



RECYCLING ONLY

**GUAM ENVIRONMENTAL
PROTECTION AGENCY
RECYCLING REVOLVING FUND**

Performance Audit
October 1, 2016 to September 30, 2025

OPA Report No. 26-05
May 2026





Guam Environmental Protection Agency Recycling Revolving Fund

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Executive Summary
Guam Environmental Protection Agency
Recycling Revolving Fund
OPA Report No. 26-05, May 2026

Our performance audit of the Guam Environmental Protection Agency's (GEPA) Recycling Revolving Fund (RRF) found that, although GEPA developed and adopted rules and regulations as required by law (which was an audit finding in OPA Report No. 15-05, issued in July 2015), those rules were not fully codified in the Guam Administrative Rules and Regulations (GARR). This created material inconsistencies between statute and regulation and contributed to several compliance and administrative weaknesses. We identified five key deficiencies:

1. RRF Rules and Reversion Requirements Not Fully Codified into the GARR
2. RRF Funds Not Expended Efficiently for the Mayors Council of Guam (MCOG) Island-wide Environmental Clean-up Program (IECP)
3. Inability to Determine Actual RRF Expenditures
4. Non-compliance with Statutory Requirements Prior to Disbursement
5. Missing Board-Approved Expenditure Plans

RRF Rules and Reversion Requirements Not Fully Codified into the GARR

In September 2019, Public Law (P.L.) 35-37 formally adopted GEPA's rules and regulations for the RRF. On October 12, 2022, Substitute Bill No. 284-36 (LS) was signed into law as P.L. 36-115, which amended and codified Article 3, Chapter 24, Division 4, Title 22 of the GARR, thereby superseding the prior rules adopted under P.L. 35-37, which the agency has not yet conformed in the GARR. However, the GARR had not been updated to reflect the amendments enacted by P.L. 36-115. As a result, inconsistencies exist between the GARR and current law under P.L. 36-115 and 10 GCA Chapter 51.

GEPA confirmed with the Compiler of Laws that the agency is responsible for initiating rule updates, as legislative enactments do not automatically revise the GARR. Any subsequent amendments must proceed through the Administrative Adjudication Act (AAA) rulemaking process.

RRF Funds Not Expended Efficiently for the MCOG IECP

Expenditure data from GEPA showed that contractual services were the largest category of RRF spending from FY 2017 through 2023. Within this category, the MCOG IECP accounted for the largest contractual expenditure, totaling \$6.3M (or 52%) of total RRF expenditures.

Procurement and Statutory Constraints

Beginning in FY 2022, Budget Acts authorized MCOG to issue purchase orders (POs) up to specified dollar limits per village. In FY 2022 and FY 2023, the waiver applied on a per-village, per-recyclable-item basis; subsequent Budget Acts increased the per-village dollar limits. Specifically, these Budget Acts included an "Authorization to Waive Statutory Procurement Limit" provision for RRF monies appropriated or allotted to MCOG.

MCOG officials stated that they interpreted the budget-act procurement-limit waivers as increasing allowable per-village spending limits, rather than authorizing streamlined procurement methods, and that MCOG remained subject to applicable procurement requirements. According to MCOG officials, MCOG continued to utilize standard procurement processes for IECF purchases. Combined with delays in fund drawdowns and vendor-related constraints such as bid protests and limited market participation, these factors contributed to delays in expending available RRF monies.

Challenges in Fund Utilization and Performance

GEPA attributes inefficiencies in RRF expenditure primarily to MCOG's mismanagement and delays. In FY 2025, MCOG initially declined funds, then reversed course and issued a request for proposal (RFP) that failed because no single vendor was capable of handling the scope of work. Historically, MCOG issued its own purchase orders (POs) but submitted Operation and Expenditure Plans late, further extending delays.

Long-standing close-out issues persisted because villages did not consistently provide receipts or maintain adequate accountability. GEPA granted extensions on unspent IECF funds through March 31, 2026, covering FY 2023 through FY 2025, yet unresolved invoices dating back to FY 2022 made vendors reluctant to work, and later reconciliations revealed missing documentation. In addition, despite GEPA's requests, the Department of Administration (DOA) has not consistently provided complete quarterly expenditure reports.

The IECF was not implemented in FY 2017. During FY 2017, the Recycling Industry Economic Stimulus Program, as per P.L. 33-136, was implemented; therefore, there was no funding to the MCOG IECF. In FY 2018, MCOG expended only \$833K (or 38%) of the \$2.2M certified, the lowest utilization rate during the audit period, indicating long-standing implementation challenges not attributable solely to procurement thresholds. Similar underutilization continued in FY 2019, when only \$567K (or 42%) of the \$1.3M certified was expended, leaving a \$782K balance unspent. On August 7, 2024, the MCOG President reported that, of the \$1M allocated from the RRF, only \$235K had been expended. On September 4, 2024, officials further noted that a \$500K drawdown had not yet been received because of coordination delays between GEPA and DOA. For FY 2025, there were no IECF expenditures.

Ongoing implementation challenges ultimately prompted MCOG to vote to withdraw entirely from the IECF. At a special meeting on September 24, 2025, the mayors cited the reasons stemming from procurement constraints, bid protests, limited vendor participation, unpaid vendor invoices dating back to 2022, and the inability to achieve visible results within the fiscal year key as reasons for withdrawal despite available appropriations and flexibility provided by the GCA. MCOG proposed returning the entire RRF program, including tires, white goods, and electronics, to GEPA and the Department of Public Works (DPW), citing limited manpower and unfunded implementation costs, such as fuel, labor, and personal protective equipment.

Inability to Determine Actual RRF Expenditures

GEPA administers the RRF, but DOA maintains the fund's official accounting records in the Guam Financial Management Information System (GFMS) and is responsible for issuing mandated weekly RRF balance reports to GEPA for posting on GEPA's website. GEPA informed the audit

team that its internal RRF Expenditure and Disbursement (ED) and Account Breakdown (AB) reports, dated December 10, 2025, were generated from historical data extracted from the legacy AS400 financial information system.

We compared GEPA’s internal AS400-based reports with RRF information in the Government of Guam–wide audited financial statements, which were also based on AS400 data, and were unable to reconcile the two sources or determine actual RRF expenditures because of significant discrepancies. Specifically, we noted:

- A \$495K variance between the reports. See Table 1.
- A 225% increase in continuing-account appropriations, from \$2.9M in FY 2023 to \$9.5M in FY 2024, without a documented explanation.
- No DOA-posted weekly RRF balance reports on GEPA’s website after September 23, 2023, despite a DOA report dated May 28, 2024.
- No evidence that FY 2017 - 2023 encumbrances reverted within the required nine-month timeframe.

No utilization of the RRF continuing account from FY 2020 – 2022 in the reports reviewed.

Discrepancies Between Internal Reports and Government-Wide Audited Financial Statements

We identified weaknesses in GEPA’s controls over financial reporting, data integrity, and version control related to the ED and AB reports provided during the audit. Key figures for closed fiscal years differed between GEPA’s internal reports and the Government of Guam–wide audited financial statements, and the totals reported in GEPA’s AB and ED reports did not reconcile with the audited financial statements. See Table 1.

Table 1: GEPA’s Reports vs. Government of Guam-Wide Audited Financial Statements¹

Fiscal Year	A Government of Guam-Wide Audited Financial Statement (FS)	B GEPA Expenditure and Disbursement (ED) 12/10/25	C GEPA Account Breakdown (AB) 12/10/25	Variance (B-A)	Variance (C-A)
2017	\$ 1,065,464.00	\$ 1,065,463.81	\$ 1,065,463.81	(\$ 0.19)	(\$ 0.19)
2018	\$ 1,378,390.00	\$ 1,370,390.25	\$ 1,370,390.28	(\$ 7,999.75)	(\$ 7,999.72)
2019	\$ 1,831,138.00	\$ 1,823,750.43	\$ 1,823,750.23	(\$ 7,387.57)	(\$ 7,387.77)
2020	\$ 1,415,254.00	\$ 1,415,254.00	\$ 1,415,254.00	\$ 0.00	\$ 0.00
2021	\$ 1,420,460.00	\$ 1,420,460.50	\$ 1,420,460.50	\$ 0.50	\$ 0.50
2022	\$ 1,931,249.00	\$ 1,931,248.58	\$ 1,931,248.58	(\$ 0.42)	(\$ 0.42)
2023	\$ 1,887,490.00	\$ 1,487,489.49	\$ 1,487,242.20	(\$ 400,000.51)	(\$ 400,247.80)
2024	\$ 1,575,520.00	\$ 1,198,263.90	\$ 1,198,263.90	(\$ 377,256.10)	(\$ 377,256.10)
2025	\$ -	\$ 297,791.74	\$ 297,791.74	\$ 297,791.74	\$ 297,791.74
Total Expenditures	\$ 12,504,965.00	\$ 12,010,112.70	\$ 12,009,865.24	(\$ 494,852.30)	(\$ 495,099.76)

Comparisons across multiple versions of GEPA's internal reports revealed unexplained changes to expenditure totals for closed fiscal years, in addition to the variances noted against the audited financial statements. For example, FY 2019 expenditures increased from \$972.2K in the April 28,

¹ Note: At the time of our analysis, the Government of Guam–Wide financial audit for FY 2024 and FY 2025 had not yet been released, and GEPA noted that FY 2025 had not yet been closed out by the Department of Administration (DOA) and that certain information might still be pending. Accordingly, amounts for FY 2024 and FY 2025 are subject to change once the financial audit and final DOA closeout are completed. For FY 2024, DOA provided the data via email on August 26, 2025.

2025 AB report to \$1.8M in the December 10, 2025 version. Similarly, FY 2024 expenditures increased from \$1M in the September 5, 2025 ED report to \$1.2M in the December 10, 2025, version. These changes show that GEPA's internal reports for closed fiscal years are not static and cannot be relied on as the sole evidence of RRF activity without reconciliation to DOA's official accounting records and the audited financial statements.

Non-compliance with Statutory Requirements Prior to Disbursement

We identified two interrelated areas in which the required preconditions for disbursing RRF monies to MCOG for IECF implementation were not fully met or documented:

1. Required Administrator-approved Operation Plans were missing, lacked evidence of approval, or were submitted after at least 80% of disbursed RRF funds had already been spent (FY 2020–FY 2024). Multi-year Operation Plans (FY 2019 – FY 2021 and FY 2022 – FY 2023) were also submitted, but lacked documented Administrator approval.
2. Required GEPA Board- and Administrator-approved Proposals were not submitted to the audit team for review (FY 2023 – FY 2025).

Preconditions for the Operation Plan

For FY 2018 and FY 2019, MCOG submitted Operation Plans that the GEPA Administrator approved on March 19, 2018, and May 24, 2019, respectively. These approvals complied with both the GCA and the GARR requirements.

For FY 2020 - 2025, although Operation Plans were submitted, there was no documented evidence of the GEPA Administrator's approval. MCOG submitted a multi-year Operation Plan for FY 2019 – 2021, but it lacked the Administrator's signature, and it is unclear whether multi-year plans are permissible under the statutory and regulatory framework. For FY 2025, the Operation Plan was approved by the GEPA Board through Resolution No. GEPA 25-001 (October 24, 2024), but there was no corresponding Administrator signature.

GEPA and MCOG relied on MOA/MOU language rather than consistently ensuring that all statutory and regulatory preconditions were met. In particular, required Administrator approval of Operation Plans was not consistently completed and documented prior to disbursement.

Preconditions for the Proposal

A GEPA Board- and Administrator-approved Proposal is required prior to expenditures under 10 GCA § 51303(a)(1)(D)(i), as enacted by P.L. 36-115. This Proposal requirement became effective on October 12, 2022, and was applicable beginning in FY 2023. For FY 2023 – FY 2025, GEPA did not submit any Board- and Administrator-approved Proposals for the audit team's review. Accordingly, we could not verify that the required Proposals were prepared and approved before incurring expenditures subject to this statutory requirement.

Missing Board-Approved Expenditure Plans

No Budget Act provisions specifically applicable to the RRF were identified for FY 2017 - FY 2020. Beginning in FY 2021, however, Budget Acts and related MOAs/MOUs established Expenditure Plan preconditions tied to GEPA Board oversight of RRF-funded activities.

MCOG was required to submit an Expenditure Plan to the GEPA Board for review and approval prior to the use of RRF monies. We found that, with the exception of FY 2023 and FY 2025, Expenditure Plans submitted by MCOG lacked documented GEPA Board approval. As a result, evidence of compliance with these expenditure-plan preconditions was incomplete.

Other Matters

Unclear Reimbursement Procedures

The GEPA's Administrator is authorized to annually reimburse Guam Solid Waste Authority (GSWA), as a government entity, up to \$400K in accordance with the Guam Zero Waste Masterplan for expenses that include, but are not limited to, curbside recycling, household hazardous waste, electronic, white goods collection, processing, and marketing/shipping. GSWA shall submit a proposal, including total costs, to the Administrator and Board for approval. The GSWA Board anticipated a \$400K reimbursement before GEPA's formal approval. At the time of the GEPA Board meeting held on February 15, 2024, reimbursement procedures seemed unclear, and the rules did not specify the invoicing frequency. Upon further clarification with GEPA, they mentioned that GSWA has been requesting quarterly invoicing because expenditures must occur before reimbursement.

DPW Takes Over Responsibility of Abandoned Vehicles

Subsequent to the RRF audit period, following MCOG's decision to discontinue the IECF, DPW assumed operational responsibility for the Government of Guam's abandoned vehicles. The DPW Director testified before the Guam Legislature on March 19, 2026, that the program will be funded through a \$2M MOU with the GEPA, signed in late January or early February 2026.

Conclusion and Recommendations

Although GEPA promulgated rules to implement the RRF as required by law, significant inconsistencies and non-compliance remain. The RRF rules were not fully codified in the GARR, resulting in conflicts between statutes and regulations and uncertainty regarding key requirements.

Our audit found that GEPA did not consistently establish, document, and follow the legal requirements governing the RRF. This has limited transparency, weakened accountability, and impaired the reliable use of the RRF monies. Although legislative changes expanded and clarified certain authorities, the governing regulations were not updated to reflect the current law, internal reports could not be reliably reconciled to official records, and closed-year figures were subject to unexplained revision.

At the program level, RRF funds for the MCOG IECF were not expended efficiently or consistently in accordance with statutory and budgetary preconditions. Required Operation Plans, Proposals, and Expenditure Plans were missing, incomplete, or lacked documented signatures/approvals before the funds were used. In addition, unresolved questions about the timing and attribution of expenditures, including whether amounts reflected current-year spending or prior-year obligations, made it difficult to determine actual fund utilization.

These conditions reflect material weaknesses in RRF governance, financial accountability, internal controls, and compliance oversight, which can prevent timely service delivery and erode public trust. To address these deficiencies, we recommend that GEPA take charge of updating RRF regulations, clarify the interactions between procurement waivers and the Guam procurement law, and strengthen internal controls and monitoring for compliance.

A handwritten signature in blue ink, appearing to read 'Benjamin J.F. Cruz', with a stylized flourish at the end.

Benjamin J.F. Cruz
Public Auditor



Introduction

The Guam Environmental Protection Agency (GEPA) Recycling Revolving Fund (RRF) performance audit was part of the Office of Public Accountability's (OPA) 2025 Annual Work Plan. This audit serves as a follow-up to the OPA performance audit issued in July 2015 (OPA Report No. 15-05, Recycling Revolving Fund). The audit objectives are to determine whether:

- 1) GEPA promulgated rules and regulations in accordance with the law (as identified as an audit finding in OPA Report No. 15-05, issued in July 2015); and
- 2) Top expenditures funded by the RRF were made in accordance with applicable laws, rules, regulations, and other fund requirements.

The audit scope covered FY 2017 – 2025 (October 1, 2016, through September 30, 2025).

The prior audit found that GEPA did not promulgate the rules and regulations necessary to implement RRF, as required by Title 10, Guam Code Annotated (GCA), Chapter 51, Article 3, § 51306(c). The absence of implementing rules and regulations limits GEPA's ability to clearly define the RRF's purpose and funding priorities, leaving the statutory requirements open to interpretation and increasing the risk that the program may not be administered in accordance with legislative intent.

This new audit follows up on OPA Report No. 15-05 by assessing the implementation of previous recommendations and evaluating any updates since the original audit was released.

Background

Public Law (P.L.) 27-38 established RRF as a separate Government of Guam (GovGuam) fund in November 2003 and is codified in Title 10, Guam Code Annotated (GCA), Chapter 51, Article 3. The RRF was created to fund the recycling of automobiles, trucks, heavy equipment, and white goods, as the Abandoned Vehicle and Streetlight Fund was deemed insufficient. Proceeds from recycling fees were to be deposited into the RRF. GEPA is authorized to enter into contracts with recycling companies for collection, recycling, storage, disposal, and related initiatives upon promulgation of rules and regulations in accordance with the Administrative Adjudication Law. The previous audit of GEPA's RRF found that the lack of promulgated rules and regulations prevented proper implementation of the law and increased the risk of unauthorized expenditures.

On March 2016, P.L. 33-136 acknowledged that the lack of rules and regulations prevented the RRF from supporting recycling initiatives. The law established a Recycling Industry Economic Stimulus Program to provide economic stimulus funding to local recycling companies to support their recycling efforts. This program was to remain in effect until GEPA promulgated the rules and regulations for the RRF and adopted them in accordance with the Administrative Adjudication Act.

On December 2016, P.L. 33-215 established that the RRF was to be maintained separate and apart from any other funds, including the General Fund of the government of Guam.

On July 2017, P.L. 34-32 specified that every agency given the authority to make, adopt, promulgate, or enforce rules must do so in conformity with a standard system or code adopted by the Guam Code Advisory Commission for the guidance of all agencies. Further, the law clarified that the agencies must file a printed and identical electronic version of the proposed rules and regulations with the Governor of Guam, the Attorney General, and the Speaker of the Legislature. The rules and regulations were also to be codified and published.

On October 2019, P.L. 35-37 formally adopted the RRF rules and regulations as transmitted by GEPA. The Fund was to be used for the recycling initiatives described under §24303.

On October 12, 2022, P.L. 36-115 codified and amended Article 3 of Chapter 51, Title 10, GCA. It also established rules and regulations for the proper use of the RRF.

RRF Expenditures

GEPA administers the RRF, but DOA maintains the fund’s official accounting records in the Guam Financial Management Information System (GFMS) and is responsible for issuing mandated weekly RRF balance reports to GEPA for posting on GEPA’s website. General fiscal policies and controls under 5 GCA Chapter 22 further require that encumbrances revert to the fund within nine months after the close of the fiscal year.

GEPA informed the audit team that its internal RRF Expenditure and Disbursement (ED) and Account Breakdown (AB) reports (dated December 10, 2025) were generated from historical data extracted from the legacy AS400 financial information system.

Expenditure reports from GEPA indicated that the contractual services represented the largest category of RRF spending from FY 2017 through 2023. Within this category, the Mayors Council of Guam (MCOG) Island-wide Environmental Cleanup Program (IECP) accounted for the largest contractual expenditure, totaling \$6.3M or 52% of total RRF expenditures. See Table 1 and Appendix 4 for the breakdown by fiscal year.

Table 1: Total RRF Expenditures from FY 2017 - 2025

Expenditure Type	Total Expenditures FY 2017 - 2025	% of Total Expenditure
Salaries	\$ 538,353.28	4.5%
Benefits	\$ 191,840.76	1.6%
Travel	\$ 29,011.48	0.2%
Supplies	\$ 0.00	0.0%
GSWA Reimbursement	\$ 406,505.51	3.4%
MOA with MCOG (IECP)	\$ 6,294,436.49	52.4%
CH2M Hill Inc. Contract (Sustainable Materials Management Program)	\$ 2,770,053.93	23.1%
Recycling Industry Economic Stimulus Program	\$ 1,279,911.25	10.7%
Green Growth Guam (UOG)	\$ 500,000.00	4.2%
Total RRF Expenditures	\$ 12,010,112.70	

GEPA emailed multiple versions of two FY 2017 through 2025 expenditure reports: AB dated April 28, 2025 and December 10, 2025, and ED dated September 5, November 7, and December 10, 2025. GEPA initially advised the audit team to use the November 7, 2025 report and disregard the April 28, 2025 version. Later, GEPA provided an updated December 10, 2025 version, which the audit team then used for analysis. GEPA further noted that FY 2025 had not yet been closed out by DOA and that certain information is still pending.

Mayors Council of Guam Island-Wide Environmental Clean Up Program

As seen on Table 1 above, the largest expenditure is for the MCOG IECP, which accounted for the largest contractual expenditure totaling \$6.3M (or 52%) of total RRF expenditures. MCOG IECP stems from 10 GCA § 51306, which authorizes MCOG, alongside the Department of Public Works (DPW) and with the GEPA Administrator approval, to contract with recycling companies for the collection, recycling, zero waste initiatives, interim storage, disposal, and processing, or any combination thereof, of junk vehicles (cars, buses, trucks, heavy equipment), tires, white goods, and other recyclables in line with all applicable laws, rules, and regulations within 10 GCA Chapter 51.

Key requirements include mandating contractors to provide GEPA compliance certifications, current permits, and plan to divert materials for disposal. GEPA shall promulgate the necessary rules and regulations, in accordance with the Administrative Adjudication Law (AAA), to properly implement this program.

Results of Audit

Our audit determined that the Guam Environmental Protection Agency (GEPA) developed and adopted rules and regulations for the Recycling Revolving Fund (RRF), as required by Title 10, Guam Code Annotated (GCA), Chapter 51, Article 3, §51306(c). However, these rules and regulations were not fully codified in the Guam Administrative Rules and Regulations (GARR). As a result, inconsistencies between statutory requirements and the applicable rules and regulations have impaired GEPA’s ability to administer the RRF in a consistent and transparent manner.

We identified five key deficiencies:

1. RRF Rules and Reversion Requirements not Fully Codified into the GARR
2. RRF Funds Not Expended Efficiently for the Mayors Council of Guam (MCOG) Island-wide Environmental Clean-up Program (IECP)
3. Inability to Determine Actual RRF Expenditures
4. Non-compliance with Statutory Requirements Prior to Disbursement
5. Missing Board-Approved Expenditure Plans

RRF Rules and Reversion Requirements not Fully Codified into the GARR

In September 2019, Public Law (P.L.) 35-37 officially adopted the rules and regulations set forth by GEPA for the RRF. On October 12, 2022, Substitute Bill No. 284-36 (LS) was signed into law as P.L. 36-115. This legislation amended and codified Article 3, Chapter 24, Division 4, Title 22 of the GARR. As a result, it replaced the earlier rules and regulations established under P.L. 35-37, which the agency has yet to align with in the GARR. However, as of the Compiler of Laws’ most recent revision dated November 1, 2023, the GARR had not been updated to reflect the amendments enacted by P.L. 36-115. As a result, inconsistencies exist between the GARR and current law under P.L. 36-115 and 10 GCA Chapter 51. These conflicts are summarized in Table 2.

Table 2: Title 10, Chapter 51 of GCA vs. Title 22, Chapter 24 of GARR

Topic	Title 10, Chapter 51 of GCA	Title 22, Chapter 24 of GARR	Inconsistency Description
Fund Administrator	§ 51304: "The Administrator shall administer the Fund..." § 51301(a): "Administrator" = GEPA Administrator	§ 24102.1(a): "The Director of Public Works (DPW) shall administer the Fund..."	GARR remains inconsistent with the statute as it designates DPW as the fund administrator. P.L. 36-115 assigns this role to GEPA’s Administrator.
Personnel Funded from RRF	§ 51303(a)(1)(A)(i): Authorizes up to 10% of the Fund for GEPA staff, equipment, training, etc.	§ 24102.1(b)(4): "Not more than one (1) Full Time Employee (FTE) at the GEPA..."	GARR maintains a 1-FTE cap, while P.L. 36-115 authorizes a budgetary limit (10%), offering more flexibility.

Recycling Priority Tiers	§ 51304(a–c): Prioritization is established by GEPA Administrator in three tiers (e.g., 1st: junk vehicles, plastics; 2nd: paper/glass)	§ 24102.1(b)(1–3): Similar structure, but plastic is placed in 2nd priority, and decision authority is DPW Director	Material hierarchy and the authority to set it differ; GEPA now has decision-making power, not DPW.
Fee Collection and Deposit	§ 51305: DRT collects recycling fee and transmits to GEPA Administrator to deposit into the RRF	§ 24103.2(e–f): DRT collects and transfers to DPW, who deposits into the RRF	GARR reflects outdated routing of funds through DPW. P.L. 36-115 simplifies this: DRT → GEPA.
Authority to Contract with Recycling Companies	§ 51306(a–d): DPW and/or Mayor’s Council of Guam (MCOG) may enter into contract(s) with GEPA, requiring only GEPA’s Administrator approval, which may be revoked by the Administrator at any time	§ 24102.1(f)–(g): DPW independently authorizes and manages contracts and certifications	DPW independently authorizes and manages contracts and certifications. GARR does not reflect that GEPA must approve DPW or MCOG contracts under the current law.

Although P.L. 36-115 amended and codified the statutes and rules governing the RRF, the GARR continues to reflect earlier rules adopted under prior statutes and has not been updated since November 1, 2023, to incorporate the amendments enacted by P.L. 36-115.

As a result, the GARR continues to require unused or unobligated RRF funds to be returned to the fund at the end of each fiscal year (FY) and retains other outdated provisions. In contrast, the GCA, as amended, now treats the RRF as a non-lapsing fund, and recent Budget Acts authorize certain prior-year RRF balances to remain available beyond the fiscal year-end.

For example, P.L. 37-42 allocated \$1.5 million (M) from the RRF to the MCOG for recycling, waste removal, and disposal activities. This law permitted MCOG to spend any unspent RRF balances remaining in its accounts as of September 30, 2023, if those funds were not already obligated by contract or purchase order and were used for eligible cleanup activities under 10 GCA Chapter 51 and 22 GARR Chapter 24. The FY 2024 Budget Act further restricted this \$1.5M by prohibiting its transfer or use for any other purpose during that same FY. Collectively, these measures allowed certain prior-year RRF balances to carry over beyond the end of FY, which conflicts with the annual return requirement in 22 GARR §24303.1(c)(3).

GEPA confirmed with the Compiler of Laws that the agency is responsible for initiating rule updates, as legislative enactments do not automatically revise the GARR. The GARR was last updated on November 1, 2023, and any subsequent amendments must proceed through the Administrative Adjudication Act (AAA) rulemaking process.

Reliance on outdated GARR provisions that have not been updated to reflect P.L. 36-115 creates inconsistencies between current law and existing regulations governing the RRF. This misalignment results in legal and operational uncertainty regarding fund requirements, including conflicting guidance on whether RRF balances must lapse at end of FY or may carry over.

We recommend that GEPA coordinate with the Compiler of Laws and initiate the AAA rulemaking process to amend and recodify the RRF regulations so they accurately reflect current statutory requirements and ensure consistency between the GCA and the GARR.

RRF Funds Not Expended Efficiently for the MCOG Island-wide Environmental Clean-up Program (IECP)

Procurement and Statutory Constraints

Beginning in FY 2022, Budget Acts authorized MCOG to issue purchase orders (POs) up to specified dollar limits per village. In FY 2022 and FY 2023, the waiver applied on a per-village, per-recyclable-item basis; subsequent Budget Acts increased the per-village dollar limits. See Table 3.

Table 3. Statutory Procurement Waiver Per Village FY 2017 – 2025²

FY	Statutory Procurement Limit Waiver per Village in the Budget Act (For Purchase Orders)	Villages	Total Procurement Waived
2017	N/A	N/A	N/A
2018	N/A	N/A	N/A
2019	N/A	N/A	N/A
2020	N/A	N/A	N/A
2021	N/A	N/A	N/A
2022 P.L. 36-54	\$ 50,000.00	19	\$ 950,000.00
2023 P.L. 36-107	\$ 75,000.00	19	\$ 1,425,000.00
2024 P.L. 37-42	\$ 150,000.00	19	\$ 2,850,000.00
2025 P.L. 37-125	\$ 350,000.00	19	\$ 6,650,000.00

Specifically, these Budget Acts included an Authorization to Waive Statutory Procurement Limit provision for RRF monies appropriated or allotted to MCOG, “Notwithstanding any other provision of law...”. The waiver increased from \$50 thousand (K) per village, per recyclable item in FY 2022 to \$350K per village in FY 2025, as described in Table 3. These waiver amounts exceeded the standard procurement thresholds established under 5 GCA Chapter 5 and 2 GARR Division 4. See Table 4.

² Note: For FY 2022 and FY 2023, the statutory procurement limit waiver for the issuance of purchase orders applies on a per-village, per-recyclable-item basis. The “Total Procurement Waived” column reflects only the per-village amount multiplied by 19 villages and does not include the additional multiplier for multiple recyclable items. For FY 2024 and FY 2025, it applies only to each village.

Table 4: Procurement Thresholds (GCA/GARR)

Type	Threshold	Reference
Supplies/Services	≤ \$25,000.00	5 GCA § 5213
Construction	≤ \$100,000.00	5 GCA § 5213
Purchases \$500-threshold	3 written quotations required	2 GARR Div. 4, Ch. 3, § 3111
Purchases < \$500	Reasonable competition procedures	2 GARR Div. 4, Ch. 3, § 3111
BPA Supplies/Services	≤ \$15,000.00	2 GARR Div. 4, Ch. 3, § 3111
BPA Construction	≤ \$50,000.00	2 GARR Div. 4, Ch. 3, § 3112.13

MCOG officials stated that they interpreted the Budget Act procurement-limit waivers as increasing allowable per-village spending limits rather than authorizing streamlined procurement methods, and that MCOG remained subject to applicable procurement requirements. According to MCOG officials, MCOG continued to utilize standard procurement processes for IECP purchases. Combined with delays in fund drawdowns and vendor-related constraints, such as bid protests and limited market participation, these factors contributed to delays in expending available RRF monies.

We recommend that GEPA and the RRF IECP recipient clarify with the Guam Legislature the intent of the Budget Act procurement-limit waivers and how it interacts with the Guam Procurement Law.

Challenges in Fund Utilization and Performance

GEPA attributes inefficiencies in RRF expenditure primarily to MCOG’s mismanagement and delays. In FY 2025, MCOG initially declined funds, then reversed its position and issued a request for proposal (RFP) that failed because no single vendor was capable of handling the scope of work. Historically, MCOG issued its own POs, submitted Operation and Expenditure Plans late, further extending delays.

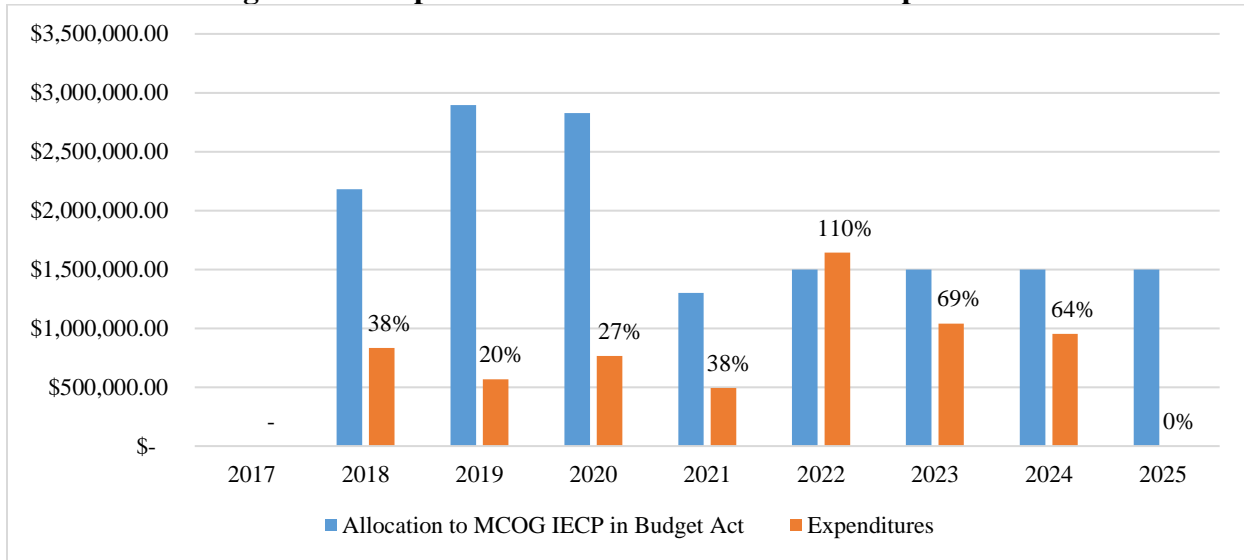
Long-standing close-out issues persisted because villages did not consistently provide receipts or maintain adequate accountability. GEPA granted extensions on unspent IECP funds through March 31, 2026 (covering FY 2023 - 2025), yet unresolved invoices dating back to FY 2022 made vendors reluctant to work, and reconciliations later revealed missing documentation. In addition, despite GEPA’s requests, the Department of Administration (DOA) has not consistently provided complete quarterly expenditure reports.

Despite statutory procurement limit waivers intended to increase procurement flexibility, MCOG continued to face challenges in effectively and efficiently expending its RRF allocations for IECP implementation. These IECP fund utilization problems existed prior to the introduction of the statutory procurement limit waiver.

The IECP was not implemented in FY 2017. During FY 2017, the Recycling Industry Economic Stimulus Program, as per P.L. 33-136, was implemented; therefore, there was no funding to the MCOG IECP. In FY 2018, MCOG expended only \$833K (38%) of the \$2.2M certified, the lowest utilization rate during the audit period, indicating long-standing implementation challenges not attributable solely to procurement thresholds. Similar underutilization continued in FY 2019, when

only \$567K (42%) of the \$1.3M certified was expended, leaving a \$782K balance unspent. On August 7, 2024, the MCOG President reported that of the \$1M allocated from the RRF, only \$235K had been expended. On September 4, 2024, officials further noted that a \$500K drawdown had not yet been received due to coordination delays between GEPA and DOA. For FY 2025, there were no IECP expenditures. See Figure 1.

Figure 1: Comparison of IECP Allocations and Expenditures



In FY 2019 and FY 2020, the MCOG did not receive a direct IECP allocation in the annual Budget Acts, although GEPA continued to receive RRF appropriations. For MCOG, IECP funding is provided through RRF allocations rather than a separate appropriations line item.

In FY 2022, IECP expenditures appeared to exceed the amounts authorized under the relevant memoranda of agreement/memorandum of understanding (MOAs/MOUs). However, GEPA explained that expenditures recorded in a given FY include payments made during that year for prior-year obligations. Thus, not all amounts reported for a specific FY pertain solely to that year’s authorized spending.

GEPA provided AS400 transaction data supporting this explanation and showing that reported amounts reflect multi-year costs, though the transaction data did not reconcile. In FY 2022, IECP expenditures totaled \$1.6M, exceeding the FY 2022 Budget Act appropriation of \$1.5M by \$140K. The transactions were recorded as follows:

Fiscal Year	Transactions	Amount
2021	47	\$ 1,053,575.60
2022	15	\$ 586,974.50
TOTAL	62	\$ 1,640,550.10

GEPA’s explanation attributed approximately \$1.1M of FY 2022-recorded expenditures to FY 2021 obligations. Allocating only the FY 2022-specific amount of \$587K against the \$1.5M

appropriation for FY 2022 indicates underutilization rather than overspending. This suggests that the apparent excess reflects the timing of payments, not actual overspending of current-year funds.

Ongoing implementation challenges ultimately prompted MCOG to vote to withdraw entirely from the IECF. At a special meeting on September 24, 2025, the mayors cited the reasons stemming from procurement constraints, bid protests, limited vendor participation, unpaid vendor invoices dating back to 2022, and the inability to achieve visible results within the fiscal year as key reasons for withdrawal despite available appropriations and flexibility provided by the GCA. MCOG proposed returning the entire RRF program—including tires, white goods, and electronics—to GEPA and DPW, citing limited manpower and unfunded implementation costs such as fuel, labor, and personal protective equipment. MCOG emphasized that GEPA and DPW have the legal authority and capacity to manage environmental waste more effectively.

To clarify apparent excess expenditures, better explain multi-year spending patterns, and improve fund utilization, we recommend that GEPA and the RRF IECF recipient:

1. Maintain a separate ledger that distinguishes current-year obligations from prior-year payments in financial reports;
2. Enhance data reconciliation with the MOA/MOU authorizations on a quarterly basis and with Budget Act authorizations on an annual basis, and clearly denote carryover payments to avoid misinterpreting expenditures as overspending rather than timing differences;
3. Identify and address the barriers to full appropriation, such as procurement delays and vendor constraints.

Inability to Determine Actual RRF Expenditures

GEPA administers the RRF, but DOA maintains the fund's official accounting records in the Guam Financial Management Information System (GFMS) and is responsible for issuing mandated weekly RRF balance reports to GEPA for posting on GEPA's website. General fiscal policies and controls under 5 GCA Chapter 22 require that encumbrances revert to the fund within nine months after the end of the FY.

GEPA informed the audit team that its internal RRF Expenditure and Disbursement (ED) and Account Breakdown (AB) reports (dated December 10, 2025) were generated from historical data extracted from the legacy AS400 financial information system. We compared GEPA's internal AS400-based reports with RRF information in the Government of Guam-wide audited financial statements (also based on AS400 data) and were unable to reconcile the two sources or determine actual RRF expenditures due to significant discrepancies. Specifically, we noted:

- A \$495K variance between the reports. See Table 5.
- A 225% increase in continuing-account appropriations, from \$2.9M in FY 2023 to \$9.5M in FY 2024, without a documented explanation.
- No DOA-posted weekly RRF balance reports on GEPA's website after September 23, 2023, despite a DOA report dated May 28, 2024.
- No evidence that FY 2017 - 2023 encumbrances reverted within the required nine-month timeframe.
- No utilization of the RRF continuing account from FY 2020 – 2022 in the reports reviewed.

DOA explained that discrepancies were attributable to the transition from the AS400 to the GFMIS, the absence of a hard close of AS400 since FY 2019, preliminary continuing-appropriation figures (reflecting only outstanding encumbrances), and certain FY 2024 encumbrance migration errors that required reconciliation.

GEPA officials stated that they cannot independently access or reconcile underlying accounting records and that DOA controls accounting entries in the AS400 and GFMIS as the central accounting authority. GEPA officials confirmed that the expenditure data provided to the audit team was extracted directly from AS400 and could not explain variances between those data and the Government of Guam-wide audited financial statements. These conditions limit GEPA's ability to resolve accounting discrepancies.

Discrepancies Between Internal Reports and Government-Wide Audited Financial Statements

We identified weaknesses in GEPA's controls over financial reporting, data integrity, and version control related to the ED and AB reports provided during the audit. Key figures for closed fiscal years differed between GEPA's internal reports and the Government of Guam-wide audited financial statements, and totals reported in GEPA's AB and ED reports did not reconcile with the audited financial statements. See Table 5.

Table 5: Comparison of GEPA's Reports vs. Government of Guam-Wide Audited Financial Statements³

Fiscal Year	A Government of Guam-Wide Audited Financial Statement (FS)	B GEPA Expenditure and Disbursement (ED) 12/10/25	C GEPA Account Breakdown (AB) 12/10/25	Variance (B-A)	Variance (C-A)
2017	\$ 1,065,464.00	\$ 1,065,463.81	\$ 1,065,463.81	(\$ 0.19)	(\$ 0.19)
2018	\$ 1,378,390.00	\$ 1,370,390.25	\$ 1,370,390.28	(\$ 7,999.75)	(\$ 7,999.72)
2019	\$ 1,831,138.00	\$ 1,823,750.43	\$ 1,823,750.23	(\$ 7,387.57)	(\$ 7,387.77)
2020	\$ 1,415,254.00	\$ 1,415,254.00	\$ 1,415,254.00	\$ 0.00	\$ 0.00
2021	\$ 1,420,460.00	\$ 1,420,460.50	\$ 1,420,460.50	\$ 0.50	\$ 0.50
2022	\$ 1,931,249.00	\$ 1,931,248.58	\$ 1,931,248.58	(\$ 0.42)	(\$ 0.42)
2023	\$ 1,887,490.00	\$ 1,487,489.49	\$ 1,487,242.20	(\$ 400,000.51)	(\$ 400,247.80)
2024	\$ 1,575,520.00	\$ 1,198,263.90	\$ 1,198,263.90	(\$ 377,256.10)	(\$ 377,256.10)
2025	\$ 0.00	\$ 297,791.74	\$ 297,791.74	\$ 297,791.74	\$ 297,791.74
Total Expenditures	\$ 12,504,965.00	\$ 12,010,112.70	\$ 12,009,865.24	(\$ 494,852.30)	(\$ 495,099.76)

³ Note: At the time of our analysis, the Government of Guam-wide financial audit for FY 2024 and FY 2025 had not yet been released, and GEPA noted that FY 2025 had not yet been closed out by the Department of Administration (DOA) and that certain information might still be pending. Accordingly, amounts for FY 2024 and FY 2025 are subject to change once the financial audit and final DOA closeout are completed. For FY 2024, DOA provided the data via email on August 26, 2025.

Comparisons across multiple versions of GEPA's internal reports revealed unexplained changes to expenditure totals for closed fiscal years, in addition to the variances noted against the audited financial statements. For example, FY 2019 expenditures increased from \$972.2K in the April 28, 2025 AB report to \$1.8M in the December 10, 2025 version. Similarly, FY 2024 expenditures increased from \$1M in the September 5, 2025 ED report to \$1.2M in the December 10, 2025, version. These changes show that GEPA's internal reports for closed fiscal years are not static and cannot be relied on as the sole evidence of RRF activity without reconciliation to DOA's official accounting records and the audited financial statements.

GEPA did not document the reasons for these differences in the reports provided for audit review (for example, liquidation of encumbrances or conversion of encumbrances to expenditures). Without such support, GEPA lacked reliable information to determine RRF expenditures, encumbrances, and available balances, which increases the risk of inaccurate financial reporting and reliance on unsupported amounts when certifying fund availability.

We recommend GEPA management to:

1. Ensure timely posting of DOA's weekly RRF balance reports on GEPA's website;
2. Reconcile the ED and AB totals to DOA's official accounting records and to the final audited financial statements;
3. Establish and document procedures to validate and reconcile data migrated from AS400 to GFMIS;
4. Document every adjustment or variance, including the reason, source document, and date of approval; and
5. Verify that FY 2017 through FY 2023 encumbrances have properly reverted and take corrective action as needed.

Non-compliance with Statutory Requirements Prior to Disbursement

If any conflict exists between 22 GARR §24303.1 and 10 GCA Chapter 51 (as amended by P.L. 36-115), the statute controls as a matter of law, as administrative rules cannot supersede governing statutes. The applicable prior-approval requirements are consistent across both the GCA and the GARR: that RRF monies be disbursed and expended only under Administrator and Board authorization; therefore, failure to obtain and document required approval constitutes non-compliance with both applicable statutory and regulatory requirements.

We identified two interrelated areas in which the required preconditions for disbursing RRF monies to MCOG for IECP implementation were not fully met or documented:

1. Required Administrator-approved Operation Plans were missing, lacked evidence of approval, or were submitted after at least 80% of disbursed RRF funds had already been spent (FY 2020 – FY 2024). Multi-year Operation Plans (FY 2019 – FY 2021 and FY 2022 – FY 2023) were also submitted, but lacked documented Administrator approval.
2. Required GEPA Board- and Administrator-approved Proposals were not submitted to the audit team for review (FY 2023 – FY 2025).

Preconditions for the Operation Plan

An Administrator-approved Operation Plan is required prior to the disbursement of RRF monies pursuant to 10 GCA § 51304 and 22 GARR § 24303.1(b)–(c), which stipulates that “no funds shall be disbursed prior to the Administrator’s approval of the Operation Plan.” There was no MOA/MOU in place in FY 2017; therefore, no Operation Plan was required for that year. In addition, MOA/MOU provisions require MCOG to notify GEPA and submit an Operation Plan once at least 80% of previously disbursed RRF funds have been expended and to obtain Administrator approval before any further collection, processing, or storage of recyclable materials. These requirements establish preconditions that must be met and documented before any RRF funds are disbursed or spent; FYs with the 80% provision include FY 2020 - 2024.

For FY 2018 and FY 2019, MCOG submitted Operation Plans that the GEPA Administrator approved on March 19, 2018, and May 24, 2019, respectively. These approvals complied with both the GCA and the GARR requirements. For FY 2020 - 2025, although Operation Plans were submitted, there was no documented evidence of the GEPA Administrator’s approval. MCOG submitted a multi-year Operation Plan for FY 2019 – 2021, but it lacked the Administrator’s signature, and it is unclear whether multi-year plans are permissible under the statutory and regulatory framework. For FY 2025, the Operation Plan was approved by the GEPA Board through Resolution No. GEPA 25-001 (October 24, 2024), but there was no corresponding Administrator signature. As a result, we found no evidence that the FY 2020 – 2025 Operation Plans obtained the required approvals. See Table 6.

Table 6: Compliance with Operation Plan Preconditions

Year	Status
FY 2017	N/A - IECP Not Implemented in FY 2017
FY 2018	Operation Plan approved by GEPA’s Administrator on March 19, 2018
FY 2019	Operation Plan approved by GEPA’s Administrator on May 24, 2019
FY 2020	Operation Plan submitted, but no GEPA Administrator approval
FY 2021	Operation Plan submitted, but no GEPA Administrator approval
FY 2022	Operation Plan submitted, but no GEPA Administrator approval
FY 2023	Operation Plan submitted, but no GEPA Administrator approval
FY 2024	Operation Plan submitted, but no GEPA Administrator approval
FY 2025	Operation Plan submitted, no GEPA Administrator signature approval; Operations Plan approved by the GEPA Board in Resolution # GEPA 25-001 (October 24, 2024)

GEPA and MCOG relied on MOA/MOU language rather than consistently ensuring that all statutory and regulatory preconditions were met. In particular, required Administrator approval of Operation Plans was not consistently completed and documented prior to disbursement.

Because documentation of required approvals is incomplete, there is a risk that RRF monies for the IECP were disbursed or expended without meeting all statutory preconditions, resulting in non-compliance with applicable laws and regulations. This lack of clearly evidenced approvals increases the likelihood of unauthorized expenditures and weakens accountability over RRF-funded activities.

Preconditions for the Proposal

A GEPA Board- and Administrator-approved Proposal is required prior to expenditures under 10 GCA § 51303(a)(1)(D)(i), as enacted by P.L. 36-115. This Proposal requirement became effective on October 12, 2022, and applicable beginning in FY 2023. For FY 2023 – FY 2025, GEPA did not submit any Board- and Administrator-approved Proposals for the audit team’s review. Accordingly, we could not verify that the required Proposals were prepared and approved before incurring expenditures subject to this statutory requirement. See Table 7.

Table 7: Compliance with Proposal Preconditions

Year	Status
FY 2017	N/A
FY 2018	N/A
FY 2019	N/A
FY 2020	N/A
FY 2021	N/A
FY 2022	N/A
FY 2023	GEPA did not submit any Proposal for the audit staff to review.
FY 2024	GEPA did not submit any Proposal for the audit staff to review.
FY 2025	GEPA did not submit any Proposal for the audit staff to review.

This occurred because GEPA did not establish or implement adequate internal procedures to ensure compliance with the new statutory requirement. The absence of such procedures weakens governance and oversight over the RRF, reduces transparency and accountability, and results in non-compliance with statutory requirements laid out within GCA.

We recommend that GEPA: (1) establish standardized procedures for obtaining required approvals before authorizing expenditures; (2) ensure approvals are clearly documented; and (3) strengthen internal controls and monitoring to ensure compliance.

Missing Board-Approved Expenditure Plans

The General Appropriations Act (the annual Budget Act) is enacted by the Guam Legislature, signed into law by the Governor of Guam, and serves as the primary statutory mechanism for authorizing public expenditures. In addition, 5 GCA Chapter 22 establishes overarching fiscal policies and controls, including requirements for fund management, central accounting, and expenditure regulation.

No budget-act provisions specifically applicable to the RRF were identified for FY 2017-FY 2020. Beginning in FY 2021, however, Budget Acts and related MOAs/MOUs established Expenditure Plan preconditions tied to GEPA Board oversight of RRF-funded activities. MCOG was required to submit an Expenditure Plan to the GEPA Board for review and approval prior to the use of RRF monies.

We found that, with the exception of FY 2023 and FY 2025, Expenditure Plans submitted by MCOG lacked documented GEPA Board approval. See Table 8.

Table 8: Budget Act Preconditions for Expenditure Plans

FY	Notes / Status
FY 2017	N/A
FY 2018	N/A
FY 2019	N/A
FY 2020	N/A
FY 2021	<p>The required budgetary provision in P.L. 35-99 is reflected in the Preamble of the MOA, which states that the MCOG shall submit an Expenditure Plan to GEPA’s Board for review. The Board has 30 days from submission to make amendments. Furthermore, the preamble of the MOA stipulates that funds shall not be expended prior to the approval of the Expenditure Plan.</p> <p>A Word document was provided to the audit team. The document lacks the MCOG Executive Director’s approval to be sent, and it does not indicate receipt or approval by GEPA’s Board.</p>
FY 2022	<p>The required budgetary provision from P.L. 36-54 is reflected in the Preamble of the MOA, which states that the MCOG shall submit an Expenditure Plan to GEPA’s Board for review, and the Board has 30 days from submission to make amendments. Furthermore, the Preamble of the MOA stipulates that funds shall not be expended prior to the approval of the Expenditure Plan.</p> <p>The MCOG submitted the FY 2022 Expenditure Plan to GEPA on September 17, 2021. The document does not indicate whether the Expenditure Plan was reviewed or adopted by the Board.</p>
FY 2023	<p>The required budgetary provision in P.L. 36-107 is reflected in the Preamble of the MOA, which states that the MCOG shall submit an Expenditure plan to GEPA’s Board for review, and the Board has 30 days from submission to make amendments. Furthermore, the preamble of the MOA stipulates that funds shall not be expended prior to the approval of the Expenditure Plan.</p> <p>The Board approved the concurrent submission of the Expenditure Plan and the Operation Plan on August 25, 2022.</p>
FY 2024	<p>The required budgetary provision in P.L. 37-42 is reflected in the Preamble of the MOA, which states that the MCOG shall submit an Expenditure plan to GEPA’s Board for review, and the Board has 30 days from submission to make amendments. Furthermore, the preamble of the MOA stipulates that funds shall not be expended prior to the approval of the Expenditure Plan.</p> <p>The MCOG submitted the FY 2024 Expenditure Plan to GEPA on February 15, 2024. The document does not indicate whether the Expenditure Plan was reviewed or adopted by the Board.</p>
FY 2025	<p>The required budgetary provision in P.L. 37-125 is reflected in the Preamble of the FY 2025 MOA, which states that the MCOG shall prepare and submit an expenditure plan to the Guam EPA Board of Directors for review, and the Board shall review the expenditure plan within thirty days of receipt and may amend it as needed to comply with current statutes. The Preamble further provides that the expenditure plan shall include requirements for proper invoicing, documentation, oversight, and compliance with procurement regulations, thereby making use of the RRF allocation expressly contingent upon adherence to an approved expenditure plan. The GEPA Board approved the Expenditure Plan when Resolution #25-001 was adopted on October 24, 2024.</p>

As a result, evidence of compliance with these Expenditure-Plan preconditions was incomplete. The descriptions of MOA preambles for FY 2021 through FY 2025 are based on the audit team’s review of the executed MOAs.

Because documentation of Board review and approval is incomplete, we could not confirm that Budget Act preconditions for IECP-related RRF expenditures were met, increasing the risk of non-compliance with Expenditure Plan requirements. This weakens governance over RRF-funded activities and may undermine the Legislature’s expectations for Board oversight of IECP spending.

GEPA and MCOG should ensure all Expenditure Plans required by Budget Acts are formally reviewed and approved by the GEPA Board before RRF monies are used, and that supporting documentation—such as Board resolutions, meeting minutes, and evidence of plan transmittal and receipt—is clearly documented and retained for current and future FYs.

We recommend that GEPA (1) establish standardized procedures for obtaining required approvals before authorizing expenditures; (2) ensure approvals are clearly documented; and (3) strengthen internal controls and monitoring to ensure compliance.

Other Matters

Unclear Reimbursement Procedures

The GEPA’s Administrator is authorized to annually reimburse Guam Solid Waste Authority (GSWA), as a government entity, up to \$400K in accordance with the Guam Zero Waste Master Plan for expenses that include, but are not limited to, curbside recycling, household hazardous waste, electronic, and white goods collection, processing, and marketing/shipping. GSWA shall submit a proposal, including total costs, to the Administrator and Board for approval. The GSWA Board expected a \$400K reimbursement before GEPA’s formal approval. At the time of the GEPA Board meeting held on February 15, 2024, reimbursement procedures seemed unclear, and the rules did not specify the invoicing frequency. Upon further clarification with GEPA staff, they mentioned that GSWA has been requesting quarterly invoicing because expenditures must occur before reimbursement.

DPW Takes Over Responsibility of Abandoned Vehicles

Subsequent to the RRF audit period, following MCOG’s decision to discontinue the IECP, DPW assumed operational responsibility for the Government of Guam’s abandoned vehicles. The DPW Director testified before the Guam Legislature on March 19, 2026, that the program will be funded through a \$2M MOU with the GEPA, signed in late January or early February 2026.

DPW prepared an RFP for an Indefinite Delivery Indefinite Quantity contract to engage private-sector recyclers for island-wide collection and disposal of abandoned vehicles. DPW’s market research identified up to four capable vendors, including two that can remove and export vehicles whole and two that dismantle, crush, and ship vehicles in containers. DPW estimates there are approximately 13K to 15K abandoned vehicles on Guam and has set a target of removing about 4K vehicles each year, at an estimated cost of \$500 to \$600 per vehicle.

DPW also identified the need for a dedicated staging site of at least 10 acres, preferably near the Port of Guam, to support the program. As of this report date, a suitable site had not been secured.

Conclusion and Recommendations

Although GEPA promulgated rules to implement the RRF as required by law, significant inconsistencies and non-compliance remain. The RRF rules were not fully codified in the GARR, resulting in conflicts between statutes and regulations and uncertainty regarding key requirements.

Our audit found that GEPA did not consistently establish, document, and follow the legal requirements governing the RRF, which limited transparency, weakened accountability, and impaired the reliable use of the RRF monies. Although legislative changes expanded and clarified certain authorities, the governing regulations were not updated to reflect the current law, internal reports could not be reliably reconciled to official records, and closed-year figures were subject to unexplained revision.

At the program level, RRF funds for the MCOG IECF were not expended efficiently or consistently in accordance with statutory and budgetary preconditions. Required Operation Plans, Proposals, and Expenditure Plans were missing, incomplete, or lacked documented signatures/approvals before the funds were used. In addition, unresolved questions about the timing and attribution of expenditures, including whether amounts reflected current-year spending or prior-year obligations, made it difficult to determine actual fund utilization.

These conditions reflect material weaknesses in RRF governance, financial accountability, internal controls, and compliance oversight, which can prevent timely service delivery and erode public trust. To address these deficiencies, we recommend that GEPA take charge of updating RRF regulations, clarify the interactions between procurement waivers and the Guam procurement law, and strengthen internal controls and monitoring for compliance.



Benjamin J.F. Cruz
Public Auditor

Classification of Monetary Amounts

No.	Finding Description	Questioned Cost	Potential Savings	Unrealized Revenues	Other Financial Impact	Total Financial Impact
1	RRF Rules and Reversion Requirements Not Fully Codified into the GARR	\$0	\$0	\$0	\$0	\$0
2	RRF Funds Not Expended Efficiently for the Mayors Council of Guam (MCOG) Island-wide Environmental Clean-up Program (IECP)	\$0	\$0	\$0	\$0	\$0
3	Inability to Determine Actual RRF Expenditures	\$0	\$0	\$0	\$0	\$0
4	Non-compliance with Statutory Requirements Prior to Disbursement	\$0	\$0	\$0	\$0	\$0
5	Missing Board-Approved Expenditure Plans	\$0	\$0	\$0	\$0	\$0
	Total	\$0	\$0	\$0	\$0	\$0

Management Response and OPA Reply

On April 30, 2026, OPA provided GEPA with a draft report for their official management response.

On May 8, 2026, OPA and GEPA held a (virtual) exit conference to discuss the findings and recommendations of the Recycling Revolving Fund performance audit.

On May 14, 2026, GEPA submitted its official management response.

GEPA Response: In their management response, GEPA generally concurred with all findings, with the exception of two findings where they partially concurred. They stated that, while they concurred that RRF rules and regulations were not fully codified, IECP expenditures were not used efficiently by MCOG; however, many delays stemmed from MCOG procurement constraints, vendor protests, incomplete documentation, and late submissions, all of which were beyond GEPA's direct control. GEPA further noted that they do not administer procurement statutes, and ambiguity between annual Budget Act provisions and Guam Procurement Law contributed to delays and inconsistent interpretations during IECP implementation.

GEPA is committed to strengthening governance, financial accountability, and internal controls for the Recycling Revolving Fund and appreciates the OPA's findings and recommendations and will continue to work collaboratively with DOA, DPW, and other stakeholders to ensure that RRF funds are administered in full compliance with Guam law and in support of the island's recycling and zero-waste objectives.

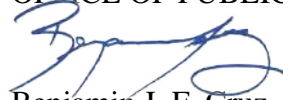
OPA Reply: The OPA acknowledges GEPA's response and efforts in addressing the audit findings and implementing their corrective action plan for each of the audit recommendations. The audit team determined that GEPA's management letter, relative to its corrective action plans, are acceptable and satisfactory.

See [Appendix 8](#) for GEPA's detailed management response.

The legislation creating OPA requires agencies to prepare a corrective action plan to implement audit recommendations, to document the progress in implementing the audit recommendations, and to endeavor to have implementation completed no later than the beginning of the next fiscal year.

We sincerely appreciate the cooperation and assistance provided by the staff and management of GEPA throughout this audit process.

OFFICE OF PUBLIC ACCOUNTABILITY



Benjamin J. F. Cruz
Public Auditor

Appendix 1:
Objectives, Scope, and Methodology

Objective

Based on the Office of Public Accountability's (OPA) 2025 Audit Plan, the Guam OPA conducted a follow-up performance audit of the Guam Environmental Protection Agency's (GEPA) Recycling Revolving Fund (RRF). The audit objectives were to determine whether:

1. GEPA promulgated rules and regulations for the RRF in accordance with the law, as previously identified in OPA Report No. 15-05 (July 2015); and
2. Top expenditures funded by the RRF were made in accordance with applicable laws, rules, regulations, and other fund requirements.

Audit Scope

The audit covers Fiscal Years (FY) 2017 through 2025, corresponding to the period from October 1, 2016, through September 30, 2025.

Methodology

The audit team employed the following methodologies and procedures to collect information supporting the audit results. This included reviewing pertinent laws, rules, regulations, policies, and other relevant documents governing the RRF. The audit was primarily conducted at the Office of Public Accountability. Specific procedures included:

1. Researched and reviewed all laws, rules, and regulations relevant to the RRF. In addition, we conducted research via the GEPA, Guam Compiler of Laws, Guam Legislature, and Bureau of Budget and Management Research websites to gather additional guidance on RRF fund expenditures.
2. Obtained information directly from sources, including:
 - o Guam Compiler of Laws
 - o Guam Legislature
 - o Bureau of Budget and Management Research (BBMR)
 - o GEPA – Guam Zero Waste Plan
 - o Department of Administration (DOA)
3. Reviewing prior audits and other reports issued by OPA and GEPA relevant to the audit subject.
4. Conducted Zoom meetings and walkthroughs with GEPA officials.
5. Interviewed officials from the MCOG to understand the IECF and its implementation.
6. Requested and reviewed GEPA RRF documents.
7. Reviewed Government of Guam-Wide audited financial reports from FY 2017 to FY 2025.
8. Compiled data from the Government of Guam's audited financial statements and GEPA internal reports, conducting comparative analysis, and documenting variances.

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Below is a summary of pertinent findings and recommendations relative to a prior OPA report on the Guam Environmental Protection Agency's Recycling Revolving Fund.

OPA Report No. 15-05: Guam Environmental Protection Agency Recycling Revolving Fund

Finding 1: Rules and Regulations Need to Be Promulgated to Properly Implement Law

Title 10 of the Guam Code Annotated (GCA) Chapter 51 Article 3 § 51307 (c)⁴ states that GEPA, "Shall promulgate the necessary rules and regulations, in accordance with the Administrative Adjudication Law, to properly implement this Article." Since the enactment of Public Law (P.L.) 27-38 in November 2003, the RRF law was amended by several additional laws over a span of eight years, each separately modifying aspects of the RRF law. In June 2005, the recycling rules and regulations were finally approved by GEPA's Board, but P.L. 28-70 disapproved the rules in October 2005. No explanation for the disapproval was provided in the legislative history for P.L. 28-70. Neither could GEPA officials provide an explanation. As such, there are no recycling rules and regulations in place.

Recommendation:

Establishing the proper rules and regulations would clarify the RRF purpose and priorities, guide the RRF activities to ensure uniform application of the law, and ensure that legislative intent is carried out.

Finding 2: RRF Travel Expenditures

Based on the OPA's 100% review and testing of expenditures for the conference and travel, it was noted that the expenditures reasonably met the purpose of the law to assist and encourage recycling. All conference and travel expenditures were processed and cleared with BBMR and DOA. Although these expenditures reasonably assisted and encouraged recycling of recyclable materials, these RRF expenditures were made before the rules and regulations were promulgated. Therefore, these RRF expenditures totaling \$158K was identified as questioned costs.

Recommendation:

It was recommended that GEPA place a moratorium on all RRF spending until they develop and promulgate rules and regulations in accordance with the law.

⁴ Note: OPA Report No. 15-05 cited the promulgation requirement as 10 GCA § 51307(c), which was the applicable section number prior to recodification under P.L. 36-115 (Oct. 12, 2022). The current codified section is § 51306(c).

Finding 3: Other Matters

In the prior performance audit of the Recycling Revolving Fund, OPA Report No. 15-05 (covering FY 2010–2014), OPA noted that up to 90% of RRF expenditures pertained to contractual services. Since FY 2010, these annual expenditures ranged from \$275K up to \$630K. In addition, OPA noted that between FY 2010 and FY 2014, a total of 11.1 million was transferred out of the RRF. The largest amount transferred was \$5M in FY 2010.

Applicable Laws, Rules, and Regulations

Guam Code Annotated Title 5 Chapter 9, Article 3

§9303. Adoption, Repeal, Recission, or Amendment of Rules and Regulations: Circulation and Filing.

(a) It *shall* be the duty of every agency which may have been or hereafter may be clothed with or given any power or authority to make, adopt, promulgate or enforce rules.

Guam Code Annotated Title 5 Chapter 22, Article 4

§22406. Reversion of Appropriations. All sums previously appropriated shall revert to the fund from which appropriated.

Guam Code Annotated Title 10 Chapter 51, Article 3

§51306 Authorization for the Department of Public Works and the Mayors Council of Guam to Contract with Recycling Companies.

(c) The Guam Environmental Protection Agency shall promulgate the necessary rules and regulations, in accordance with the Administrative Adjudication Law, to properly implement this Article.

Public Law (P.L.) 27-38

AN ACT TO CREATE A RECYCLING REVOLVING FUND TO FUND THE RECYCLING OF AUTOMOBILES, TRUCKS, HEAVY EQUIPMENT, AND WHITE GOODS AS PROVIDED FOR IN THE INTEGRATED SOLID WASTE MANAGEMENT PLAN AS ADOPTED IN PUBLIC LAW 25-175, BY ADDING NEW ARTICLE 3 TO CHAPTER 51 OF DIVISION 2 OF PART 2 OF TITLE 10, AND BY AMENDING §7161 OF TITLE 16, GUAM CODE ANNOTATED.

Public Law (P.L.) 33-136

Section 1. Legislative Findings and Intent. *I Liheslaturan Guåhan* finds that the Recycling Revolving Fund presently has no rules and regulations in place to enable the Fund to be used for the purpose of supporting recycling initiatives in a prudent and accountable manner as recommended by the Public Auditor.

Section 2. Recycling Industry Economic Stimulus Program.

§51309. Recycling Industry Economic Stimulus Program.

There is hereby a created a Recycling Economic Stimulus Program (Program) to be administered by the Guam Environmental Protection Agency. The purpose of the Program is to provide economic stimulus funding to local recycling companies to support their recycling efforts.

Public Law (P.L.) 33-215

§51302. Recycling Revolving Fund. There is hereby created the Recycling Revolving Fund (Fund), which *shall* be maintained separate and apart from any other funds, including the General Fund of the government of Guam, and independent records and accounts *shall* be maintained thereof.

Applicable Laws, Rules, and Regulations

Public Law (P.L.) 34-32

§9303. Adoption, Repeal, Rescission, or Amendment of Rules and Regulations: Circulation and Filing.

(a) It shall be the duty of every agency which may have been or hereafter may be clothed with or given any power or authority to make, adopt, promulgate or enforce rules to:

(1) prepare the rules in a form which will conform to a standard system or code adopted by the Guam Code Advisory Commission for the guidance of all agencies. Agencies may contact the Compiler of Laws for recommendations as to placement and formatting.

(3) File with the Attorney General a printed and an identical electronic (pdf and word) version of the proposed rules and regulations, and one (1) printed and an identical electronic (pdf) copy of the entire agency record, to include minutes or a resolution showing board approval of proposed rules, certification of the agency record and compliance with each of the requirements of this Chapter, economic impact statements, and transcripts of any public hearings on the rules being proposed.

Public Law (P.L.) 35-37

An Act to adopt the rules and regulations for the Recycling Revolving Fund as transmitted by the Guam Environmental Protection Agency.

Public Law (P.L.) 36-115

SUBSTITUTE BILL NO. 284-36 (LS) – AN ACT TO AMEND ARTICLE 3 OF CHAPTER 51, TITLE 10, GUAM CODE ANNOTATED, TO CODIFY AND AMEND ARTICLE 3 OF CHAPTER 24, DIVISION 4, TITLE 22, GUAM ADMINISTRATIVE RULES AND REGULATIONS, RELATIVE TO PROMOTING RECYCLING AND ZERO WASTE INITIATIVES.

Public Law (P.L.) 29-116

§51507. Authorization for the Mayors' Council of Guam to Contract with Recycling Companies.

(c) The Guam Environmental Protection Agency *shall* promulgate the necessary rules and regulations, in accordance with the Administrative Adjudication Law, to properly implement this Article.

Public Law (P.L.) 36-115

§51302. Recycling Revolving Fund.

There is hereby created the Recycling Revolving Fund, which shall be non-lapsing and maintained separate and apart from any other funds, including the General Fund of the government of Guam, and independent records and accounts shall be maintained thereof.

Applicable Laws, Rules, and Regulations

Public Law (P.L.) 36-54**Section 5. Authorization to Waive Statutory Procurement Limit for Recycling Revolving Fund Appropriated or Allotted to MCOG.**

Notwithstanding any other provision of law, the MCOG is authorized to issue purchase orders up to Fifty Thousand Dollars (\$50,000) per village per recyclable item as permitted under the Fiscal Year 2021 to Fiscal Year 2022 GEPA-MCOG Island-wide Clean Up Program for Fiscal Year 2022.

Public Law (P.L.) 36-107**Section 5. Authorization to Waive Statutory Procurement Limit for Recycling Revolving Fund Appropriated or Allotted to MCOG.**

Notwithstanding any other provision of law, the MCOG is authorized to issue purchase orders of up to Seventy-Five Thousand Dollars (\$75,000) per village per recyclable item as permitted under the Fiscal Year 2022 to Fiscal Year 2023 GEPA-MCOG Island-wide Clean Up Program for Fiscal Year 2023.

Public Law (P.L.) 37-42**Section 5. Authorization to Waive Statutory Procurement Limit for Recycling Revolving Fund Appropriated or Allotted to MCOG.**

Notwithstanding any other provision of law, the MCOG is authorized to issue purchase orders of up to One Hundred Fifty Thousand Dollars (\$150,000) per village for recyclables as permitted under the Fiscal Year 2023 to Fiscal Year 2024 GEPA-MCOG Island-wide Clean Up Program for Fiscal Year 2024.

22 GARR of Division 4 of Chapter 4**§24303.1**

(c) The Administrator may use funds to support the recycling and zero waste initiatives in this Section subject to the following conditions:

(3) Unused funds must be returned to the Recycling Revolving Fund every fiscal year.

Appendix 4: Total RRF Expenditures from FY 2017 - 2025

Expenditure Type	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total by Object Category	Percentage by Object Category
Salaries	\$44,924.64	\$45,011.20	\$43,453.12	\$45,270.88	\$45,184.32	\$45,184.32	\$179,353.60	\$46,886.40	\$43,084.80	\$538,353.28	4%
Benefits	\$15,627.92	\$14,048.97	\$13,701.75	\$14,408.33	\$15,023.34	\$16,134.37	\$66,634.41	\$18,259.44	\$18,002.23	\$191,840.76	2%
Travel	\$-	\$-	\$-	\$-	\$-	\$-	\$18,763.22	\$1,353.48	\$8,894.78	\$29,011.48	0%
Supplies	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	0%
GSWA Reimbursement	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$178,695.58	\$227,809.93	\$406,505.51	3%
MOA with MCOG (IECP)	\$-	\$832,505.51	\$566,816.15	\$764,324.73	\$494,379.50	\$1,642,550.10	\$1,040,791.50	\$953,069.00	\$-	\$6,294,436.49	52%
CH2M Hill Inc. Contract (Sustainable Materials Management Program)	\$-	\$203,824.57	\$1,199,779.41	\$591,250.06	\$365,873.34	\$227,379.79	\$181,946.76	\$-	\$-	\$2,770,053.93	23%
Recycling Industry Economic Stimulus Program	\$1,004,911.25	\$275,000.00	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$1,279,911.25	11%
Green Growth Guam (UOG)	\$-	\$-	\$-	\$-	\$500,000.00	\$-	\$-	\$-	\$-	\$500,000.00	4%
Expenditures by FY Total	\$1,065,463.81	\$1,370,390.25	\$1,823,750.43	\$1,415,254.00	\$1,420,460.50	\$1,931,248.58	\$1,487,489.49	\$1,198,263.90	\$297,791.74	\$12,010,112.70	100%
Grand Total	\$12,010,112.70										

Appendix 5:
GEPA FY 2017 – 2025 Expenditure Reports

Fiscal Year 2017						
Report of Expenditure						
Department: Guam Environmental Protection Agency						
FUND: RECYCLING REVOLVING FUND						
		FY 2017	FY 2017	Expenditures	Out Standing	Balance
		Appropriation	YTD Allotment		Encumbrance	
ACCOUNT	5619C072200CE203					
CODE	Appropriation Classification					
111	Salaries	137,097.86	137,097.86	44,924.64	-	92,173.22
113	Benefits	66,903.95	66,903.95	15,627.92	-	51,276.03
220	Travel	33,937.47	33,937.47	-	729.00	33,208.47
230	Contractual	4,564,944.54	2,340,381.54	1,004,911.25	-	1,335,470.29
240	Supplies	10,426.59	10,426.59	-	-	10,426.59
250	Equipment	12,361.67	12,361.67	-	-	12,361.67
	Total	4,825,672.08	2,601,109.08	1,065,463.81	729.00	1,534,916.27

**Appendix 5:
GEPA FY 2017 – 2025 Expenditure Reports**

Government of Guam Fiscal Year 2018 Report of Expenditure						
Department: Guam Environmental Protection Agency						
FUND: RECYCLING REVOLVING FUND						
		FY 2018 Appropriation	FY 2018 YTD Allotment	Expenditures	Out Standing Encumbrance	Balance
ACCOUNT	5619C072200CE203					
CODE	Appropriation Classification					
111	Salaries	92,183.22	92,183.22	20,839.32	-	71,343.90
113	Benefits	51,276.03	51,276.03	6,063.33	-	45,212.70
220	Travel	33,937.47	33,937.47	-	729.00	33,208.47
230	Contractual	3,560,033.29	3,560,033.29	101,912.30	298,087.70	3,160,033.29
240	Supplies	10,426.59	10,426.59	-	-	10,426.59
250	Equipment	12,361.67	12,361.67	-	-	12,361.67
	Total	3,760,218.27	3,760,218.27	128,814.95	298,816.70	3,332,586.62
		FY 2018 Appropriation	FY 2018 YTD Allotment	Expenditures	Out Standing Encumbrance	Balance
ACCOUNT	5619A182200CE203					
CODE	Appropriation Classification					
111	Salaries	59,688.00	59,688.00	24,171.88	-	35,516.12
113	Benefits	15,312.00	15,312.00	7,985.64	-	7,326.36
230	Contractual	2,856,296.00	2,856,296.00	1,209,417.81	-	1,646,878.19
	Total	2,931,296.00	2,931,296.00	1,241,575.33	-	1,689,720.67

**Appendix 5:
GEPA FY 2017 – 2025 Expenditure Reports**

Government of Guam Fiscal Year 2019 Report of Expenditure						
Department: Guam Environmental Protection Agency						
FUND: RECYCLING REVOLVING FUND						
		FY 2019 Appropriation	FY 2019 YTD Allotment	Expenditures	Out Standing Encumbrance	Balance
ACCOUNT	5619C072200CE203					
CODE	Appropriation Classification					
111	Salaries	71,333.90	71,333.90	-	-	71,333.90
113	Benefits	45,212.70	45,212.70	-	-	45,212.70
220	Travel	33,937.47	33,937.47	-	729.00	33,208.47
230	Contractual	3,458,120.99	3,458,120.99	698,087.70	-	2,760,033.29
240	Supplies	10,426.59	10,426.59	-	-	10,426.59
250	Equipment	12,361.67	12,361.67	-	-	12,361.67
	Total	3,631,393.32	3,631,393.32	698,087.70	729.00	2,932,576.62
		FY 2019 Appropriation	FY 2019 YTD Allotment	Expenditures	Out Standing Encumbrance	Balance
ACCOUNT	5619A1972200CE203					
CODE	Appropriation Classification					
111	Salaries	45,014.00	45,014.00	43,452.92	-	1,561.08
113	Benefits	16,577.00	16,577.00	13,701.75	-	2,875.25
230	Contractual	2,834,374.00	2,399,979.00	1,068,507.86	-	1,331,471.14
	Total	2,895,965.00	2,461,570.00	1,125,662.53	-	1,335,907.47

**Appendix 5:
GEPA FY 2017 – 2025 Expenditure Reports**

Government of Guam						
Fiscal Year 2020						
Report of Expenditure						
Department: Guam Environmental Protection Agency						
FUND: RECYCLING REVOLVING FUND						
		FY 2020	FY 2020	<i>Expenditures</i>	<i>Out Standing</i>	<i>Balance</i>
		Appropriation	YTD Allotment			
ACCOUNT	5619C072200CE203					
CODE	Appropriation Classification					
111	Salaries	71,333.70	71,333.70	-	-	71,333.70
113	Benefits	45,212.70	45,212.70	-	-	45,212.70
220	Travel	33,937.47	33,937.47	-	729.00	33,208.47
230	Contractual	2,760,033.29	2,760,033.29	-	-	2,760,033.29
240	Supplies	10,426.59	10,426.59	-	-	10,426.59
250	Equipment	12,361.67	12,361.67	-	-	12,361.67
	Total	2,933,305.42	2,933,305.42	-	729.00	2,932,576.42
		FY 2020	FY 2020	<i>Expenditures</i>	<i>Out Standing</i>	<i>Balance</i>
		Appropriation	YTD Allotment			
ACCOUNT	5619A202200CE203					
CODE	Appropriation Classification					
111	Salaries	45,014.00	57,388.00	45,270.88	-	12,117.12
113	Benefits	15,880.00	18,602.00	14,408.33	-	4,193.67
230	Contractual	2,767,503.00	2,328,147.00	1,355,574.79	67,658.97	904,913.24
	Total	2,828,397.00	2,404,137.00	1,415,254.00	67,658.97	921,224.03

Appendix 5:
GEPA FY 2017 – 2025 Expenditure Reports

Government of Guam						
Fiscal Year 2021						
Report of Expenditure						
Department: Guam Environmental Protection Agency						
FUND: RECYCLING REVOLVING FUND						
		FY 2021	FY 2021	<i>Expenditures</i>	<i>Out Standing</i>	<i>Balance</i>
		Appropriation	YTD Allotment			
ACCOUNT	5619C072200C					
	E203					
CODE	Appropriation					
	Classification					
111	Salaries	71,333.90	71,333.90	-	-	71,333.90
113	Benefits	45,212.70	45,212.00	-	-	45,212.00
220	Travel	33,937.47	33,937.47	-	729.00	33,208.47
230	Contractual	2,760,033.29	2,760,033.29	-	-	2,760,033.29
240	Supplies	10,426.59	10,426.59	-	-	10,426.59
250	Equipment	12,361.67	12,361.67	-	-	12,361.67
	Total	2,933,305.62	2,933,304.92	-	729.00	2,932,575.92
		FY 2021	FY 2021	<i>Expenditures</i>	<i>Out Standing</i>	<i>Balance</i>
		Appropriation	YTD Allotment			
ACCOUNT	5619A212200C					
	E203					
CODE	Appropriation					
	Classification					
111	Salaries	45,014.00	45,014.00	45,184.32	-	(170.32)
113	Benefits	15,513.00	14,216.00	15,023.34	-	(807.34)
230	Contractual	2,304,996.00	1,959,246.00	860,252.84	227,273.00	871,720.16
290	Miscellaneous	500,000.00	500,000.00	500,000.00		-
	Total	2,865,523.00	2,018,476.00	1,420,460.50	227,273.00	598,015.50

Appendix 5:
GEPA FY 2017 – 2025 Expenditure Reports

Government of Guam						
Fiscal Year 2022						
Report of Expenditure						
Department: Guam Environmental Protection Agency						
FUND: RECYCLING REVOLVING FUND						
ACCOUNT		FY 2022 Appropriation	FY 2022 YTD Allotment	Expenditures	Out Standing Encumbrance	Balance
ACCOUNT	5619C072200CE203					
CODE	Appropriation Classification					
111	Salaries	71,333.90	71,333.90	-	-	71,333.90
113	Benefits	45,212.70	45,212.70	-	-	45,212.70
220	Travel	33,937.47	33,937.47	-	729.00	33,208.47
230	Contractual	2,760,033.30	2,760,033.30	-	-	2,760,033.30
240	Supplies	10,426.59	10,426.59	-	-	10,426.59
250	Equipment	12,361.67	12,361.67	-	-	12,361.67
	Total	2,933,305.63	2,933,305.63	-	729.00	2,932,576.63
ACCOUNT		FY 2022 Appropriation	FY 2022 YTD Allotment	Expenditures	Out Standing Encumbrance	Balance
ACCOUNT	5619A222200CE203					
CODE	Appropriation Classification					
111	Salaries	45,014.00	45,014.00	45,184.32	-	(170.32)
113	Benefits	14,083.00	14,083.00	16,134.37	-	(2,051.37)
230	Contractual	2,747,929.00	2,747,929.00	1,869,929.89	469,224.51	408,774.60
	Total	2,807,026.00	2,807,026.00	1,931,248.58	469,224.51	406,552.91

**Appendix 5:
GEPA FY 2017 – 2025 Expenditure Reports**

Government of Guam						
Fiscal Year 2023						
Report of Expenditure						
Department: Guam Environmental Protection Agency						
FUND: RECYCLING REVOLVING FUND						
		FY 2023	FY 2023	Expenditures	Out Standing Encumbrance	Balance
		Appropriation	YTD Allotment			
ACCOUNT	5619C072200CE203					
CODE	Appropriation Classification					
111	Salaries	71,333.90	71,333.90	-	-	71,333.90
113	Benefits	45,212.70	45,212.00	-	-	45,212.00
220	Travel	33,937.47	33,937.47	18,682.15	729.00	14,526.32
230	Contractual	2,760,033.29	2,760,033.29	-	-	2,760,033.29
240	Supplies	10,426.59	10,426.59	-	-	10,426.59
250	Equipment	12,361.67	12,361.67	-	-	12,361.67
	Total	2,933,305.62	2,933,304.92	18,682.15	729.00	2,913,893.77
		FY 2023	FY 2023	Expenditures	Out Standing Encumbrance	Balance
		Appropriation	YTD Allotment			
ACCOUNT	5619A232200CE203					
CODE	Appropriation Classification					
111	Salaries	232,696.00	232,696.00	179,163.20	-	53,532.80
113	Benefits	72,077.00	72,077.00	66,577.52	-	5,499.48
220	Travel	35,000.00	35,000.00	81.07	-	34,918.93
230	Contractual	2,437,051.00	2,029,841.00	1,222,738.26	449,955.50	357,147.24
	Total	2,776,824.00	2,369,614.00	1,468,560.05	449,955.50	451,098.45

**Appendix 5:
GEPA FY 2017 – 2025 Expenditure Reports**

Government of Guam Fiscal Year 2024 Report of Expenditure						
Department: Guam Environmental Protection Agency						
FUND: RECYCLING REVOLVING FUND						
		FY 2024 Appropriation	FY 2024 YTD Allotment	Expenditures	Out Standing Encumbrance	Balance
ACCOUNT	5619C072200CE203					
CODE	Appropriation Classification					
111	Salaries	236,087.70	236,087.70	46,886.40	-	189,201.30
113	Benefits	82,507.23	82,507.23	18,259.44	-	64,247.79
220	Travel	34,526.32	34,526.32	1,353.48	-	33,172.84
230	Contractual	9,171,320.06	9,171,320.06	1,131,764.58	-	8,039,555.48
240	Supplies	20,000.00	20,000.00	-	-	20,000.00
	Total	9,544,441.31	9,544,441.31	1,198,263.90	-	8,346,177.41

Appendix 5:
GEPA FY 2017 – 2025 Expenditure Reports

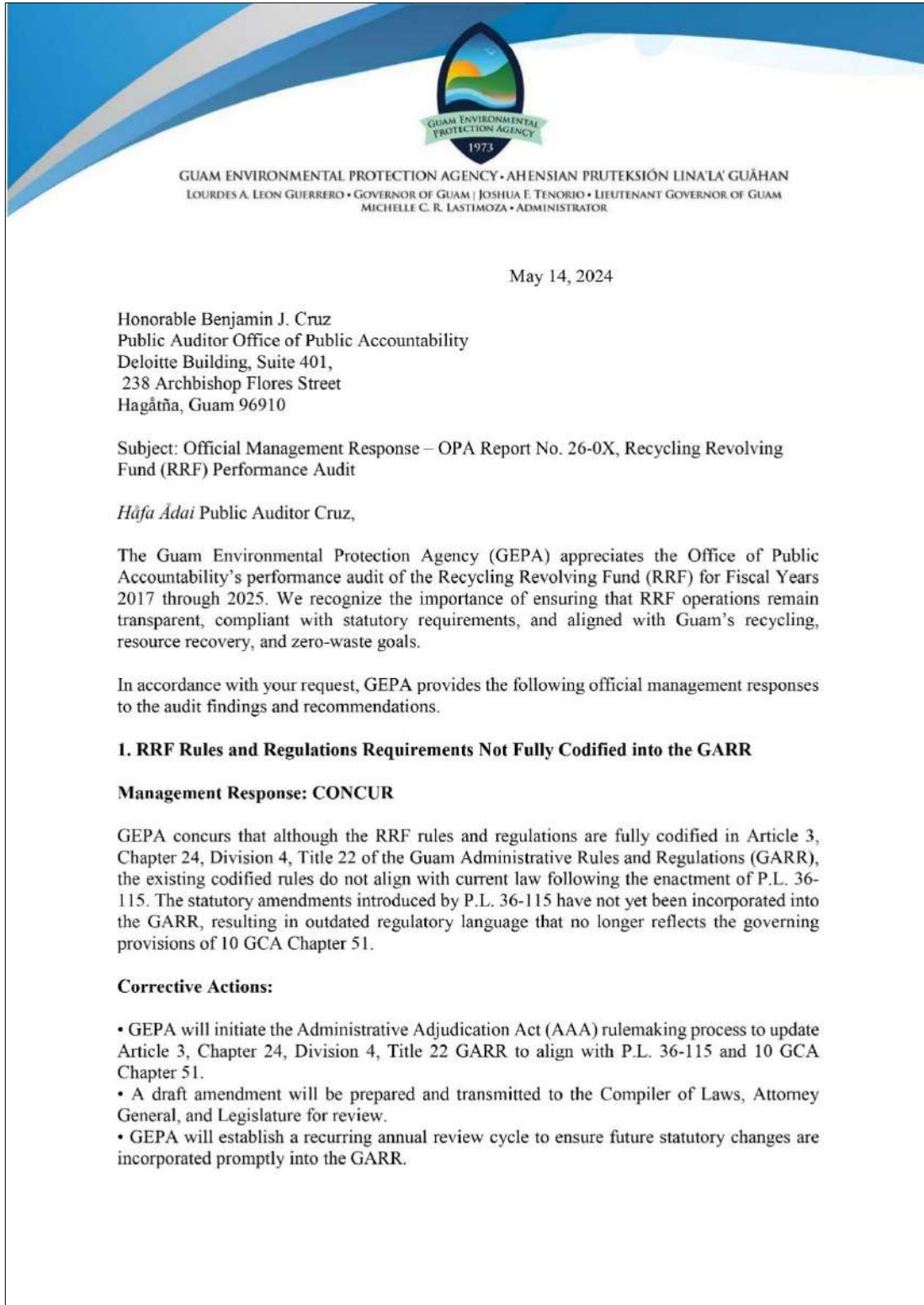
Government of Guam						
Fiscal Year 2025						
Report of Expenditure						
Department:	Guam Environmental Protection Agency					
FUND:	RECYCLING REVOLVING FUND					
		FY 2025 Appropriation	FY 2025 YTD Allotment	Expenditures	Out Standing Encumbrance	Balance
ACCOUNT	5619C072200CE203					
CODE	Appropriation Classification					
111	Salaries	189,201.30	189,201.30	43,084.80	-	146,116.50
113	Benefits	64,247.79	64,247.79	18,002.23	-	46,245.56
220	Travel	33,172.84	33,172.84	8,894.78	-	24,278.06
230	Contractual	8,039,555.48	8,039,555.48	227,809.93	-	7,811,745.55
240	Supplies	20,000.00	20,000.00	-	-	20,000.00
	Total	8,346,177.41	8,346,177.41	297,791.74	-	8,048,385.67

Appendix 6: GEPA FY 2017 – 2025 Operation Plan

Year	Status
FY 2017	Not submitted.
FY 2018	The MCOG submitted the FY 2018 Operation Plan. GEPA's Administrator approved the Operation Plan on March 19, 2018.
FY 2019	The MCOG submitted an Operation Plan to GEPA specifically for FY 2019, which the Administrator approved on May 24, 2019. Additionally, the MCOG submitted a separate Operation Plan covering the period from FY 2019 to FY 2021. GEPA received this multi-year plan on May 9, 2019, or 2020, but the document does not indicate whether the Administrator approved it, leaving the approval status for the overlapping fiscal years unclear.
FY 2020	The MOA includes a provision requiring the MCOG to notify GEPA once at least 80% of the disbursed amount has been expended. The MCOG must also submit a comprehensive Operation Plan for the implementation of the IECF to GEPA and receive prior approval from GEPA's Administrator before collecting, processing, or storing recyclable materials. The MCOG submitted an Operation Plan for FY 2019–2021. GEPA received the document on 05/09/2019 or 05/09/2020. The audit staff could not read the year GEPA's stamp was made. The document does not indicate GEPA's Administrator approval of the Operation Plan.
FY 2021	The MOA includes a provision requiring the MCOG to notify GEPA once at least 80% of the disbursed amount has been expended. The MCOG must also submit a comprehensive Operation Plan for the implementation of the IECF to GEPA and receive prior approval from GEPA's Administrator before collecting, processing, or storing recyclable materials. Although an Operation Plan was submitted, there is no approval signature from GEPA's Administrator. MCOG submitted an Operation Plan for FY 2019–2021. GEPA received the document on 05/09/2019 or 05/09/2020. Audit staff cannot read the year the document was stamped.
FY 2022	The MOA includes a provision requiring the MCOG to notify GEPA once at least 80% of the disbursed amount has been expended. The MCOG must also submit a comprehensive Operation Plan for the implementation of the IECF to GEPA and receive prior approval from GEPA's Administrator before collecting, processing, or storing recyclable materials. The MCOG did submit an Operation Plan; however, there is no signature from GEPA's Administrator approving the Expenditure Plan (Dated 09/17/21). The MCOG submitted an Operations Plan for FY 2022–2023. GEPA received the document; however, the date cannot be determined. The Operation Plan, dated September 17, 2021, does not indicate the Administrator's approval.
FY 2023	The MOA includes a provision requiring the MCOG to notify GEPA once at least 80% of the disbursed amount has been expended. The MCOG must also submit a comprehensive Operation Plan for the implementation of the IECF to GEPA and receive prior approval from GEPA's Administrator before collecting, processing, or storing recyclable materials. Although an Operation Plan was submitted, there is no approval signature from GEPA's Administrator. The Board approved the FY 2023 Operation Plan and Expenditure Plan on August 25, 2022; however, there was no Administrator signature approving the Operation Plan. In addition, the MCOG submitted a separate Operation Plan for FY 2023–2024 to GEPA; however, the document was not stamped as received and does not indicate whether the Administrator approved it, leaving the approval status for the overlapping fiscal years unclear.
FY 2024	The MOA includes a provision requiring the MCOG to notify GEPA once at least 80% of the disbursed amount has been expended. The MCOG must also submit a comprehensive Operation Plan for the implementation of the IECF to GEPA and receive prior approval from GEPA's Administrator before collecting, processing, or storing recyclable materials. Although an Operation Plan was submitted, there is no approval signature from GEPA's Administrator. The MCOG has submitted an Operations Plan for FY 2023–2024 to GEPA. The document was not stamped received and does not indicate the Administrator's approval.
FY 2025	An Operations Plan was submitted; however, it is undated, and there is no documented date of GEPA's receipt. There is no evidence of approval from MCOG's President or the GEPA Administrator for the Operation Plan.

Appendix 7: GEPA FY 2017 – 2025 MOA/MOU Requirement

Year	Status
FY 2017	N/A
FY 2018	Requires an Administrator-approved detailed Operation Plan prior to collecting, processing, or storing recycling materials. The Operation Plan was submitted and approved by GEPA’s Administrator on March 19, 2018.
FY 2019	Requires an Administrator-approved detailed Operation Plan prior to collecting, processing, or storing recycling materials. Operation Plan signed by GEPA Administrator on May 24, 2019. Additionally, the MCOG submitted a separate Operation Plan covering FY 2019 to FY 2021. Approval status for the overlapping fiscal years is unclear.
FY 2020	The MOA includes a provision requiring the MCOG to notify GEPA once at least 80% of the disbursed amount has been expended and submit a comprehensive Operation Plan for the implementation of the IECP to GEPA and receive prior approval from GEPA’s Administrator before collecting, processing, or storing recyclable materials. Although an Operation Plan was submitted, there is no approval signature from GEPA’s Administrator.
FY 2021	Includes a provision for GEPA to immediately disburse the agreed-upon amount from the RRF to the MCOG for the sole purpose of implementing the IECP. The MOA includes a provision requiring the MCOG to notify GEPA once at least 80% of the disbursed amount has been expended and submit a comprehensive Operation Plan for the implementation of the IECP to GEPA and receive prior approval from GEPA’s Administrator before collecting, processing, or storing recyclable materials. Although an Operation Plan was submitted, there is no approval signature from GEPA’s Administrator.
FY 2022	Includes a provision for GEPA to immediately disburse the agreed-upon amount from the RRF to the MCOG for the sole purpose of implementing the IECP. The MOA includes a provision requiring the MCOG to notify GEPA once at least 80% of the disbursed amount has been expended and submit a comprehensive Operation Plan for the implementation of the IECP to GEPA and receive prior approval from GEPA’s Administrator before collecting, processing, or storing recyclable materials. Although an Operation Plan was submitted, there is no approval signature from GEPA’s Administrator.
FY 2023	Includes a provision for GEPA to immediately disburse the agreed-upon amount from the RRF to the MCOG for the sole purpose of implementing the IECP. The MOA includes a provision requiring the MCOG to notify GEPA once at least 80% of the disbursed amount has been expended and submit a comprehensive Operation Plan for the implementation of the IECP to GEPA and receive prior approval from GEPA’s Administrator before collecting, processing, or storing recyclable materials. Although an Operation Plan was submitted, there is no approval signature from GEPA’s Administrator.
FY 2024	Includes a provision for GEPA to immediately disburse the agreed-upon amount from the RRF to the MCOG for the sole purpose of implementing the IECP. The MOA includes a provision requiring the MCOG to notify GEPA once at least 80% of the disbursed amount has been expended. The MCOG must also submit a comprehensive Operation Plan for the implementation of the IECP to GEPA and receive prior approval from GEPA’s Administrator before collecting, processing, or storing recyclable materials. Although an Operation Plan was submitted, there is no approval signature from GEPA’s Administrator.
FY 2025	The preamble of the MOA states that the MCOG shall prepare and submit an expenditure plan for disposal, removal of materials, and zero waste initiatives to the Guam EPA Board of Directors, which must review the plan within thirty (30) days of receipt and may amend it to comply with current statutes, including requirements for proper invoicing, documentation, oversight, and adherence to procurement regulations. MOU/MOA authorizes the expenditure of prior year appropriations, pursuant to the FY 2025 Budget Act. The Expenditure Plan and the MOA/MOU was adopted by the GEPA Board of Directors in GEPA Resolution # 25-001 on October 24, 2024.



2. RRF Not Being Expended Efficiently for the Mayors' Council of Guam (MCOG) Island-Wide Environmental Clean-Up Program (IECP)

Management Response: PARTIALLY CONCUR

GEPA concurs that IECP expenditures were not used efficiently by MCOG; however, many delays stemmed from MCOG procurement constraints, vendor protests, incomplete documentation, and late submissions, all of which are beyond GEPA's control.

Corrective Actions:

- GEPA is transitioning IECP operational responsibilities to the Department of Public Works (DPW) following MCOG's formal withdrawal in September 2025.
- GEPA will implement standardized MOA/MOU templates that include timelines for expenditure plans, operation plans, and documentation requirements.
- GEPA will provide technical assistance to ensure future implementing partners comply with statutory requirements and allowable uses of RRF funds.

3. Inability to Determine Actual RRF Expenditures

Management Response: CONCUR

GEPA concurs that discrepancies between internal AS400-derived reports and the Department of Administration's (DOA) official accounting records limited the ability to determine actual RRF expenditures.

Corrective Actions:

- GEPA is working with DOA to establish a single authoritative source for RRF financial data.
- GEPA will discontinue reliance on legacy AS400 extracts and instead use FMIS-based reconciled reports verified by DOA.
- GEPA will implement version-control protocols, including date stamping, locked formats, and internal review procedures.
- GEPA will resume posting weekly RRF balance reports upon receipt from DOA.

4. Non-Compliance with Statutory Requirements Prior to Disbursement

Management Response: CONCUR

GEPA concurs that the required Operation Plans and Proposals were not properly documented prior to disbursement.

Corrective Actions:

- GEPA will enforce a "no disbursement without documented approval" policy for Operation Plans and Proposals under 10 GCA § 51303(a)(1)(D)(i).
- GEPA will adopt a standard approval workflow, including Administrator signature, Board approval (when required), and document retention.

- GEPA will implement a centralized digital repository for all RRF pre-disbursement documents to ensure audit readiness.

5. Missing Board-Approved Expenditure Plans**Management Response: CONCUR**

GEPA concurs that Expenditure Plans were not consistently submitted to or approved by the GEPA Board as required by Budget Acts and MOA/MOU conditions.

Corrective Actions:

- GEPA will require all implementing partners to submit Board-approved Expenditure Plans prior to the use of RRF funds.
- GEPA will adopt a uniform Expenditure Plan template to ensure consistency and compliance.
- GEPA will maintain a Board action log documenting all approvals related to RRF expenditures.

6. Supplemental Management Response – Recommendation 5(b)

Clarification of Budget Act Procurement Limit Waivers

Management Response: PARTIALLY CONCUR

GEPA acknowledges OPA's recommendation to clarify with the Guam Legislature the intent, scope, and applicability of the Budget Act procurement limit waivers as they relate to 5 GCA Chapter 5. While GEPA does not administer procurement statutes, ambiguity between annual Budget Act provisions and the Guam Procurement Law contributed to delays and inconsistent interpretations during IECF implementation.

Corrective Actions:

- GEPA will formally request legislative clarification through written correspondence to the Speaker of the Guam Legislature and the Chairs of the Committees with oversight of procurement and environmental programs as appropriate.
- GEPA's request will seek guidance on:
 - Whether Budget Act procurement limit waivers supersede, modify, or supplement 5 GCA Chapter 5;
 - Applicable procurement thresholds, conditions, and documentation requirements for RRF-funded programs;
 - Whether future Budget Acts will continue to include procurement waivers or whether permanent statutory amendments are warranted.
- GEPA will incorporate legislative clarification into future MOA/MOU templates, implementing partner guidance, and internal review procedures to ensure consistent application and reduce administrative delays.

Conclusion

GEPA is committed to strengthening governance, financial accountability, and internal controls for the Recycling Revolving Fund. We appreciate OPA's findings and

recommendations and will continue to work collaboratively with DOA, DPW, and other stakeholders to ensure that RRF funds are administered in full compliance with Guam law and in support of the island's recycling and zero-waste objectives.

If you have any questions, please contact my office at 671-588-4751 or email me at michelle.lastimoza@epa.guam.gov or connie.afilleje@epa.guam.gov, respectively.

Dāngkolu na si Yu'us ma'āse'.

Senseramente,

**Michelle C.
R. Lastimoza**
MICHELLE C.R. LASTIMOZA
Administrator

Digitally signed by Michelle C. R. Lastimoza
DN: cn=Michelle C. R. Lastimoza, o=Guam
Environmental Protection Agency,
ou=Guam Environmental
Protection Agency,
c=GU

Enclosures:

- Appendix A
Memorandum of Agreement/ Understanding (MOA/MOU) Template Example
- Appendix B
Uniform Expenditure Plan Template Example
- Appendix C
GEPA Board Resolution Template Example
- Appendix D
RRF Financial Data Controls: Date Stamping, Locked Formats, and Internal Review Procedures
- Appendix E
Draft Legislature Clarification Letter

Appendix: A**MEMORANDUM OF AGREEMENT / UNDERSTANDING (MOA/MOU)
TEMPLATE EXAMPLE**

Between Guam Environmental Protection Agency (GEPA) and [Implementing Partner Agency]

1. Purpose

This Memorandum of Agreement/Memorandum of Understanding (MOA/MOU) establishes the roles, responsibilities, timelines, and documentation requirements for the administration and implementation of activities funded through the Recycling Revolving Fund (RRF), including the Island-Wide Environmental Clean-Up Program (IECP) or successor programs. This agreement ensures compliance with statutory requirements under 10 GCA Chapter 51 and 10 GCA Chapter 45, as well as applicable provisions of the Guam Administrative Rules and Regulations (GARR).

2. Authority

This MOA/MOU is executed pursuant to GEPA's statutory authority to administer the RRF and oversee solid waste, recycling, and environmental cleanup programs, including the review and approval of expenditure and operational plans and supporting documentation.

3. Parties

- Guam Environmental Protection Agency (GEPA) – Funding administrator, regulatory authority, and oversight entity.
- [Implementing Partner Agency] – Operational implementer responsible for program execution, procurement, and reporting.

4. Term of Agreement

This MOA/MOU becomes effective upon signature by both parties and remains in effect until [End Date], unless terminated earlier by mutual agreement or for cause.

5. Responsibilities of GEPA

GEPA shall:

A. Provide RRF Funding Oversight

- i. Review and approve expenditure plans, operational plans, and supporting documentation prior to disbursement.
- ii. Ensure expenditures comply with statutory and regulatory requirements.

B. Issue Written Approvals

- i. Provide written approval or required corrections within 10 business days of receiving complete submissions.

C. Maintain Centralized Documentation

- i. Store all pre-disbursement and post-disbursement documents in GEPA's centralized digital repository.

D. Provide Technical Assistance

- i. Offer guidance on allowable costs, procurement compliance, environmental requirements, and reporting standards.

E. Monitor and Evaluate Program Performance

- i. Conduct periodic reviews, site visits, and documentation audits.
- ii. Require corrective actions when deficiencies are identified.

6. Responsibilities of the Implementing Partner

The Implementing Partner shall:

A. Submit Required Plans and Documentation

- i. Provide complete Expenditure Plan, Operational Plan, and Procurement Documentation in accordance with the timelines in Section 7.

B. Ensure Procurement Compliance

- i. Follow all procurement laws, regulations, and internal controls.
- ii. Submit procurement records, vendor selection documentation, and protest resolutions.

C. Execute Program Activities

- i. Implement cleanup, recycling, or environmental activities as approved by GEPA.

D. Submit Progress and Financial Reports

- i. Provide monthly activity reports, expenditure summaries, and supporting invoices/receipts.

E. Maintain Records

- i. Retain all program records for a minimum of five (5) years and make them available to GEPA or OPA upon request.

7. Required Timelines

The following timelines apply to all RRF-funded activities:

7.1 Expenditure Plan Timeline

- Initial Submission: Within 30 calendar days of MOA/MOU execution.
- GEPA Review: Within 10 business days of receipt.
- Revisions (if required): Within 5 business days of GEPA's notice.
- Final Approval: Issued by GEPA upon acceptance of all corrections.

7.2 Operational Plan Timeline

- Initial Submission: Within 45 calendar days of MOA/MOU execution.
- GEPA Review: Within 10 business days.
- Revisions: Within 5 business days.
- Final Approval: Required before any field activities begin.

7.3 Documentation Requirements Prior to Disbursement

The Implementing Partner must submit:

- Approved Expenditure Plan
- Approved Operational Plan
- Procurement documents (solicitation, quotes, bids, evaluation sheets)
- Vendor selection justification
- Protest documentation (if applicable)
- Signed certifications of compliance
- Any additional documents required by GEPA

GEPA will not authorize disbursement until all required documents are complete and approved.

7.4 Reporting Timeline

- Monthly Progress Reports: Due by the 10th of each month.
- Quarterly Financial Reports: Due within 15 days after quarter end.
- Final Report: Due within 30 days of project completion.

8. Funding and Allowable Costs

Funding is limited to the amount approved by GEPA. All expenditures must comply with:

- 10 GCA Chapter 51
- RRF allowable use criteria
- GEPA-issued guidance
- Procurement laws and regulations

Unallowable costs will be disapproved and must be reimbursed.

9. Performance Monitoring

GEPA may conduct:

- Site inspections
- Documentation reviews
- Financial audits
- Compliance assessments

Non-compliance may result in suspension of funding, corrective action requirements, or termination of the agreement.

10. Amendments

This MOA/MOU may be amended only through a written agreement signed by both parties.

11. Termination

Either party may terminate this agreement with 30 days' written notice. GEPA may terminate immediately for cause, including non-compliance or misuse of funds.

12. Signatures

Guam Environmental Protection Agency

Name: _____ Title: _____ Date: _____

[Implementing Partner Agency]

Name: _____ Title: _____ Date: _____

**Appendix B
UNIFORM EXPENDITURE PLAN TEMPLATE EXAMPLE
Recycling Revolving Fund (RRF)
Guam Environmental Protection Agency (GEPA)
[Implementing Partner Agency]**

SECTION 1 — PROJECT INFORMATION

Program Title: _____
Implementing Partner: _____
Project/Activity Description:

Funding Source: Recycling Revolving Fund (RRF)
Budget Act Reference (if applicable): _____
MOA/MOU Reference No.: _____

Project Duration:
Start Date: _____ End Date: _____

SECTION 2 — OBJECTIVES & SCOPE OF WORK

Provide a concise description of the objectives and scope of work to be funded under the RRF.

Objectives:
Scope of Work:

SECTION 3 — EXPENDITURE PLAN

Provide a detailed plan for all anticipated expenditures. (optional quotes and procurement documents).

Total Requested Amount: \$ _____

SECTION 4 — IMPLEMENTATION TIMELINE

Provide a timeline consistent with the MOA/MOU and GEPA's required review periods.

Milestone	Responsible Party	Due Date
Submission of Expenditure Plan	Implementing Partner	Within 30 days of MOA/MOU execution
GEPA Review	GEPA	Within 10 business days of receipt
Submission of Revisions (if required)	Implementing Partner	Within 5 business days
Final Approval	GEPA	Upon acceptance of all corrections
Start of Activities	Implementing Partner	After GEPA approval
Monthly Progress Reports	Implementing Partner	Due by the 10th of each month
Quarterly Financial Reports	Implementing Partner	Due within 15 days after quarter end
Final Report	Implementing Partner	Within 30 days of project completion

SECTION 5 — PERFORMANCE MEASURES

Define measurable outputs and outcomes.

Performance Indicators:

Expected Outputs:

Environmental Outcomes:

SECTION 6 — RISK MANAGEMENT & MITIGATION

Identify risks that may delay implementation (e.g., procurement delays, vendor protests, weather impacts) and the mitigation strategies to address them.

Risks:

Mitigation Measures:

SECTION 7 — CERTIFICATIONS

Implementing Partner Certification

I certify that all information provided in this Expenditure Plan is accurate, complete, and compliant with procurement laws, RRF statutory requirements, and the terms of the MOA/MOU.

Name: _____

Title: _____

Signature: _____

Date: _____

GEPA Program Review

Reviewed by: _____

Title: _____

Date: _____

GEPA Administrator Approval

Approved: Yes No

Comments:

Administrator Name: _____

Signature: _____

Date: _____

GEPA BOARD APPROVAL (REQUIRED)

Board Action No.: _____

Date of Board Meeting: _____

Approved

Approved with Conditions

Disapproved

Board Chair Signature: _____

Date: _____

SECTION 8 — GEPA BOARD ACTION LOG ENTRY (For GEPA Internal Use)

Reference No.: _____
Implementing Partner: _____
Project Title: _____
Amount Approved: \$ _____
Date Entered: _____
Entered By: _____

Appendix C

GEPA Board Resolution Template Example

GUAM ENVIRONMENTAL PROTECTION AGENCY

BOARD OF DIRECTORS

RESOLUTION NO. ____-2026

A RESOLUTION APPROVING THE EXPENDITURE PLAN SUBMITTED BY [IMPLEMENTING PARTNER AGENCY] FOR THE USE OF RECYCLING REVOLVING FUND (RRF) MONIES FOR [PROJECT/PROGRAM TITLE]

WHEREAS, the Guam Environmental Protection Agency (GEPA) is authorized under 10 GCA Chapter 51 and applicable Budget Acts to administer the Recycling Revolving Fund (RRF) and ensure that all expenditures comply with statutory and regulatory requirements; and

WHEREAS, GEPA's Board of Directors is required to review and approve Expenditure Plans prior to the use of RRF funds, pursuant to Budget Act provisions and the terms of GEPA's Memoranda of Agreement/Understanding (MOA/MOU) with implementing partners; and

WHEREAS, [Implementing Partner Agency] submitted an Expenditure Plan for [Project/Program Title], including a detailed line-item budget, procurement documentation, operational scope, and supporting materials consistent with GEPA's Uniform Expenditure Plan Template; and

WHEREAS, GEPA program staff have reviewed the Expenditure Plan and determined that the proposed expenditures are allowable, reasonable, and compliant with RRF statutory requirements, procurement laws, and the governing MOA/MOU; and

WHEREAS, the GEPA Administrator recommends approval of the Expenditure Plan and affirms that all required documentation has been submitted and verified;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Guam Environmental Protection Agency hereby APPROVES the Expenditure Plan submitted by [Implementing Partner Agency] for [Project/Program Title], authorizing the use of RRF funds in the amount of \$ _____ for the purposes described therein; and

BE IT FURTHER RESOLVED, that GEPA shall maintain this approval in its Board Action Log and ensure that all disbursements, reporting, and documentation requirements are met in accordance with law, regulation, and GEPA policy; and

BE IT FINALLY RESOLVED, that this Resolution shall take effect immediately upon adoption.

ADOPTED this ___ day of _____, 2026, by the Guam Environmental Protection Agency Board of Directors.

CERTIFICATION

I hereby certify that the foregoing Resolution No. _____-2026 was duly adopted by the Guam Environmental Protection Agency Board of Directors on the date indicated above.

[Board Chair Name]
Chairperson, GEPA Board of Directors
Date: _____

[Board Secretary Name]
Secretary, GEPA Board of Directors
Date: _____

Appendix D**STANDARD OPERATING PROCEDURE (SOP)**

RRF Financial Data Controls: Date Stamping, Locked Formats, and Internal Review Procedures

Guam Environmental Protection Agency (GEPA) Effective Date: May 2026 Applies To: All RRF financial reports, reconciliations, expenditure documents, and balance postings.

1. Purpose

This SOP establishes mandatory controls for date stamping, locked formats, and internal review procedures to ensure the accuracy, integrity, and audit readiness of all Recycling Revolving Fund (RRF) financial documents. These controls support GEPA's corrective actions in response to OPA Report No. 26-0X and ensure alignment with DOA-verified GFMS data.

2. Scope

This SOP applies to all GEPA personnel involved in the preparation, review, approval, posting, or transmission of RRF financial data, including but not limited to:

- RRF balance reports
- Expenditure Plans
- Operation Plans and Proposals
- Reconciled GFMS-based financial reports
- MOA/MOU financial attachments
- Reimbursement Requests (RRF-RR-01)
- Reimbursement Approval Memos (RRF-RR-02)
- RRF Reimbursement Tracker entries

3. Procedures**3.1 Date Stamping**

Requirement: All RRF financial documents must include a visible date stamp indicating the date (and time, when applicable) of creation, revision, or finalization.

Procedure:

1. Apply a date stamp to each document upon creation.
2. Apply a new date stamp whenever revisions are made.
3. Update the version number concurrently (e.g., v1.0, v1.1, v2.0).
4. Ensure the date stamp is visible on the first page and in the file metadata.

Outcome: Ensures chronological traceability and prevents use of outdated or superseded data.

3.2 Locked Formats

Requirement: All finalized RRF financial documents must be saved in a locked or protected format to prevent unauthorized modification.

Procedure:

1. Export finalized reports to PDF (locked) or Excel with cell protection enabled.
2. Restrict editing permissions to designated GEPA and DOA personnel.
3. Store locked files in the centralized digital repository with access controls.
4. Maintain unlocked working files separately in a restricted “drafts” folder.

Outcome: Preserves document integrity and ensures consistency across all RRF reporting.

3.3 Internal Review Procedures

Requirement: All RRF financial documents must undergo a documented internal review prior to approval, posting, or transmission.

Procedure:

1. Preparer Review:
 - o Verify data matches DOA-verified GFMS reports.
 - o Confirm completeness and accuracy of all entries.
2. Supervisory Review:
 - o Validate compliance with 10 GCA Chapter 51 and P.L. 36-115.
 - o Confirm correct versioning, date stamping, and locked format.
3. Final Approval:
 - o Administrator or designee signs off on the document.
 - o Approval is logged in the digital repository.
4. Posting/Transmission:
 - o Weekly RRF balance reports are posted only after final approval.
 - o All transmitted documents must be the locked, approved version.

3.4 Reimbursement Procedures

Requirement: All reimbursement requests funded by the RRF must follow a standardized, documented workflow to ensure statutory compliance, financial accountability, and audit readiness.

A. Submission Requirements

The requesting entity (e.g., DPW, MCOG, or other authorized program partner) must submit a complete Reimbursement Request Package, consisting of:

- RRF-RR-01: Reimbursement Request Form
- RRF-RR-02: Reimbursement Approval Memo (draft)
- Supporting documentation, including:
 - o Invoices
 - o Receipts
 - o Contracts or purchase orders

- Proof of delivery or service completion
- Timesheets (if applicable)
- Any documentation required under the governing MOA/MOU

All documents must be date-stamped, version-controlled, and submitted in locked format.

B. GEPA Preparer Review

The assigned GEPA program staff shall:

1. Verify the request aligns with the Board-approved Expenditure Plan.
2. Confirm expenditures are allowable under 10 GCA Chapter 51 and P.L. 36-115.
3. Validate supporting documentation for completeness and accuracy.
4. Cross-check amounts against the RRF Reimbursement Tracker to prevent duplication.
5. Ensure the request is consistent with the governing MOA/MOU terms.

If deficiencies exist, the request is returned to the submitting entity for correction.

C. Supervisory Review

The Division Administrator or designee shall:

1. Validate statutory compliance and alignment with approved plans.
2. Confirm the preparer's review is complete and documented.
3. Ensure all documents are in locked format and properly date-stamped.
4. Approve the RRF-RR-02 Reimbursement Approval Memo for Administrator signature.

D. Final Approval

The GEPA Administrator or authorized designee shall:

1. Review the complete reimbursement package.
2. Sign the RRF-RR-02 Reimbursement Approval Memo.
3. Ensure the approval is logged in the digital repository.

No reimbursement may be transmitted to DOA without Administrator approval.

E. Transmission to DOA

GEPA Finance shall:

1. Submit the locked, approved reimbursement package to DOA.
2. Record the transmission date in the RRF Reimbursement Tracker.
3. Upload the final package to the centralized digital repository.

F. Post-Reimbursement Reconciliation

Upon DOA processing:

1. GEPA Finance updates the RRF Reimbursement Tracker with:

- DOA voucher number
 - Payment date
 - Amount disbursed
2. Reconcile reimbursement amounts with DOA-verified GFMIS data.
 3. Flag discrepancies for corrective action and documentation.

Outcome

Ensures reimbursements are processed consistently, transparently, and in full compliance with statutory and audit requirements.

4. Records Management

All documents governed by this SOP must be stored in GEPA's centralized digital repository with:

- Version history
- Approval logs
- Access controls
- Retention consistent with GEPA and DOA policies

5. Compliance

Failure to follow this SOP may result in:

- Rejection of financial documents
- Delayed disbursements
- Audit findings or corrective actions
- Administrative review

Appendix E

DRAFT LEGISLATURE CLARIFICATION LETTER

Honorable [Speaker's Name]
Speaker 38th Guam Legislature
Guam Congress Building
Hagåtña, Guam 96910

Subject: Request for Legislative Clarification – Budget Act Procurement Limit Waivers and Applicability to RRF-Funded Programs

Håfa Adai Speaker [Last Name],

The Guam Environmental Protection Agency (GEPA) respectfully requests legislative clarification regarding the intent, scope, and applicability of procurement limit waivers included in recent Budget Acts as they relate to the requirements of 5 GCA Chapter 5, the Guam Procurement Law.

During the Office of Public Accountability's performance audit of the Recycling Revolving Fund (RRF) for Fiscal Years 2017–2025, OPA identified ambiguity between Budget Act procurement waivers and existing procurement statutes. This ambiguity contributed to delays, inconsistent interpretations, and administrative challenges during the implementation of the Island-Wide Environmental Clean-Up Program (IECP).

To ensure consistent application of procurement requirements and to strengthen internal controls for all RRF-funded programs, GEPA respectfully requests clarification on the following:

1. Whether Budget Act procurement limit waivers are intended to supersede, modify, or supplement the requirements of 5 GCA Chapter 5;
2. The specific procurement thresholds, conditions, and documentation requirements applicable to RRF-funded programs; and
3. Whether future Budget Acts will continue to include procurement waivers or whether permanent statutory amendments are warranted.

GEPA will incorporate the Legislature's clarification into future MOA/MOU templates, implementing partner guidance, and internal review procedures to ensure compliance, reduce administrative delays, and improve program performance.

We appreciate the Legislature's continued support of Guam's recycling, resource recovery, and environmental protection initiatives. Please feel free to contact my office at 671-588-4751 should you require additional information or wish to discuss this matter further.

Dångkohu na si Yu 'us ma'åse'.

Senseramente,

MICHELLE C.R. LASTIMOZA
Administrator

**Appendix 9:
Status of Audit Recommendations**

No.	Addressee	Audit Recommendation	Status	Action Required
1	GEPA Management	Coordinate with the Compiler of Laws and initiate the AAA rulemaking process to amend and recodify the RRF regulations so they accurately reflect current statutory requirements and ensure consistency between the GCA and the GARR.	OPEN	Provide a corrective action plan with the responsible official/s and timeline of implementation.
2	GEPA Management & RRF IECF Recipient	Clarify with the Guam Legislature the intent of the budget-act procurement limit waivers and how it interacts with the Guam Procurement Law.	OPEN	Provide a corrective action plan with the responsible official/s and timeline of implementation.
3	<p>GEPA Management & RRF IECF Recipient</p> <p>GEPA Management</p>	<p>In order to strengthen internal controls and monitoring to ensure compliance, we recommend the following:</p> <ul style="list-style-type: none"> • Maintain a separate ledger that distinguishes current-year obligations from prior-year payments in financial reports; • Enhance data reconciliation with the MOA/MOU authorizations on a quarterly basis and with Budget Act authorizations on an annual basis, and clearly denote carryover payments to avoid misinterpreting expenditures as overspending rather than timing differences; • Identify and address the barriers to full appropriation, such as procurement delays and vendor constraints. <ul style="list-style-type: none"> • Ensure timely posting of DOA’s weekly RRF balance reports on GEPA’s website; • Reconcile the ED and AB totals to DOA’s official accounting records and to the final audited financial statements; • Establish and document procedures to validate and reconcile data migrated from AS400 to GFMIS; • Document every adjustment or variance, including the reason, source document, and date of approval; and • Verify that FY 2017 through FY 2023 encumbrances have properly reverted and take corrective action as needed. • Establish standardized procedures for obtaining required approvals before authorizing expenditures; and • Ensure approvals are clearly documented. 	OPEN	Provide a corrective action plan with the responsible official/s and timeline of implementation.

GUAM ENVIRONMENTAL PROTECTION AGENCY RECYCLING REVOLVING FUND Report No. 26-05, MAY 2026

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MISSION STATEMENT

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The Government of Guam is the standard of public trust and good governance.

CORE VALUES

Objective

To have an independent and impartial mind.

Professional

To adhere to ethical and professional standards.

Accountable

To be responsible and transparent in our actions.

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