

# GOVERNMENT-WIDE CREDIT/DEBIT CARD USE SERIES, PART I GUAM POWER AUTHORITY AND GUAM WATERWORKS AUTHORITY

COMPLIANCE AUDIT  
*October 1, 2019 to September 30, 2022*

OPA Report No. 23-10  
December 2023





**Government-Wide Credit/Debit Card Use Series, Part I  
Guam Power Authority and Guam Waterworks Authority**

**Compliance Audit  
October 1, 2019 to September 30, 2022**

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December 2023**

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## EXECUTIVE SUMMARY

### **Government-Wide Credit/Debit Card Use Series, Part I Guam Power Authority and Guam Waterworks Authority OPA Report No. 23-10, December 2023**

From Fiscal Year (FY) 2020 to FY 2022, the Guam Power Authority (GPA) and the Guam Waterworks Authority (GWA) officials used their corporate credit cards contrary to or not in compliance with certain provisions of the Guam Procurement Law and Regulations, the Government Travel Law, and their own credit card policies. Questioned costs were \$71 thousand (K) (or 17%) of the \$419K total purchases for the GPA and \$27K (or 21%) of the \$131K total purchases for the GWA<sup>1</sup>. During our review, we did not identify any instances of fraud or abuse within the context of our audit objectives.

We conducted a compliance audit of the GPA and the GWA's credit card use as part of our audit on the Government of Guam (GovGuam)'s utilization of credit and debit cards for purchases. This audit was included in our 2023 annual audit plan due to the inherent risk of abuse from using credit and debit cards as a convenient payment method. This is the first in a series of reports.

#### **Purchases Contrary to the Guam Procurement Law and Regulations**

Section 5.0 of the GPA and GWA Credit Card Usage Policies state that all purchases of goods and services shall be performed on a competitive basis and in accordance with applicable procurement rules and regulations. The Guam Procurement Law and Regulations prescribes the method by which GovGuam procures goods and services. Based on our review, the GPA and the GWA were non-compliant with the law and regulations.

#### ***Small Purchase Requirements Not Met***

For small purchases between \$500 and \$25K, at least three positive written quotations from businesses shall be solicited and documented as part of the procurement file. Such were missing or incomplete for nine GPA purchases subtotaling \$70K and eight GWA purchases subtotaling \$13K. There is no assurance that the lowest responsible and responsive vendor was selected.

#### ***BPAs Executed as if Sole Sourced or Small Purchases***

A Blanket Purchase Agreement (BPA) is a "charge account" with qualified suppliers for anticipated repetitive needs and if the quantity and the type of goods or services were unidentifiable. BPAs for same type of items should be made concurrently with at least three suppliers to assure equal opportunity. A BPA does not justify purchasing from only one source.

Certain GWA purchases contained Purchase Orders (PO) that stated BPA. For three purchases subtotaling \$8K, the BPA was executed as if it was sole sourced with solicitation from a single

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<sup>1</sup> The percentage of questioned costs and the amount of total purchases for the GPA were corrected in February 2024 after the release of this report. Total purchases for the GPA and the GWA include adjustments and bank charges.

vendor. Additionally, for two purchases subtotaling \$2K, the BPA was executed as if it was small purchase with quotations solicited from multiple vendors. Actions taken were essentially for other types of procurement methods instead of a BPA.

For one purchase, the PO stated BPA and was prepared after the vendor was paid. The purchase was for an annual subscription at \$3K. The GWA did not know at the time that the subscription was on auto-renewal. The invoice payment triggered the PO request.

### **Purchases Contrary to the Entity's Policy**

The GPA and the GWA's Credit Card Usage Policies mirror each other and were adopted in December 2008. The policy listed authorized and unauthorized uses of the corporate credit card; and requirements for certain purchases. Based on our review, the GPA and the GWA made credit card purchases contrary to their policies.

#### ***Personal Trip Paid with Corporate Credit Card***

In no event shall the corporate credit card be used for purchases of personal items. For a \$2K purchase by the GPA, an additional flight from Houston to Las Vegas was not covered in the approved Travel Authorization. The additional flight was for a personal trip that the traveler was to pay directly to the travel agency. However, the quote for a direct flight was not on file. Hence, the GPA was unable to distinguish the traveler's personal cost from the total airfare cost.

#### ***On-Island Purchases Contrary to Policy***

In no event shall the corporate credit card be used for on-island purchases. Based on the credit card statements, transactions with on-island vendors were made by the GPA totaling \$25K for 66 transactions<sup>2</sup>; and by the GWA totaling \$2K for 12 transactions. While nearly all the purchases were reasonable and for the entity, a \$1K purchase was made by GWA to reserve a room at a local hotel for a consultant. The consultant did not provide their payment upon check-out and the GWA was charged by the hotel. However, the consultant excluded the hotel cost from their bill to the GWA.

#### ***No Evidence of Product Unavailability On-Island or Cost Savings***

For purchases greater than \$500, purchasers are required to present evidence that the product is not on-island or a bid abstract demonstrating a landed cost savings of over 20% than those on-island. Such were missing for two purchases by the GPA subtotaling \$28K. The purchases were for: (a) laptops, laptop backpacks, and support; and (b) server backups via hard drives.

#### **Untimely, Incomplete, or Missing Travel Clearances**

Within 10 days following the return from official travel, an employee may submit an itemized statement of travel expenses incurred during official travel. Travel clearances were submitted as late as 28 days for 12 GPA purchases subtotaling \$24K. Meanwhile, clearances were submitted as late as 53 days, were incomplete, or were not submitted for six GWA purchases subtotaling \$9K.

#### **Other Matters**

During the course of our review, we found that the Senator Edward J. Cruz Medical Referral and Education Mileage Program was not fully implemented. The GPA and the GWA are required by

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<sup>2</sup> The amount and count of transactions for the GPA were corrected in February 2024 after the release of this report.

the Government Travel Law to use 100% of their accrued mileage account to send eligible students to off-island sports competitions. However, the GPA opted not to have a credit card that earned miles due to the associated costs. The GWA's corporate credit card earns miles, but the miles have yet to be transferred or used. Since rules and regulations were not established for the mileage program, the GPA and the GWA were not given the means to comply with the law and rewards or points earned from corporate credit card use continue to accumulate.

### **Conclusion and Recommendations**

The GPA and the GWA Credit Card Usage Policies provide guidelines for corporate credit card use and to follow applicable procurement rules and regulations. However, the GPA and the GWA need to adhere to the law and their own policies. We recommended corrective actions for the GPA and the GWA to help bring them into compliance, such as recordkeeping and updating their policy.



Benjamin J.F. Cruz  
Public Auditor

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# Introduction

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We conducted a compliance audit of the Guam Power Authority (GPA) and the Guam Waterworks Authority (GWA)'s corporate credit card use from Fiscal Year (FY) 2020 to FY 2022. This audit was included in our 2023 Audit Plan due to the inherent risk of abuse from using credit and debit cards as a convenient payment method. This is the first in a series of reports for the government-wide credit and debit card compliance audit.

The GPA and the GWA each implemented a Credit Card Usage Policy to enable them to use a corporate credit card to purchase goods or services that are not available on island or to make online purchases. Based on our research, there were no prior audits within the last three years relative to the GPA and the GWA's use of corporate credit cards.

## Objectives, Scope, and Methodology

We began by conducting a survey of all Government of Guam (GovGuam) entities to identify which entities used a credit and/or debit card to purchase goods and services. We identified 11 entities with credit and debit cards, held by 52 government officials, with purchase limits ranging from \$500 to \$200 thousand (K) from FY 2020 to FY 2022. The GPA and the GWA were two of the 11 entities, and both did not use debit cards.

The objectives of this engagement were to determine the GPA and the GWA's compliance with:

1. Their credit card policies and/or procedures;
2. The Guam Procurement Law and Regulations; and
3. The Government Travel Law.

The audit scope covered the GPA and the GWA's credit card transactions and relevant procurement and travel files from FY 2020 to FY 2022 (October 1, 2019 to September 30, 2022). See Appendix 1 for the Methodology.

## Background

In December 2008, the Consolidated Commission on Utilities (CCU) adopted Resolution No. 2008-37 to authorize the GPA and the GWA to establish their own credit card policy. The CCU recognized that both entities had needs to purchase items online or over the phone where expediency required the use of a credit card. The GPA General Manager (GM) and the GM for Consolidated Utility Services determined that a policy would need to be developed to control the use of credit cards.



Figure 1: The GPA and the GWA main offices are housed under the Gloria B. Nelson Public Service Building in Mangilao, Guam. This picture was retrieved from The Guam Daily Post.

### ***Guam Power Authority***

In December 2008, the GPA established its Credit Card Usage Policy to enable the use of a corporate credit card to purchase goods or services that are not available on island. The policy was last updated in April 2019 to add a purpose for using a card that earns travel benefits in alignment with the requirements of Title 5 of the Guam Code Annotated (GCA) § 23111 Medical Referral Benefits Bank Act; and to authorize the use of the card for lodging, transportation, and travel-related items (e.g. internet).

The GPA’s policy authorized the use of the card for:

- The purchase of items/services not available on island.
- Discounted prices of more than 20% of landed costs (inclusive of shipment costs and other delivery charges).
- Airfare.
- Lodging, transportation, and other travel-related items (e.g. internet).
- Registration fees for conferences and seminars.
- Technical manuals and subscriptions to technical publications.

The policy also prohibited the use of the card for:

- Food or beverages, except as authorized by the GM during recovery from a storm or catastrophic event.
- On-island purchases, except as authorized by the GM during recovery from a storm or catastrophic event.
- Personal items.
- Items qualifying as Capital Expenditures.
- Non-Capital Improvement Projects expenses valued at more than \$15K.

Per the policy, the GPA is authorized to enter into agreements for two separate credit cards with a combined limit of \$100K.

From FY 2020 to FY 2022, the GPA had corporate credit card accounts with the ANZ bank and the First Hawaiian Bank (FHB). The GPA had three credit card holders with credit limits as listed in Table 1. During this period, the GPA had 479 purchases and adjustments totaling \$419K<sup>3</sup>. Refer to Appendix 2A for the listing of transactions.

Table 1: GPA Credit Card Holders

<b>Card Holder</b>	<b>Credit Limit</b>	<b>Financial Institution</b>
Chief Financial Officer (CFO)	\$50,000	FHB
	\$10,000	ANZ <sup>4</sup>
(Former) Assistant CFO	\$10,000	ANZ <sup>5</sup>
Controller	\$30,000	ANZ

The GPA’s credit card procedures generally involve five key personnel. A request for the approval of the purchase is submitted to the GM. The request is routed to the Chief Budget Officer for certification of funds and then to the Controller for approval to use the credit card. Thereafter, the

<sup>3</sup> The count and the amount of total purchases and adjustments for the GPA were corrected in February 2024 after the release of this report. Purchases and adjustments for the GPA and the GWA include bank charges.

<sup>4</sup> The GPA no longer utilized its corporate credit card with the ANZ bank since December 2022.

<sup>5</sup> The former Assistant CFO’s credit card account was closed in November 2019.



card holder makes the purchase and obtains the receipt. Every month, an Accountant in the Accounts Payable section will reconcile charges from the credit card statement against supporting documents before paying the bank.

### ***Guam Waterworks Authority***

The GWA adopted its Credit Card Usage Policy to enable the use of a corporate credit card to make online purchases. The policy was not signed, did not have an effective date, and is pending review and update before the end of this calendar year.

The GWA's policy authorized the use of the card for similar uses as the GPA, but without authorization for "hotels and lodging, taxi fares, and items related to travel". The policy also prohibited the use of the card for:

- Food and beverages.
- On-island purchases.
- Personal items.
- Items valued greater than \$15K.

From FY 2020 to FY 2022, the GWA had a corporate credit card account with the FHB. The GWA had two credit card holders, the CFO and the Assistant CFO, with credit limits of \$25K each. During this period, the GWA had 419 purchases and adjustments totaling \$131K. Refer to Appendix 2B for the listing of transactions.

The GWA's credit card procedures generally involve seven key personnel. Travel is processed by an Accountant in Finance; training by a Training and Development Manager in Human Resources; and goods and other services by the Supply Management Administrator in Procurement. The purchases are approved by a manager or the GM. Credit card transactions are reviewed against the bank payment request and supporting documents by an Accountant and an Accounting Supervisor in the Accounts Payable section before the Controller's approval for payment.

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## Results of Audit

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From FY 2020 to FY 2022, the GPA and the GWA officials used their corporate credit cards contrary to or not in compliance with certain provisions of the Guam Procurement Law and Regulations, the Government Travel Law, and their own credit card policies. Questioned costs were \$71K (or 17%) of the \$419K total purchases for the GPA and \$27K (or 21%) of the \$131K total purchases for the GWA<sup>6</sup>. Based on our review, we did not identify any instances of fraud or abuse.

### **Purchases Contrary to the Guam Procurement Law and Regulations**

Section 5.0 of the GPA and GWA Credit Card Usage Policies state that “[a]ll purchases of goods and services shall be performed on a competitive basis and in accordance with applicable procurement rules and regulations”. The Guam Procurement Law and Regulations prescribes the method by which GovGuam procures goods and services. Based on our review, the GPA and the GWA were non-compliant with the law and regulations.

#### ***Small Purchase Requirements Not Met***

The Guam Procurement Law applies to every expenditure of public funds. Any procurement not exceeding \$25K for supplies or services “may be made in accordance with small purchase procedures promulgated by the Policy Office” (5 GCA §§ 5004 and 5213).

The Guam Procurement Regulations state that “[i]nsofar as it is practical for small purchases between \$500 and \$15[K], no less than three positive written quotations from businesses shall be solicited, recorded, and placed in the procurement file. Awards shall be made to the lowest responsible and responsive bidder” (Title 2 of the Guam Administrative Rules and Regulations (GAR), Div. 4, § 3111(c)(1)).

**GPA.** For nine samples we tested, subtotaling \$70K or 17% of the \$419K total purchases, the required quotations were not on file or were incomplete. Examples of such are as follows:

1. Sample 6, at \$14K, had a memo that referred to quotes solicited by the IT department from local vendors with estimated delivery dates and times. However, the GPA failed to provide the quotations, stating that businesses were closed during the public health emergency.
2. Sample 8, at \$3K, indicated quotes from two vendors. However, before the solicitation was over, the Assistant GM requested and the CFO approved to use the corporate credit card to purchase from Sample 8.
3. Sample 23 at \$4K and Sample 27 at \$3K were selected due to their proximity to the event and room availability. For Sample 23, no other nearby hotels were considered. For Sample 27, the CFO stated during our exit conference that the W London hotel and other hotels in Leicester Square were considered<sup>7</sup>. Booking.com was used to search for the hotels, but the consideration was not documented.

For complete samples with similar deficiencies, refer to Table 2.

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<sup>6</sup> The percentage of questioned costs and the amount of total purchases for the GPA, for paragraphs 1 and 5 on this page, were corrected in February 2024 after the release of this report. Total purchases for the GPA and the GWA include adjustments and bank charges.

<sup>7</sup> Vendor names were revised to sample numbers in February 2024 after the release of this report.

Table 2: Samples with Incomplete or Missing Quotes – GPA

Sample No.	FY	Amount	Description	Deficiency	
1	7	2020	\$ 21,172	Software license	Incomplete quotes
2	6	2020	\$ 14,287	Laptops, laptop backpacks, and support	Incomplete quotes
3	19	2022	\$ 13,852	Hard drives and memory hardware	Missing quotes
4	22	2022	\$ 5,233	Airfare for travel	Incomplete quotes
5	24	2022	\$ 4,020	Airfare for travel	Incomplete quotes
6	23	2022	\$ 3,681	Lodging for travel	Missing quotes
7	8	2020	\$ 3,110	Body temperature gates and readers	Incomplete quotes
8	27	2022	\$ 2,788	Lodging for travel	Incomplete quotes
9	3	2020	\$ 2,419	Airfare for travel	Incomplete quotes
		<b>Total</b>	<b>\$ 70,562</b>		

**GWA.** For eight samples we tested, subtotaling \$13K or 10% of the \$131K total purchases, the required quotations were not on file or were incomplete. Examples of such are as follows:

1. For Sample 18, at \$2K, Request for Quotations (RFQs) were transmitted<sup>8</sup> to Sample 18 and two vendors for a “*subscription to Cio Index Membership [emphasis added]*”. The RFQs were dated April 14, 2022 and the deadline to submit quotations were same day at 2:10 PM. The RFQs resulted in no quotes from the two vendors, and a blank RFQ from Sample 18. Moreover, the Purchase Order (PO) was dated the same day.
2. For Sample 12, at \$2K, a written quote was obtained from Sample 12 while telephonic quotes were obtained from two vendors. The bid abstract description was specific to “Zoho Projects to Support E1 Upgrade and GWA future projects”. The telephonic quotes indicated “SERVICES NOT OFFERED AT THIS TIME”. The bid abstract, telephonic quotes, and PO were dated the same day.
3. For Sample 14, at \$2K, per the GWA, two travel agencies were called but no responses were provided. The attempts were documented in a WhatsApp message.

For complete samples with similar deficiencies, refer to Table 3.

Table 3: Samples with Incomplete or Missing Quotes – GWA<sup>9</sup>

Sample No.	FY	Amount	Description	Deficiency	
1	3	2020	\$ 2,880	Airfare for travel	Incomplete quotes
2	16	2022	\$ 2,759	Airfare for travel	Incomplete quotes
3	14	2021	\$ 2,204	Airfare for travel	Incomplete quotes
4	12	2021	\$ 2,160	Subscription for Zoho Projects	Incomplete quotes
5	18	2022	\$ 2,100	Membership/subscription to training	Incomplete quotes
6	4	2020	\$ 729	Airfare for travel	Incomplete quotes
7	11	2021	\$ 338	Web-scale cloud computing	Incomplete quotes
8	5	2020	\$ 115	Backup software for servers	Missing quotes
		<b>Total</b>	<b>\$ 13,285</b>		

<sup>8</sup> The words “transmitted” and RFQs were switched in February 2024 after the release of this report.

<sup>9</sup> The total PO amount was \$5,019 for Sample 11 and \$2,700 for Sample 5. Both samples’ POs stated small purchase as the procurement method utilized.

The above conditions were caused by the GPA and the GWA’s failure to meet small purchase requirements for three positive written quotations. Actions were carried out which seemed, but essentially failed, to meet small purchase requirements.

As a result, the GPA and the GWA were non-compliant with the Guam Procurement Law and Regulations and their credit card policies. There is no assurance that “the lowest responsible and responsive” vendor was awarded the purchase. Questioned costs for this finding totaled \$83K.

To address the deficiencies, we recommend for the GPA GM to have non-travel-related credit card purchases go through their procurement department. We also recommend for the GWA’s End User and Buyer to collaborate in conducting market research for purchases not related to travel. The Buyer should ensure that procurement documents are complete.

For travel-related purchases (e.g. airfare, lodging, and transportation), the staff preparing the Travel Authorization (TA) should follow small purchase requirements. Accounting should ensure that the TA packet contains the required number of written quotations before routing it for management approval.

***GWA Executed BPAs as if Sole Sourced or Small Purchases***

The Guam Procurement Regulations state that a Blanket Purchase Agreement (BPA) “is a simplified method of filing anticipated repetitive needs for supplies or services by establishing “charge accounts” with qualified sources of supply and is to be used only if the services or supplies cannot be properly identified as to the quantity and the type of services or supplies required”. “All competitive sources should be given an equal opportunity to furnish supplies or services under BPAs”. “The existence of a BPA does not justify purchasing from only one source” (2 GAR, Div. 4, §§ 3112.11(a), 3112.12(e), and 3112.13(c)).

For three samples, subtotaling \$8K or 6% of the \$131K total purchases, the PO indicated that the procurement method was a BPA but was executed as if it was sole sourced. Only one quote was solicited for all three samples. See Table 4 for details.

Table 4: BPAs Executed as Sole Source – GWA

	Sample No.	FY	Amount	Description
1	19	2022	\$ 3,300	Membership
2	7	2020	\$ 2,700	Subscription to an online survey tool
3	8	2021	\$ 1,600	Virtual conference
		<b>Total</b>	<b>\$ 7,600</b>	

Similarly, for two samples, subtotaling \$2K or 1% of the \$131K total purchases, the PO indicated BPA but was executed as a small purchase as follows:

1. No quote was provided for Sample 9, at \$2K, while telephonic quotes were solicited from two vendors. Additionally, a credit payment was made to Sample 9 on November 7, 2020 before the GM approved the PO on November 13, 2020. The payment was a recurring fee for MSeXchange mailbox from November 2020 to 2021.

2. RFQs were solicited from Sample 10, at \$200, and from two vendors (Vendor A and Vendor B) with a same day deadline at 4 PM. The item description was packaging of equipment and courier services from Guam to Las Vegas. Notes on the RFQs for Vendors A and B indicated “Per phone conversation - vendor does not accept gov. [POs]”.

When the audit team asked about Vendors A and B accepting credit card payments, the GWA’s response was that estimates given by the vendors over the phone were very costly. The audit team asked for a copy of the estimates given. The GWA provided a bid abstract showing no quoted prices from Vendors A and B.

Additionally, a PO Detail was provided with the bid abstract that showed two other vendors, Vendor C and Vendor D. The detail had a handwritten note indicating that Vendors C and D accepted government POs. However, Vendors C and D were not included in the bid abstract. The GWA also did not provide documentation showing that an RFQ was prepared for these vendors.

Additionally, for Sample 13, at \$3K, or 2% of the \$131K total purchases, the PO indicated BPA and was prepared on September 16, 2021, after payment was made to the vendor on August 15, 2021. The invoice payment triggered the PO request. The product was a renewal of an annual subscription from August 29, 2021 to August 28, 2022. The GWA did not know that the subscription was on auto-renewal.

The above conditions were caused by the End User and Buyer not collaborating to determine the nature of goods and services needed and appropriate method to conduct the procurement. Additionally, credit card information was set on auto-renew with the vendor.

As a result, the GWA is non-compliant with the Guam Procurement Regulations. Actions taken were essentially for other types of procurement methods. Questioned costs for this finding totaled \$12K.

To address the deficiencies, we recommend for the End User and Buyer to collaborate in conducting market research. The Supply Management Administrator should ensure that the appropriate procurement method, in accordance with law, is used based on the nature of goods and services indicated on the PO. Additionally, the card holder should ensure that credit card information is not auto-renewed; or that the auto-renew function is closely monitored to prevent unapproved charges.

The GPA and the GWA were non-compliant to the Guam Procurement Law and Regulations for small purchases and BPAs. Actions were carried out which seemed, but essentially failed, to meet procurement requirements. The End User, the Buyer, and Accounting must be cognizant that GovGuam is mandated to follow applicable procurement law and regulations when purchasing goods and services, regardless of the payment method (i.e. credit card).

### **Purchases Contrary to the Entity’s Policy**

The GPA and the GWA’s Credit Card Usage Policies mirror each other and were adopted in December 2008. The policy listed authorized and unauthorized uses of the corporate credit card;

and required approvals prior to use. Based on our review, the GPA and the GWA made credit card purchases contrary to these policies.

### ***Personal Trip Paid with Corporate Credit Card***

The GPA Credit Card Usage Policy states that in no event shall the credit card be used for personal items (Section 3.0).

For Sample 3, at \$2K, the receipt and confirmed itinerary showed an additional flight from Houston to Las Vegas that is not covered in the approved TA. The additional flight was for a personal trip that the traveler was to pay directly to the travel agency. The travel agency provided an initial quote of \$2,463.62, which consisted of \$1,989.62 for the GPA's portion and \$474 for the traveler's portion. The initial quote expired and the airfare cost increased by \$30.63 to \$2,494.25, inclusive of the agent's service fee. The price increase did not separate the GPA's portion and the traveler's portion and was fully paid with the GPA's credit card. The total fare of \$2,494.25 was claimed/charged in the duly approved TA.

The condition was caused by the administrative staff, who prepared the traveler's airfare, not keeping a record of the cost for a direct flight. The staff is no longer employed with the GPA. Additionally, the airfare was secured and the TA was completed less than a week before the traveler's departure. Plant Accounting did not have ample time to review the supporting documentation attached to the TA.

As a result, the GPA is non-compliant with its own credit card policy. Questioned cost is estimated at \$500 since the traveler's portion was initially quoted at \$474 and the price increase of \$31<sup>10</sup> was nominal.

To address the deficiency, we recommend for Accounting to develop a checklist and distribute it to all administrative staff processing travel. The checklist should contain the requirement for quotations for both the original quoted price for a direct flight and any changes made thereafter.

### ***On-Island Purchases Contrary to Policy***

The GPA and the GWA Credit Card Usage Policies state that the corporate credit card is authorized to be used for the purchase of items/services which are not available for purchase from local vendors; or where it is documented that significant savings (> 20% landed costs) can be obtained by use of the card. In no event shall the card be used for on-island purchases. For the GPA, the exception for on-island purchases is when it is authorized by the GM during the recovery from a storm or catastrophic event (Sections 6.0 and 3.0).

Based on the credit card statements, transactions with on-island vendors were made by the GPA totaling \$25K for 66 transactions<sup>11</sup>; and by the GWA totaling \$2K for 12 transactions. While nearly all the on-island purchases were reasonable for the entities, they were not authorized for credit card use per the policy. See Tables 5 and 6<sup>12</sup>.

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<sup>10</sup> The price increase was corrected in February 2024 after the release of this report.

<sup>11</sup> The amount and count of transactions for the GPA were corrected in February 2024 after the release of this report.

<sup>12</sup> Table numbers 5 through 9 were corrected in February 2024 after the release of this report.

Table 5: On-Island Transactions – GPA<sup>13</sup>

FY	Qty.	Amount	Description
2020	1	\$ 7,781	Remote desktop services
2020	1	\$ 4,378	Conference on island sustainability
2020 - 2022	54	\$ 3,975	Travel agent fee
2020	2	\$ 3,425	Body temperature gates and readers
2020	1	\$ 2,740	Code Transition Workshops
2020	1	\$ 1,590	Training
2020	1	\$ 831	DSL internet for leak detection
2022	1	\$ 275	COVID-19 testing for travel
2021, 2022	2	\$ 210	Training
2020	1	\$ 160	Printing calculators
2022	1	\$ 41	Vehicle maintenance
<b>Total</b>	<b>66</b>	<b>\$ 25,406</b>	

Table 6: On-Island Transactions – GWA

FY	Qty.	Amount	Description
2022	1	\$ 1,507	Lodging for a consultant
2020 - 2022	5	\$ 450	Travel agent fee
2021	1	\$ 200	Packing and crating of office equip.
2022	2	\$ 185	Travel agent fee
2020	1	\$ 75	Travel agent fee
2022	2	\$ 41	Court case filing fee
<b>Total</b>	<b>12</b>	<b>\$ 2,458</b>	

Certain purchases listed in Table 5 created a conflict in the GPA’s policy for authorized and unauthorized uses. Airfare, travel-related, and registration fees for conferences and seminars were authorized per Section 2.0. However, since these items were purchased on-island, they were unauthorized per Section 3.0.

Additionally, one of the purchases listed in Table 6 was Sample 17 at \$1K. The GWA corporate credit card was used to reserve a room for a consultant. The consultant did not provide their payment upon check-out, but excluded the hotel cost from their bill to the GWA.

The above conditions occurred because the GPA and the GWA Credit Card Usage Policies did not include other circumstances, such as for reservation purposes, that requires credit card use. As a result, the GPA and the GWA are non-compliant with their own credit card policy. We questioned the cost for one GWA sample at \$1K because the GWA’s corporate credit card was used for a non-employee’s lodging.

<sup>13</sup> Table 5 was corrected in February 2024 after the release of this report.

To address the deficiencies, we recommend for the GPA and the GWA policy review committees to update their Credit Card Usage Policies.

### ***No Evidence of Product Unavailability On-Island or Cost Savings***

The GPA and the GWA Credit Card Usage Policies state that, for purchase of goods or services greater than \$500, purchasers have to present evidence that the product is not available on-island or a bid abstract demonstrating a landed cost savings of over 20% than those available on-island.

For two GPA purchases totaling \$28K, neither evidence required by the policy was on file. The GPA explained that Sample 19, at \$14K, was a direct purchase from an off-island vendor due to the urgent need for hard drives. Their secondary backup was in critical state at the time of purchase. As for Sample 6, the GPA failed to provide the quotes solicited by their IT department and instead stated that businesses were closed during the public health emergency.

The condition was caused by either incomplete procurement records or records that were not readily available. Therefore, the GPA was unable to present the required evidence. As a result, the GPA is non-compliant with its own credit card policy.<sup>14</sup> To address the deficiency, we recommend for the GPA GM to have non-travel-related credit card purchases go through their procurement department.

The GPA and the GWA made credit card purchases contrary to their policies. Both policies are outdated and procurement records were not complete or readily available. The convenience provided by credit cards and its exceptions to the rules pose greater risks for the abuses to occur.

### **Untimely, Incomplete, or Missing Travel Clearances**

Certain credit card purchases were travel expenses. The Government Travel Law applies to all GovGuam employees and board and commission members. We found that the GPA and the GWA did not meet travel clearance requirements for timely submission of an itemized statement of travel expenses incurred with supporting documentation.

Title 5 GCA § 23104 states that within 10 “*days* [emphasis added] following the return from official travel, an employee may submit an itemized statement of account supported by receipts, an affidavit, or both, of actual expenses incurred for lodging, meals and travel expenses actually incurred on official business during the period of official travel. If the advances of the per diem allowance and travel expenses allowance are less than the employee’s actual authorized expenses then he shall be reimbursed for the amount his actual expenses exceeded the advance allowances.”

**GPA.** For 12 samples, subtotalling \$24K or 6% of the \$419K<sup>15</sup> total purchases, travel vouchers were not timely submitted. Examples of such are as follows:

1. For Sample 3, at \$2K, the traveler’s travel status ended in December 2019. Plant Accounting completed recording the actual travel expense in September 2020 or almost a year later. However, the Travel Voucher (TV) was dated May 1, 2023 or more than three years after the travel ended. The traveler did not sign the TV, while the verifier, the CCU Chairman, and Budget signed in May 2023 (or after we requested for the voucher).

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<sup>14</sup> To prevent double count, we questioned the costs of the two samples only once under the procurement section.

<sup>15</sup> The amount of total purchases for the GPA was corrected in February 2024 after the release of this report.



2. For Samples 24 through 27, subtotaling \$7K, the TV was submitted almost a month later. The last day of travel indicated on the TA was September 20, 2022. The voucher was stamped received by Plant Accounting on October 18, 2022, or 28 days after. Moreover, the voucher was signed by the verifier, traveler, the GM, and Budget in April 2023 (or after we requested for additional documentation).

For complete samples with similar deficiencies, refer to Tables 7A and 7B.

Table 7A: Samples with Untimely Travel Vouchers – GPA

	Sample No.	FY	Amount	Description
1	22	2022	\$ 5,233	Airfare for travel
2	24	2022	\$ 4,020	Airfare for travel
3	23	2022	\$ 3,681	Lodging for travel
4	16	2022	\$ 2,800	Manager certificate program
5	17	2022	\$ 2,790	User conference
6	27	2022	\$ 2,788	Lodging for travel
7	3	2020	\$ 2,419	Airfare for travel
8	26	2022	\$ 310	Lodging for travel
9	25	2022	\$ 275	COVID-19 testing for travel
10	20	2022	\$ 108	iPad repair
11	4	2020	\$ 36	Airfare for travel
12	14	2021	\$ 20	Airfare for travel
	<b>Total</b>		<b>\$ 24,480</b>	

Table 7B: Untimely Travel Vouchers – GPA<sup>16</sup>

Sample No.	Travel Voucher No.	Travel Status End Date	Travel Voucher or Plant Accounting Completed Date	Days Between	Amount Due To Traveler
3	TV 20-017	12/13/2019	9/29/2020	291	\$ 67
4	TV 20-028	4/21/2020	8/31/2020	132	\$ -
22	TV 22-029	6/17/2022	8/29/2022	73	\$ 832
14, 16	TV 22-001	10/10/2021	12/7/2021	58	\$ 286
24, 25, 26, 27	TV 22-044	9/20/2022	10/18/2022	28	\$ -
17	TV 22-019 and 22-020	6/11/2022	6/28/2022	17	\$ 1,126
20	TV 22-011	4/4/2022	4/19/2022	15	\$ 158
23	TV 22-028	6/17/2022	6/30/2022	13	\$ 99
				<b>Total</b>	<b>\$ 2,568</b>

<sup>16</sup> The TV or Plant Accounting Completed Date is used, whichever is earlier. Additionally, the Travel Status End Dates for Samples 3 and 4 were corrected in February 2024 after the release of this report.

**GWA.** For six samples, subtotaling \$9K or 7% of the \$131K total purchases, travel clearance documents (e.g. TV) were submitted 53 days later, were incomplete, or were not submitted.

1. For Sample 1, at \$150, boarding passes were provided without date of submission.
2. For Sample 3, at \$3K, a MileagePlus Account Activity, Balance & Award Mile Details was provided in lieu of boarding passes. Based on the TA and confirmed itinerary, the traveler’s return date was December 21, 2019. Emails between Accounting and the traveler’s secretary reflected several follow-ups and the traveler misplacing his boarding passes. The Account Activity detail was dated February 13, 2020 or 53 days after the traveler’s return.
3. For Sample 16, at \$3K, a picture of boarding passes and receipts for lodging and car rental were provided. The boarding passes showed a different flight itinerary than the TA and itinerary provided to the audit team. See Table 8.

Table 8: Itinerary Changes

Route	Original (per TA & Itinerary)	Revised (per Boarding Pass)
<b>Departure</b>	Guam > <b>Honolulu</b>	Guam > <b>Narita</b>
	<b>Honolulu &gt; Los Angeles</b>	<b>Narita &gt; San Francisco</b>
	<b>Los Angeles &gt; Denver</b>	<b>San Francisco &gt; Denver</b>
	Denver > <b>Grand Junction</b>	Denver > <b>Vernal</b>
<b>Arrival</b>	<b>Grand Junction &gt; Denver</b>	<b>Vernal &gt; Denver</b>
	Denver > St. Louis	Denver > St. Louis
	St. Louis > <b>Houston</b>	St. Louis > <b>Newark</b>
	<b>Houston &gt; Honolulu</b>	<b>Newark &gt; Narita</b>
	<b>Honolulu &gt; Guam</b>	<b>Narita &gt; Guam</b>

The date of purchase for the initial itinerary was October 22, 2021, or nine days before the traveler’s departure on October 31, 2021. Changes close to the travel date generally result in higher costs. However, the audit team could not confirm the price change due to no revised TA or itinerary provided.

For other samples with similar deficiencies, refer to Table 9.

Table 9: Samples with Untimely, Incomplete, or No Submissions – GWA

Sample No.	FY	Amount	Description	Deficiency	
1	3	2020	\$ 2,880	Airfare for travel	Incomplete, untimely
2	16	2022	\$ 2,759	Airfare for travel	Incomplete
3	14	2021	\$ 2,204	Airfare for travel	Incomplete
4	4	2020	\$ 729	Airfare for travel	Incomplete
5	1	2020	\$ 150	Travel agent fee	No submission
6	20	2022	\$ 100	Travel agent fee	Incomplete
	<b>Total</b>		<b>\$ 8,822</b>		

The above conditions were caused by End User oversight. For the GPA, the delays were due to oversight on the assigned section's part to complete the travel vouchers. The supervisor is now monitoring to ensure timely completion. For the GWA, the submission of travel clearance documents were not formalized.

As a result, the GPA and the GWA were non-compliant with the law. Cash was temporarily buffered by the amount not reimbursed by the GPA to the traveler. Financial impact for the GPA for this finding was \$2,568. The GWA did not have complete travel clearance documents. Questioned costs for the GWA for this finding was \$250.<sup>17</sup>

To address the deficiencies, we recommend for the GPA Accounting to remind travelers of the due date, and notify the CFO of untimely submission and the GM of consistent unresponsiveness to the deadline. The GM to enforce the deadline mandated by law. Additionally, we recommend for the GWA CFO to revisit and align the GWA's travel SOP to the travel law.

The GPA and the GWA did not meet the travel clearance submission deadline specified in law. End Users from both entities were lax with their recordkeeping. The laxity demonstrates a need for enforcement.

## Other Matters

During the course of our review, we found that the Senator Edward J. Cruz Medical Referral and Education Mileage Program was not fully implemented. Rewards points or miles earned by the GPA and the GWA, through the use of their corporate credit cards, continue to accumulate.

Title 5 GCA § 23111 states GovGuam entities, including autonomous agencies, "that purchase airline tickets through the use of credit cards, shall administer their respective accrued travel mileage programs pursuant to the [Senator Edward J. Cruz Medical Referral and Education Mileage Program]." The entities shall "seek to enter into an agreement with a bank(s) on Guam for credit card(s) to use as payment for" government and/or federally funded employee travel, "and to accrue travel mileage through a participating airline(s)."

For the GPA and the GWA, 100% of the accrued mileage account maintained by these entities shall be used to send eligible students to participate at off-island sports competitions. The Superintendent of Education, in collaboration with the heads of all government entities/agencies, the Executive Director of the Guam Legislature, and the Administrator of the Courts, shall promulgate rules and regulations for the use of accrued mileage for off-island student travel involving academic, sports, and cultural activities. These rules and regulations shall be promulgated pursuant to the Administrative Adjudication Act.



Figure 2: A United Airlines airbus. This picture was retrieved from the Pacific Daily News.

<sup>17</sup> Financial impact for the GPA was based on costs due to the traveler. Questioned costs for the GWA was based on the amount of the purchase (for those with incomplete or missing clearances).

Per the personnel we interviewed at the GPA and the GWA:

1. The GPA's corporate credit card does not earn miles for United Airlines. The GPA opted not to obtain the benefit because of the penalties and fees associated with the transfer of mileage. Instead, the GPA opted for a rewards points that allows them to obtain airline tickets through a travel fare aggregator website (e.g. Orbitz) for various airlines.
2. The GWA's corporate credit card earns miles. The miles have not been transferred or used and continue to accumulate.

Both entities are pending guidance from the Guam Department of Education (GDOE).

On May 5, 2023, the GPA requested for the rules and regulations from the GDOE. The request arose from inquiries made to the GPA and the GWA by a coach from Astumbo Middle School. The coach asked if the entities could donate their travel miles to help fund the girls softball team's trip to the Philippines for an upcoming tournament. However, the GDOE did not have rules and regulations to address the coach's request.

The GPA had 478K points as of May 18, 2023 or an estimated average of 120K points per fiscal year (approximately 359K points from FY 2020 to FY 2022). The GPA could have funded round trip, economy fare tickets from Guam to Philippines for nine students for approximately \$4K or \$400 for each student. Likewise, the GWA accrued 159K miles as of September 30, 2022. The GWA could have funded round trip, economy fare tickets for two students for approximately \$2K or \$990 for each student.<sup>18</sup>

The Superintendent of Education did not promulgate the rules and regulations as required by law. Discussions were held in years past as part of planning program implementation. However, the discussions did not come to fruition.

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<sup>18</sup> Calculation for the GPA was based on their May 22, 2023 submission of "points redemption exhibits" pertaining to their Priority Rewards Business Program Agreement. The GWA was based on the United Airlines flight reservations, retrieved from <https://www.united.com/en/us/book-flight/united-reservations> on May 31, 2023.

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## Conclusion and Recommendations

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The GPA and the GWA Credit Card Usage Policies provide guidelines for corporate credit card use and to follow applicable procurement rules and regulations. However, the GPA and the GWA need to adhere to the law and their own policies. We recommended corrective actions for the GPA and the GWA to help bring them into compliance.

The GPA and the GWA were non-compliant with the Guam Procurement Law and Regulations for small purchases and BPAs. Actions were carried out which seemed, but essentially failed, to meet procurement requirements. The End User, the Buyer, and Accounting would need to be cognizant that GovGuam is mandated to follow applicable procurement law and regulations when purchasing goods and services, regardless of the payment method (i.e. credit card).

The GPA and the GWA made credit card purchases contrary to their policies. Both policies are outdated and procurement records were not complete or readily available. The convenience provided by credit cards is prone to abuse and exceptions to the rules pose greater risk for the abuse to occur.

The GPA and the GWA did not meet the travel clearance submission deadline specified in law. End Users from both entities were lax with their recordkeeping. The laxity demonstrates a need for enforcement.

Questioned costs totaled \$98K from the GPA and the GWA's non-compliance to the Guam Procurement Law and Regulations and their policies. See Classification of Monetary Impact for the questioned costs and other financial impact.

To address the deficiencies, we recommend for the GPA:

1. GM to have non-travel-related credit card purchases go through their procurement department.
2. Administrative staff preparing the TA to follow small purchase requirements.
3. Accounting to ensure that the TA packet contains the required number of written quotations before routing it for management approval.
4. Accounting to remind travelers of the due date for travel clearance, and notify the CFO of untimely submission and the GM of consistent unresponsiveness to the deadline.
5. GM to enforce the travel clearance deadline mandated by law.
6. Accounting to develop a checklist and distribute it to all administrative staff processing travel. The checklist should contain the requirement for quotations showing the original quoted price for a direct flight and any changes made thereafter.
7. Policy review committee to update the Credit Card Usage Policy.

Additionally, we recommend for the GWA:

1. End User to collaborate with the Buyer in conducting market research for credit card purchases not related to travel.
2. Buyer to collaborate with the End User for credit card purchases not related to travel; and ensure that the procurement documents are complete.

3. Administrative staff preparing the TA to follow small purchase requirements.
4. Accounting to ensure that the TA packet contains the required number of written quotations before routing it for management approval.
5. Supply Management Administrator to ensure that the appropriate procurement method is used based on the nature of goods and services indicated on the PO.
6. Card holder to ensure that credit card information is not auto-renewed; or that the auto-renew function is closely monitored to prevent unapproved charges.
7. CFO to revisit and align the GWA's travel SOP to the travel law.
8. Policy review committee to update the Credit Card Usage Policy.

The status of recommendations is presented on Appendix 3.

## Classification of Monetary Amounts

Findings		Questioned Costs <sup>19</sup>		Potential Savings	Lost Revenues	Other Financial Impact <sup>20</sup>	
		GPA	GWA	GPA/ GWA	GPA/ GWA	GPA	GWA
1	Small purchase requirements not met	\$70,562 <sup>21</sup>	\$13,285	\$ -	\$ -	\$ -	\$ -
2	BPAs executed as if Sole Sourced or Small Purchases	\$ -	\$12,148	\$ -	\$ -	\$ -	\$ -
3	Untimely, incomplete, or missing travel clearances	\$ -	\$ 250	\$ -	\$ -	\$2,568	\$ 1
4	Personal trip paid with corporate credit card	\$ 500	\$ -	\$ -	\$ -	\$ -	\$ -
5	On-island purchases contrary to policy	\$ -	\$ 1,507	\$ -	\$ -	\$ -	\$ -
6	No evidence of product unavailability on-island or cost savings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Totals</b>		<b>\$71,062</b>	<b>\$27,190</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$2,568</b>	<b>\$ 1</b>

<sup>19</sup> Questioned Costs are costs questioned because of:

- (a) An alleged violation of a provision of a law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the expenditure of funds;
- (b) A finding that, at the time of the audit, such cost is not supported by adequate documentation; or
- (c) A finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable.

<sup>20</sup> Other Financial Impact means amount identified in the audit but do not fit the other categories. It includes costs that temporarily buffered the entity's cash due to delayed reimbursements of travel expenses. This definition was revised in February 2024 after the release of this report.

<sup>21</sup> Questioned cost under GPA for Finding 1 was corrected in February 2024 after the release of this report.

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## Management Response and OPA Reply

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We provided a draft report to the GPA and the GWA for their official management response on May 17, 2023. We held Exit Conferences with the GPA and the GWA officials to discuss the reported findings and recommendations on June 14 and 28, 2023, respectively. The OPA provided time for the GPA and the GWA to focus on recovery efforts from the aftermath of Typhoon Mawar.

We received the GWA and the GPA's official management responses on July 3 and 7, 2023, respectively. Based on the responses, the GPA and the GWA generally agreed with our findings. See Appendix 4A for the GPA's response and 4B for the GWA's response.

The legislation creating OPA requires entities to prepare a corrective action plan to implement audit recommendations, document the progress in implementing the recommendations, and endeavor to have implementation completed no later than the beginning of the next fiscal year. Accordingly, we will be contacting the GPA and the GWA for a status of the recommendations.

We appreciate the cooperation and assistance given to us by the GPA and the GWA CFOs, Assistant CFOs, Controllers, and staff during this audit. We would like to also give special thanks to the GWA Assistant GM for Administration and Support and Supply Management Administrator for their participation.

OFFICE OF PUBLIC ACCOUNTABILITY



Benjamin J.F. Cruz  
Public Auditor



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## **Appendix 1: Objectives, Scope, and Methodology**

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### ***Objective***

The objectives of this engagement were to determine the GPA and the GWA's compliance with:

1. Their credit card policy and/or procedures.
2. The Guam Procurement Law and Regulations.
3. The Government Travel Law.

### ***Scope***

The audit scope was the GPA and the GWA's credit card transactions and relevant procurement files from FY 2020 to FY 2022 (October 1, 2019 to September 30, 2022).

### ***Methodology***

We performed the following steps in conducting this audit:

1. Surveyed all GovGuam entities to identify those that use credit and/or debit cards for purchasing goods and services.
2. Engaged with the entities that use credit and/or debit cards.
3. Reviewed the policy, regulations, and laws applicable to scope.
4. Held Entrance Conferences, Walkthroughs, and Exit Conferences with key personnel.
5. Addressed inquiries to key personnel.
6. Assessed the strength of the entity's internal controls and risk of fraud in administering the credit and/or debit card purchases.
7. Compiled all of the entity's credit and/or debit card transactions within scope.
8. Selected and reviewed sample transactions for testing against criteria.
9. Organized testing results into findings and made recommendations.

We conducted this compliance (performance) audit in accordance with generally accepted government auditing standards. 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.

## Appendix 2A: FY 2020-2022 Credit Card Purchases - GPA<sup>22</sup>

Description	No. of Trans.	Amount
United	83	\$ 130,999
AMERICAN PUBLIC POWER	39	\$ 33,023
PACIFIC STAR COMMUNICA	3	\$ 31,574
SANS INSTITUTE	3	\$ 25,657
LENOVO GROUP	4	\$ 21,666
SILLWORKS LTD KANATA	6	\$ 17,063
HILTON HOTELS	3	\$ 15,748
SOLAR ENERGY INTERNATI	24	\$ 8,782
SANFORD TECHNOLOGY	1	\$ 7,781
ASCET	1	\$ 6,000
SOCIETYFORHUMANRESOURC	27	\$ 5,963
KOREAN AIR	6	\$ 5,608
ETAP	3	\$ 5,400
SUBNET SERVICES LTD	1	\$ 4,880
UOG ENDOWMENT FOUNDATI	1	\$ 4,378
ASSOCIATION OF ENERGY	17	\$ 4,180
GAYLORD OPRY RESORT	2	\$ 4,132
BRIGHTMETRICS PETALUMA	7	\$ 4,074
NATIONAL REGISTRY OF E	14	\$ 3,990
TRAVEL BAG INC	54	\$ 3,975
PHILIPPINE AIR	11	\$ 3,641
RAINFOC*ORACLE CW22	2	\$ 3,498
G4S SECURITY SYSTEM	2	\$ 3,425
www.ouug.org	4	\$ 3,140
ALL-ACCESS TRAINING PA	5	\$ 2,995
PACIFIC TELECOMMUNICAT	1	\$ 2,925
MILSON UTILITY SOLUTI	1	\$ 2,790
RADISSON BLU EDWARDIAN	1	\$ 2,788
GUAM COMMUNITY COLLEGE	1	\$ 2,740
EUCI	2	\$ 2,590
SUTTLE-STRAUS	1	\$ 2,311
AMERICAN PAYROLL ASSOC	2	\$ 2,208
CISCO MEDIUS SERVICES	2	\$ 2,185
PGS ENERGY TRAINING	2	\$ 2,055
PAY*VOLTEX POWER ENGIN	1	\$ 1,791
NEW HORIZON GUAM	1	\$ 1,590
KNICKERBOCKER HOTEL	1	\$ 1,555
PAYPAL*ASPEN INC	1	\$ 1,490
<b>Subtotal</b>	<b>340</b>	<b>\$ 390,592</b>

Description	No. of Trans.	Amount
INTERNATIONAL RIGHT OF	3	\$ 1,455
TRAINING LLC	4	\$ 1,390
COASTALTRAI	1	\$ 1,385
DNH*GODADDY.COM	5	\$ 1,380
FS.COM LIMITED HONG KONG	1	\$ 1,351
HYATT REGENCY HOUSTON	1	\$ 1,300
SMART ELECTRIC POWER A	1	\$ 1,295
MERIDEN HOTELS	1	\$ 1,270
M&C RESRVATION SVCS LTD	1	\$ 1,210
AICPA	2	\$ 1,170
ASIS INTL ONLINE	3	\$ 1,170
BICSI	1	\$ 1,030
AGA	1	\$ 875
MPULSE AGANA SHOP CTR	1	\$ 831
MEMORYSTOCK.COM	1	\$ 759
PAYPAL*ORACLEUTILI	1	\$ 685
ACFE	5	\$ 675
GLADSTEIN NEANDROSS &	1	\$ 675
INSTITUTE OF INTERNAL	4	\$ 600
ASSN	1	\$ 599
PRSA	2	\$ 585
STEEL TANK INTSTITUTE	2	\$ 545
IND HYGIENE PROFESSION	1	\$ 500
ISA	4	\$ 440
THE INST OF INT AUDITO	4	\$ 400
UBER TRIP	10	\$ 387
THE BROODMOOR RESRVATI	1	\$ 351
HOTEL on BOOKING.COM	1	\$ 310
SIGNIA BY HILTON BONNE	1	\$ 286
PAYPAL*EXPRESSCARE	1	\$ 275
ICPM	2	\$ 270
FLOWCO SALES & SERVICE GMF	1	\$ 268
ESRI REDLANDS	1	\$ 250
ALA MOANA HOTEL	1	\$ 235
Harrah's Hotel LV Rese	1	\$ 214
PAYPAL*SHRMGUAM	6	\$ 210
UNIVERSITY OF GUAM ECO	2	\$ 210
COST U LESS TAMUNING	1	\$ 160
<b>Subtotal</b>	<b>81</b>	<b>\$ 27,000</b>

<sup>22</sup> Appendix 2A was corrected in February 2024 after the release of this report. Purchases for the GPA and the GWA, for Appendices 2A and 2B, include adjustments and bank charges.

## Appendix 2A: FY 2020-2022 Credit Card Purchases - GPA

Description	No. of Trans.	Amount
INTERNATIONAL TRANSACTION FEE	21	\$ 157
PAYPAL *THEIIC	1	\$ 150
Hotel HAEMILTON	1	\$ 147
DROPBOX*GXKJC4MPFSTD	1	\$ 120
DROPBOX*GZT6HYSSFCC1	1	\$ 120
DROPBOX*YDX*Q483ZHTB	1	\$ 120
APPLE STORE	1	\$ 108
NAVIGATING THE NEW OVE	1	\$ 103
HOWARD JOHNSON HOTEL	1	\$ 101
PAYROLL LEGAL ALERT	1	\$ 99
ABC #36 HAWAII	1	\$ 91
CHANGI TRAVEL SVCS-T4	2	\$ 73
CHEAPSSLSECURITY COM	1	\$ 60
MEDICAL CORPORATION LE	1	\$ 58
COMFORT/CITY CAB TAXI	4	\$ 50
<b>Subtotal</b>	<b>39</b>	<b>\$ 1,554</b>

Description	No. of Trans.	Amount
CHARLEY'S TAXI	2	\$ 49
AT&T	1	\$ 46
DELTA	1	\$ 41
ZTL*ENCHO PETRANOV	1	\$ 41
VESTA AT&T PREPAID	1	\$ 40
HEATHROW T4	1	\$ 29
SK TELECOM GONGHANG	2	\$ 28
A REX	3	\$ 27
SQUARE*SQ*ALOHA	1	\$ 13
THE CAB	1	\$ 12
Interest charge	1	\$ 12
WALKERHILL	1	\$ 11
REGISTER@FAA 343PHHE FALLS	1	\$ 5
EXPEDIA	2	\$ -
<b>Subtotal</b>	<b>19</b>	<b>\$ 355</b>
<b>Grand Total</b>	<b>479</b>	<b>\$ 419,501</b>

## Appendix 2B: FY 2020-2022 Credit Card Purchases - GWA

Description	No. of Trans.	Amount
UNITED	17	\$ 31,136
HSW*GATE.COM	108	\$ 16,546
AMAZON	38	\$ 15,509
SMK*SURVEYMONKEY.COM	3	\$ 8,100
MAILCHIMP * MISC	30	\$ 7,023
AWWA.ORG	10	\$ 5,765
CBA*TENABLE	2	\$ 5,180
DNH*GODADDY.COM	15	\$ 3,471
WATER INFORMATION SHA	1	\$ 3,300
QUESTINTERN	2	\$ 3,095
DNH*SUCURI Website SEC	32	\$ 2,950
PAYPRO ISPRING	3	\$ 2,910
BEST BUY	7	\$ 2,339
PAYPAL *ZOHOCORP PTE	1	\$ 2,160
ZOHOCORP PTE LTD	1	\$ 2,160
HBS ONLINE	1	\$ 1,750
HYATT REGENCY	3	\$ 1,507
PAYPAL *BACKUPASSIST	12	\$ 1,378
WEF REG	1	\$ 1,295
AGA	2	\$ 1,250
BOX, INC.	2	\$ 1,080
AURORA TRAINING ADVANTAGE	4	\$ 1,048
ISPRING SOLUTIONS, INC.	1	\$ 970
PITNEY BOWES PI	10	\$ 951
USTTRAINING.COM	1	\$ 875
PAYPAL	2	\$ 749
<b>Subtotal</b>	<b>309</b>	<b>\$ 124,497</b>

Description	No. of Trans.	Amount
YOURMEMBER-CAREERS	2	\$ 698
BOX_UK	1	\$ 679
DRI*CISCO WEBEX	28	\$ 621
SOURCE MEDIA	1	\$ 600
PAYPRO	1	\$ 470
WORLD TRAVEL SERVICES	5	\$ 450
USPS PO BOXES ONLINE	2	\$ 414
AAMAZON WEB SERVICES	1	\$ 305
DACAST INC. AND LTD.	3	\$ 247
ITSA GETAWAYS	3	\$ 245
EEOC TRAINING INST	2	\$ 230
ANNUAL MEMBERSHIP FEE	5	\$ 225
TRAVEL BAG, INC.	3	\$ 225
DEWITT MOVING & STORAGE	1	\$ 200
HTTP://WEBEX.COM	8	\$ 192
LUCIDCHART.COM/CHARGE	2	\$ 191
PURCHASE *FINANCE CHARGE*	3	\$ 162
TRIPLE B FORWARDERS	1	\$ 124
TRAVEL PACIFICANA	1	\$ 75
SUPERIOR COURT OF GUAM	2	\$ 41
FOREIGN TRANSACTION FEE	28	\$ 19
LATE FEE	1	\$ 15
PHILIPPINE AIRLINES	4	\$ -
INTEREST CHARGE ADJUSTMENT	1	\$ (4)
LATE FEE REVERSAL	1	\$ (15)
<b>Subtotal</b>	<b>110</b>	<b>\$ 6,409</b>
<b>Grand Total</b>	<b>419</b>	<b>\$ 130,906</b>

## Appendix 3A: Status of Audit Recommendations - GPA

No.	Addressee	Audit Recommendation	Status	Actions Required
1	General Manager (GM)	Require non-travel-related credit card purchases go through their procurement department.	OPEN	Provide a corrective action plan with responsible official and timeline of implementation
2	Administrative staff	Follow small purchase requirements when preparing Travel Authorizations (TAs).	OPEN	Provide a corrective action plan with responsible official and timeline of implementation
3	Accounting	Ensure that the TA packet contains the required number of written quotations before routing it for management approval.	OPEN	Provide a corrective action plan with responsible official and timeline of implementation
4	Accounting	Remind travelers of the due date for travel clearance, and notify the Chief Financial Officer of untimely submission and the GM of consistent unresponsiveness to the deadline.	OPEN	Provide a corrective action plan with responsible official and timeline of implementation
5	GM	Enforce the travel clearance deadline mandated by law.	OPEN	Provide a corrective action plan with responsible official and timeline of implementation
6	Accounting	Develop a checklist and distribute it to all administrative staff processing travel. The checklist should contain the requirement for quotations showing the original quoted price for a direct flight and any changes made thereafter.	OPEN	Provide a corrective action plan with responsible official and timeline of implementation
7	Policy Review Committee	Update the Credit Card Usage Policy.	OPEN	Provide a corrective action plan with responsible official and timeline of implementation

## Appendix 3B: Status of Audit Recommendations - GWA

No.	Addressee	Audit Recommendation	Status	Actions Required
1	End User	Collaborate with the Buyer in conducting market research for purchases not related to travel.	OPEN	Provide a corrective action plan with responsible official and timeline of implementation
2	Buyer	Collaborate with the End User in conducting market research for credit card purchases not related to travel; and ensure that procurement documents are complete.	OPEN	Provide a corrective action plan with responsible official and timeline of implementation
3	Administrative staff	Follow small purchase requirements when preparing Travel Authorizations (TAs).	OPEN	Provide a corrective action plan with responsible official and timeline of implementation
4	Accounting	Ensure that the TA packet contains the required number of written quotations before routing it for management approval.	OPEN	Provide a corrective action plan with responsible official and timeline of implementation
5	Supply Management Administrator	Ensure that the appropriate procurement method is used based on the nature of goods and services indicated on the Purchase Order.	OPEN	Provide a corrective action plan with responsible official and timeline of implementation
6	Card Holder	Ensure that credit card information is not auto-renewed.	OPEN	Provide a corrective action plan with responsible official and timeline of implementation
7	Chief Financial Officer	Revisit and align the GWA's travel Standard Operating Procedures to the travel law.	OPEN	Provide a corrective action plan with responsible official and timeline of implementation
8	Policy Review Committee	Update the Credit Card Usage Policy.	OPEN	Provide a corrective action plan with responsible official and timeline of implementation



## GUAM POWER AUTHORITY

ATURIDÁT ILEKTRESEDÁT GUÅHAN  
P.O.BOX 2977 • HAGÁTÑA, GUAM U.S.A. 96932-2977

July 6, 2023

Mr. Benjamin J. Cruz  
Public Auditor  
Office of Public Accountability  
Suite 401 DNA Building  
238 Archbishop Flores Street  
Hagatna, Guam 96910  
*Via Mr. Vincent Duenas, Audit Supervisor, vduenas@guamopa.com*

Re: OPA Draft Government-Wide Credit/Debit Card Use - *Guam Power Authority Comments*

Dear Mr. Cruz:

*Buenas yan Háfa Adai.* Thank you for the opportunity to comment on your office's Draft Report regarding *Government-Wide Credit/Debit Card Use Guam Power Authority and Guam Waterworks Authority* provided on June 29, 2023.

Guam Power Authority's AP-067 *Credit Card Usage Policy* was updated in 2019, primarily to facilitate the transfer of travel benefits to the Medical Referral Benefit mandated by in Title 5 GCA § 23111. The Authority's AP-030 *Off-Island Travel Rules and Regulations* provides administrative guidelines for travel and reporting. To improve our documentation and illustrate compliance, we created a credit card requirements checklist (*Attachment*). The checklist addressed the findings identified in the draft report and will improve the Authority's records maintenance, establish consistent procurement practices, and monitor process for adherence with pertinent laws and procedures. The checklist was implemented in the latter part of June 2023. The updates to the credit card and travel policies is near completion. The Finance team will provide a briefing on the updated policies and checklist requirements with administrative staff to ensure compliance.

My team has reached out to GDOE officials in early May 2023 regarding the travel mileage program. We will continue to work and collaborate with GDOE in the development of rules and regulations for the use of accrued mileage for off-island student travel pertinent to the Authority.

I understand that the utilization of credit card purchases compliance audit covers Government of Guam agencies. I request that this report be published at the same time as the other agencies for parity and comparability.

Thank you again for the opportunity to comment. GPA is committed to continuous improvement for transparency and accountability. Should you wish to discuss this matter further or need additional information, please contact me at [jbnavente@gpagwa.com](mailto:jbnavente@gpagwa.com).

*Si Yu'os Ma'åse',*

  
JOHN M. BENAVENTE, P.E.  
General Manager

Attachment



**GUAM POWER AUTHORITY**

ATURIDÁT ILEKTRESEDÁT GUAHAN  
P.O.BOX 2977 • AGANA, GUAM U.S.A. 96932-2977

**FINANCE DIVISION CREDIT CARD REQUIREMENTS CHECKLIST**

*For Travel Request Processing in compliance with AP-033 (Off-Island Travel Rules and Regulations) and AP-067 (Credit Card Usage Policy)*

**Airfare Quotes: TA \_\_\_\_\_**  
Approved travelers are required to provide the following documents to the Finance Division prior to securing airfare quotes.

- \_\_\_\_\_ Travel Voucher Form (to be completed by the traveler).
- \_\_\_\_\_ Copy of GM Approved Memo of Travel Request.
- \_\_\_\_\_ Training, Conference, Seminar, Meeting, or Event Flyer (must show registration fees and training hotel venue).
- \_\_\_\_\_ Provide at least two other air fare quotes on the same day for the same travel times to support that the chosen air fare route is the most direct and economical.
- \_\_\_\_\_ If traveler is approved for indirect travel or delay enroute (personal side trip), two air fare quotes must be secured on the same day: one quote will be the direct route, and the other quote will be with the traveler's side trip. In compliance with AP-030, any additional expense as a result of the indirect travel or delay enroute shall be borne by the traveler.
- \_\_\_\_\_ Calendar and email reminder to traveler and pertinent administrative staff that their travel vouchers (to include receipts, boarding passes, training certificate, etc.) are due 10 days after return to Guam.

**Professional Memberships and Renewals**  
Requestor must provide the following documents to Finance Division prior to processing.

- \_\_\_\_\_ Copy of the approved General Manager's memo for the Membership or Renewal.
- \_\_\_\_\_ Membership or Renewal Invoice from the Organization (must show the fees).

**Other Purchases**  
The following conditions must be met prior to processing credit card request.

- \_\_\_\_\_ Copy of GM Approved Memo for the credit card request. Memo must include justification for the need of the requirement, reason for vendor selection, and account number.
- \_\_\_\_\_ Are not food, meals, or beverages, except as authorized by the General Manager for recovery from a storm or catastrophic event.
- \_\_\_\_\_ Are not personal items; qualified as Capital Expenditures per SOP-133; and/or are non-CIP expenses greater than \$15,000.
- \_\_\_\_\_ On-island purchases, except as authorized by the General Manager for recovery from a storm or catastrophic event.
- \_\_\_\_\_ Goods or service: Evidence of bid abstract demonstrating a landed cost savings in excess of 20% from items purchased on island. Note that the bid abstract must be provided to the CFO Office prior to purchase.

Upon presentation of required materials and information to the CFO Office, the designated CFO staff will review the documents, execute the purchase, provide a copy of purchase confirmation to the purchases to requestor and maintain a copy in the CFO files.

Prepared By: \_\_\_\_\_  
Print Name, Signature, and Date

Effective Date: June 22, 2023

Version 1





## GUAM WATERWORKS AUTHORITY

"Better Water. Better Lives"

Gloria B. Nelson Public Services Building | Finance Administration  
688 Route 15 – Fadian | Mangilao, GU 96913  
PO BOX 3010 – Hagåtña, GU 96932-3010  
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Benjamin J. Cruz  
Public Auditor  
Office of Public Accountability  
Suite 401 DNA Building  
238 Archbishop Flores Street  
Hagatna, Guam 96910

**Re: Draft Compliance Audit Government-Wide Credit/Debit Card Use - Guam Waterworks Authority**

Hafa Adai Public Auditor Cruz,

Thank you for this opportunity to comment on the revised draft compliance audit report on Guam Waterwork Authority's credit card use provided on June 29, 2023. The initial report was provided on May 17, 2023.

I understand that it is your intent to issue this report in advance of similar reports for other GovGuam agencies. In the interest of fairness and comparability, I would ask that you publish our report at the same time as the others. Otherwise, there would be limited context with regard to the findings.

We have attempted to organize the responses based on the areas of concern identified in the draft report. Please see our comments below.

### **Purchases Contrary to the Guam Procurement Law and Regulations**

#### Small Purchase Requirements Not Met

##### *Travel related purchases*

For immediate implementation, a form and related procedures have been developed to capture the required quotes.

Because the ticket prices are typically the same, the travel agent with the smallest fee is selected; the other travel agents are not always willing to participate as they are unlikely to get the business due to their fee structure. In lieu of quotes from travel agents, quotes may be taken from the *United Airlines* website for different routes to the same destination.

##### *Non-Travel related purchases*

Of the ten findings, nine were for subscription services that either inappropriately used a Blanket Purchase Order as the procurement method or did not solicit three quotes. GWA acknowledges the error in procurement methodology. These subscriptions were all for IT related activity such as software as a service, access to knowledge base platforms for management and cybersecurity and a virtual conference for a JD Edwards EnterpriseOne. Most of these purchases should have used a sole source procurement methodology.

Page 2 of 2

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The Procurement Administrator and buyers have been advised to use proper procurement methodologies, especially for subscription-related transactions. Refresher training for procurement methods is scheduled and will be completed before October 1, 2023.

BPA's Executed as if Sole Sourced or Small Purchases

See comment above.

**Lost Opportunity for Travel-Related Expenses**

Untimely, Incomplete or Missing Travel Clearances

Procedures have been updated for immediate implementation with the following tasks:

- Provide travelers with copy of Standard Operating Procedures (SOP) and checklist of due dates and documentation required; confirmation of receipt will be required from traveler
- Upon return of traveler, send reminders of required documentation and due dates until documents are provided
- Keep checklist by traveler and required documentation and update as documents are submitted with submission date
- Escalate request if traveler is noncompliant

Additionally, GWA is in the process of updating its travel SOP with implementation slated by the end of the calendar year.

**Purchases Contrary to the Agency's Policy**

On-Island Purchases Contrary to Policy

Before the end of this calendar year, GWA will update its Credit Card Use Standard Operating Procedure (SOP) to address certain on-island purchases, such as court fees and travel agent fees. The SOP will also address the disabling of any auto-renewal options to prevent unauthorized charges.

No Evidence of Product Unavailability On-Island or Cost Savings

See comment above under *Non-Travel related purchases*.

Thank you for this opportunity to comment. Please contact Chief Financial Officer Taling Taitano at [tmtaitano@guamwaterworks.org](mailto:tmtaitano@guamwaterworks.org) or at (671)300-6860 or (671)488-2234.

Senseramente,



MIGUEL C. BORDALLO, P.E.  
General Manager

Cc: CCU Members  
Chief Financial Officer  
Assistant General Manager Administration & Support  
Internal Auditor

**"Better Water. Better Lives"**

**GOVERNMENT-WIDE CREDIT/DEBIT CARD USE SERIES, PART I  
GUAM POWER AUTHORITY AND GUAM WATERWORKS AUTHORITY  
Report No. 23-10, December 2023**

**ACKNOWLEDGEMENTS**

***Key contributions to this report were made by:***

Thomas Quichocho, Audit Staff  
Joy B. Esperanza, Auditor-in-Charge  
Vincent Duenas, Audit Supervisor  
Benjamin J.F. Cruz, Public Auditor

***Additional Credits***

TIM ROBERTS/GETTY IMAGES

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**MISSION STATEMENT**

To ensure public trust and good governance in the Government of Guam, we conduct audits and administer procurement appeals with objectivity, professionalism, and accountability.

**VISION**

The Government of Guam is a model for good governance with OPA leading by example as a model robust audit office.

**CORE VALUES**

**Objectivity**

To have an independent and impartial mind.

**Professionalism**

To adhere to ethical and professional standards.

**Accountability**

To be responsible and transparent in our actions.

**REPORTING FRAUD, WASTE, AND ABUSE**

- Call our HOTLINE at 671-47AUDIT (671-472-8348)
- Visit our website at [www.opaguam.org](http://www.opaguam.org)
- Call our office at 671-475-0390
- Fax our office at 671-472-7951
- Visit us at Suite 401 DNA Building in Hagåtña

All information will be held in strict confidence.



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