

Implementing the Citizen-Centric Report Initiative in Guam

By: Doreen T. Crisostomo, Ph.D., CGFM

AGA's National Office staff led the Citizen-Centric Report (CCR) initiative, with the first report released in March 2007.¹ Today, many local, state and federal government entities have adopted the use of these four-page reports as a part of their annual reporting. The purpose of the CCR is to help citizens gain a better understanding of government operations and finances without having to decode the details of lengthy and complex government financial reports. A CCR provides a clear and concise snapshot of an entity's pertinent information in a way the average citizen can easily understand.²

The Citizen-Centric Report

In 2008, AGA conducted a survey regarding the attitudes and opinions of the public toward governments' financial management.³ According to survey results, taxpayers feel that their government has an obligation to provide transparent financial management information and that governments need innovative means of communicating this information. Guam lawmakers adopted the CCR initiative as part of the annual reporting requirements for agencies through the enactment of Guam's Public Law 30-127.

The April 2010 law includes the contents and guidelines to be used in preparing a four-page CCR. Page 1 includes a brief table of contents and general information about the entity, including the vision statement, strategic goals, operational structure and demographics. Page 2 reflects a performance report based on a summary of the entity's key missions and/or services and possible outcome measures. Page 3 provides a snapshot of financial data for the entity as it relates to the performance report; this section is expected to include the entity's cost for services provided and by what means those costs are covered based on the performance measurement used in page 2. The fourth and final page of the CCR includes a forecast of challenges and the economic outlook for that particular entity.

Path to the CCR— Academic Beginnings

The Governmental Accounting Standards Board (GASB) Concepts Statement No. 1 states that accountability is the cornerstone of all financial reporting in government.

"Accountability requires governments to answer to the citizenry—to justify the raising of public resources and the purposes for which they are used. Governmental accountability is based on the belief that the citizenry has a 'right to know,' a right to receive openly declared facts that may lead to public debate by the citizens and their elected representatives. Financial reporting plays a major role in fulfilling government's duty to be publicly accountable in a democratic society."⁴

Concept Statement No. 1 further states that the financial reporting should identify whether current-year revenues are sufficient to pay for the current-year services and if future taxpayers will assume obligations for services provided from previous years.

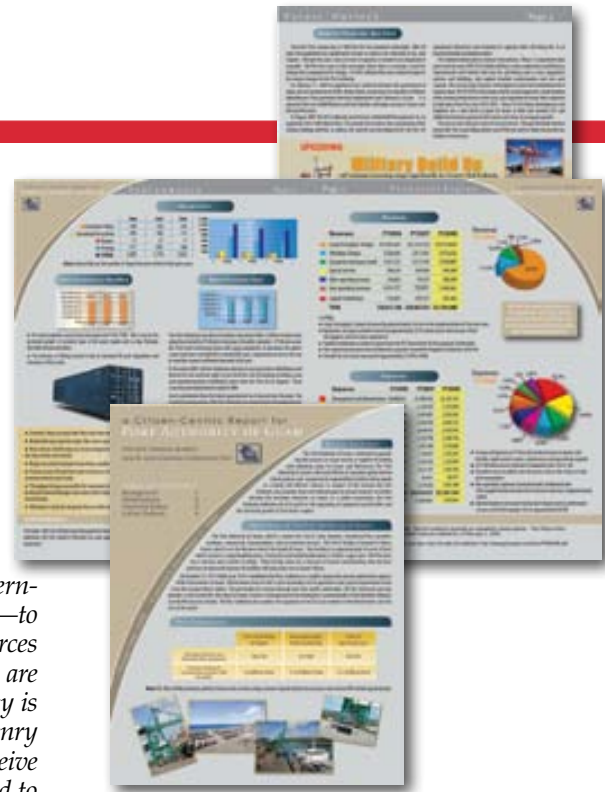
A University of Guam governmental accounting instructor, in teaching these principles, found that students needed real-world experiences to better understand the terminology and practices used in government accounting. Governmental accounting is one of the last courses accounting majors take during their accounting program. In previous accounting courses, students learned the main objective of a business organization is to earn a profit—"to assure that over the life of the enterprise, its owners are returned more cash than they contributed."⁵ However, the opposite is true for government, whereby an excess of revenues over expenditures may not be commendable because it may be a sign that services are not being provided to the constituents.⁶

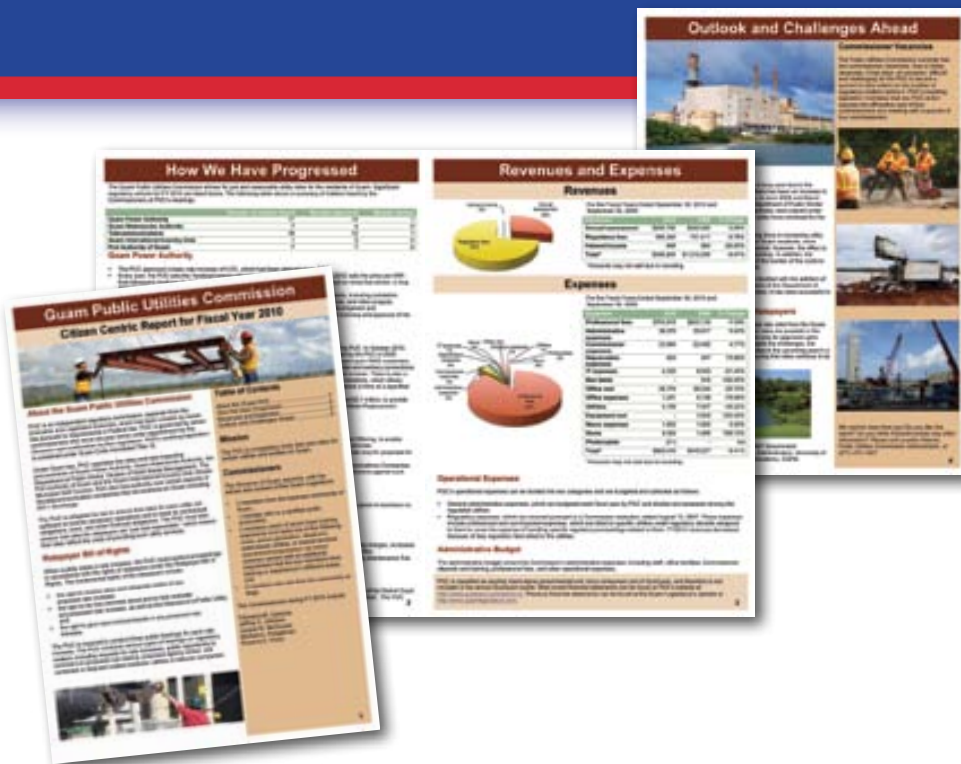
The profit motive, considered the key to success in business, is eliminated in government, yet success is still expected. Success can be measured by how well government manages

its limited resources while providing services to constituents and the community. To enhance student learning and prepare them for the work force, the instructor required students to produce CCRs for local governments.

The first group to complete the project created CCRs for the public education institutions: the Guam Public School System (now Guam Department of Education), the Guam Community College and the University of Guam. This project began in spring 2009 and continued each semester through fall 2011, with the exception of fall 2010. CCRs were prepared for various government of Guam agencies, touching on education, administration, housing, public health, public safety, transportation and utilities.

At the completion of each project, including the presentation of their reports, students provided their feedback on the experience. The project expanded their knowledge about government accounting and also raised awareness about government operations and services, inclusive of challenges and successes of various entities. Students generally found agency management and staff helpful and supportive of the project/initiative. The project exposed students to working in conjunction with agency heads and government professionals, while also sharpening their communication skills.





Path to the CCR—Political Action

The first group of students presented their reports to special guests and members of AGA's Guam Chapter during a monthly meeting. The membership, made up of many professionals across the government accounting field, recognized the value of the reports and supported the notion of petitioning the Guam Legislature to adopt this initiative as a matter of public policy for Guam government agencies.

Guam Chapter officers approached various senators and presented the CCR initiative and sample reports prepared by students. Chapter officers solicited the support of senators to introduce legislation proposing that the CCR be adopted as part of the annual reporting requirements for government entities. The initiative garnered enough support and was introduced as Bill No. 263-30 (COR) on October 16, 2009; it was subsequently referred to the Committee on Labor, the Public Structure, Libraries and Technology.

Shortly after the introduction of the bill, AGA's National President visited Guam and Guam Chapter officers arranged for a courtesy meeting with the sponsors of the legislation. During this meeting, those present discussed the value of the CCR initiative and the importance of the ultimate

goal—to provide transparency in government and increase the trust of the citizenry.

A legislative committee scheduled a public hearing on the measure on February 18, 2010. Guam Chapter representatives appeared before the panel of senators and presented a brief background of the CCR initiative along with sample CCRs prepared by University of Guam students for their research projects. Nine individuals submitted a combination of written and oral testimony in support of the measure. These individuals included AGA national and chapter officers, as well as the public auditor of Guam and the president of the Guam Community College. No testimony was submitted in opposition. However, recommendations were made during the hearing to amend language in certain parts of the bill, and the oversight committee adopted these recommendations.

Substitute Bill No. 263-30 (COR) was then submitted to the legislative body for consideration during the March 2010 session. It went up for a vote, and was passed unanimously on March 19, 2010. The bill was transmitted to the governor of Guam for review and action. The bill was signed into law on April 2, 2010 as Public Law No. 30-127.

Path to the CCR—Implementation

Change management focuses on the human aspect of any business change.⁷ To implement change, buy-in from top management is critical. If leaders become visible advocates who demonstrate the importance of change, employees will follow. It is recommended that before implementing new practices, agencies should assess their impact on employees and formulate a support strategy.⁸ Ideally, a team should be formed to handle change management, with an identified team leader to oversee the process. Prior to embarking upon change, it is crucial to identify key executives who can become visible advocates.

After the enactment of Guam Public Law 30-127, the Office of the Public Accountability (OPA) provided Guam government entities with three training sessions, along with guidelines for the preparation of a CCR.⁹ AGA's Guam Chapter also provided two training sessions, which were offered to all government entities at no cost.

During the first year, 49 percent of entities published the required report.¹⁰ By the second year, compliance increased to 93 percent of entities publishing reports, which are required to be made available on their agency websites.¹¹

During the second year, OPA requested assistance from the government accounting students at the University of Guam to help noncompliant agencies to achieve 100 percent participation. AGA's Guam Chapter plans to further assist agencies by offering another training session for this current fiscal year.

Conclusion

The incorporation of the CCR initiative as a class research project supports the mission of the University of Guam, which states in part, "The University exists to service its learners and the communities of Guam..."¹² Students assisted with the preparation of the required CCRs for several Guam entities. The experience thoroughly enhanced student learning as well as provided a service directly to the government of Guam and the community.

The successful implementation of this initiative can be partly attributed to the success of the students' research projects. Students were in constant communication with various agencies responsible for administration, housing, public health, public safety, transportation and utilities. The research not only broadened the government knowledge of the students, but also the awareness of agency employees. After completion of these reports, some agencies found the CCRs favorable, and some did not. CCRs are aimed at providing clear facts about the entity, with special focus on the reason why they exist, performance measurements, finances and future outlook. If an agency is not performing well, highlighting weaknesses can mean sharing bad news with the public.

It is most important to note, though, that a CCR is not a marketing tool, but a mechanism to provide information to the public in a simplified format. The format and language of a CCR is a critical component to upholding the purpose of offering average citizens a method to learn how an entity performed during a given fiscal year.

After all, successful implementation of the CCR initiative in any government is based on the fundamental belief that increased transparency, and thereby increased knowledge, about government operations correlates with increased trust in government.

The accounting program of the School of Business and Public Administration, University of Guam is pleased to learn that students, Ruren Clemente, Amber Castro, Edward Brobesong and Garry Yeoh were selected as finalists in the 2011-2012 Government Finance Case Challenge. ■

End Notes

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