Director develop: (a) written policies and implement internal control procedures for Solid Waste Management Division, (b) Transportation Maintenance Division, (c) the school bus preventive maintenance program and ensure adherence to such policies. Also, upon the distribution of copies of these manuals, all departmental policies and procedures must be intact and complete in that, they are readily available so that all employees will know their defined responsibilities.
2. We recommend that the Director develop alternative work schedules to reduce overtime for the Bus Operations Division and notify the union of his intent to amend the DPW/GFT **Collective Bargaining Agreement** to implement alternative work schedules.
3. We recommend that the Director explore the feasibility of transferring the Bus Operations Division to DOE.
4. We recommend that the Director develop and implement internal controls for billing, collecting, and depositing bus charter revenues to ensure adequate separation of duties and responsibilities.
5. We recommend that the Director comply with GCA Section 22108(d) and provide monthly reports to the Governor on bus charter fund status.
6. We recommend that the Director take aggressive action to collect outstanding BOD receivables.
7. We recommend the Director aggressively focus on potential fund sources to procure the parts requirement of school bus maintenance.
8. We recommend the Director establish and implement a Fund Control for the funds appropriated under Vehicle Parts – Account 240, prioritized, allotted and distributed among the different Transportation Maintenance Division shops.
9. We recommend the Director hire and employ mechanics to replace those who retired or separated from DPW Transportation Maintenance Division and restore a dependable and reasonable complement of mechanics to perform an effective and timely maintenance and repair service.
10. We recommend the Director enforce compliance to the provisions of DPW Supply Policy 85-1.
11. We recommend that the Director DPW initiate action through the Governor's office to establish a specific revolving or special fund for deposits of bus charter revenues and obtain definitive authority to expend the funds.

12. We recommend that the Director establish segregation of duties in Solid Waste Management Division by having all financial transactions such as budgeting and the payroll system handled by DPW's accounting department and not the division administrative officers. With this implementation, the program establishes a check and balance system between the accounting department, and Solid Waste Management Division. Also to streamline operations, the Administrative Officer can verify the financial transactions if they are complying with the Fair Labor Standards Act and other established policy. Any discrepancies should be reported to the Director.
13. We recommend that the Director instruct Solid Waste Management Division to establish health and safety programs in order to comply with OSHA standards and for the safety and welfare of the employees.
14. We recommend that the Director justify why certain exempt employees are receiving overtime pay in contrast to Executive Order No.95-11 which prohibits exempt employees receiving overtime pay. Secondly, to explain the existence of questioned costs for employee A for the amount of \$92,350.24 and employee B for the amount of \$62,806.15. If there is no valid justification in addressing this finding, we recommend to the Director that the individual(s) pay back Government of Guam the total of \$155,156.39.