

# GOVERNMENT-WIDE CREDIT/DEBIT CARD USE SERIES, PART II GUAM VISITORS BUREAU

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

OPA Report No. 23-11  
December 2023





**Government-Wide Credit/Debit Card Use Series, Part II  
Guam Visitors Bureau**

**Compliance Audit  
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## Table of Contents

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Executive Summary .....	1
Introduction.....	4
Objectives, Scope, and Methodology.....	4
Background .....	4
Prior Audit Coverage .....	6
FY 2001 Report on Compliance and Internal Control .....	6
OPA Report No. 06-14 .....	6
Results of Audit .....	7
Purchases Contrary to the Agency’s Policy .....	7
Finding 1: Credit Card Changes Did Not Reflect Policy .....	7
Finding 2: Spouses’ Dinners Paid with GVB Credit Card .....	8
Finding 3: Dinner Expenses Had Incomplete Documentation .....	9
Finding 4: Purchases Made Without Approvals.....	10
Purchases Contrary to the Guam Procurement Law and Regulations .....	12
Finding 5: Vendors Selected Without Documentation.....	12
Finding 6: Purchase Orders Inappropriately Utilized.....	13
Other Matters.....	14
Travel Miles Were Not Accrued .....	14
Per Diem Allowances Were in Excess and Advanced Early.....	15
Conclusion and Recommendations.....	17
Classification of Monetary Amounts .....	18
Management Response and OPA Reply .....	19
Appendix 1: Objectives, Scope, and Methodology .....	20
Appendix 2: FY 2020 - 2022 Credit Card Purchases .....	21
Appendix 3: Status of Audit Recommendations.....	23
Appendix 4: Official Management Response .....	24



## EXECUTIVE SUMMARY

### Government-Wide Credit/Debit Card Use Series, Part II Guam Visitors Bureau OPA Report No. 23-11, December 2023

From Fiscal Years (FY) 2020 to FY 2022, the Guam Visitors Bureau (GVB) officials used their corporate credit cards not in compliance with certain provisions of its credit card policy and procedures and the Guam Procurement Law and Regulations. Questioned costs were \$23 thousand (K) (or 29%) of the \$79K total credit card expenditures. Based on our review, we did not identify any instances of fraud or abuse.

We conducted a compliance audit of the GVB'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 second in a series of reports.

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

The Corporate Credit Card Policy and Procedures (GVB-FA-004) was implemented in January 2020 and contained conditions for the issuance, limitations, and usage of corporate credit cards. The GVB made changes by increasing the credit limits on their corporate credit cards without the Board of Directors' (Board's) approval, using one of the credit cards for personal expenses, and did not go through proper procedures before purchasing. Based on our review, the GVB was non-compliant with certain provisions of their policies and procedures.

#### ***Finding 1: Credit Card Changes Did Not Reflect Policy***

GVB-FA-004 Section 3 states that the Board of Directors approves the credit limits and issuance of all corporate credit cards. Credit limits changed for five positions listed in GVB-FA-004 and its total increased from \$83K to \$95K. The increase was automatically applied by the bank for the GVB's timely payments of credit card transactions. However, the lack of board approval for this change resulted in non-compliance with their policy.

#### ***Finding 2: Spouses' Dinners Paid with GVB Credit Card***

GVB-FA-004 Sections 7(a) and 10 state that cardholders need prior approval before using the corporate credit card to pay for entertainment expenses directly connected with official business. The corporate credit card was used to pay for the dinner of seven government officials' spouses. The spouses were part of a business meeting to discuss the Visa Waiver Program and to "amplify mutually beneficial relations between Guam and the Philippines". The expense was made before the written request was submitted and approved. Questioned costs totaled \$515.

#### ***Finding 3: Dinner Expenses Had Incomplete Documentation***

GVB-FA-004 and the *GVB Travel Policy* require detailed justification for business meetings

conducted while on official travel. Details of three dinner expenses were incomplete (e.g. missing attendees' list and approvals), reiterative of a finding in the Office of Public Accountability (OPA) Report 06-14, and were submitted after the event. One of the expenses, costing \$700, did not have a receipt because the staff lost it. The three dinner expenses totaled approximately \$4K and were part of a budget for "unanticipated" travel expenses in San Diego, California.

***Finding 4: Purchases Made Without Approvals***

GVB-FA-004 Sections 7(a), 7(h), and 10 state that prior approval and certification of funding availability are required for credit card purchases. For 11 samples reviewed, signatures for certified by the former Director of Finance and Administration/Chief Financial Officer/Controller and approved by the President and Chief Executive Officer/General Manager were missing, untimely, or not dated. For four of the samples, the GVB stated that the documentation for approval of the actual cost of the event was out of formality. Questioned costs totaled \$4K.

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

GVB-FA-004 Section 2 states that it should be used together with the GVB's procurement policy and should not contradict the procurement process and other governing laws. The Guam Procurement Law and Regulations prescribes how GovGuam procures goods and services and includes all phases of contract administration. Based on our review, the GVB was non-compliant with the law and regulations for small purchases and was inefficient with their credit card process.

***Finding 5: Vendors Selected Without Documentation***

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. For 10 samples, price quotations (or price range) were missing or had insufficient support for the vendor selection. For two samples, vendors were selected without soliciting from other vendors providing the same type of goods. There is no assurance that the lowest responsible and responsive vendor was selected. Questioned costs totaled \$18K.

***Finding 6: Purchase Orders Inappropriately Utilized***

Purchase orders are contracts for the procurement of supplies, for supplies under blanket purchase agreements, and for services when the total cost is \$25K or below. Purchase order numbers P21055, P21209, and P22559 were for goods or services paid with the GVB corporate credit card. All three orders were missing the vendor's acceptance of the terms and conditions and therefore, the vendor could not be legally bound.

Additionally, P22559 and P21209 were addressed to the GVB's bank for the corporate credit cards. P22559 was for "PIFA [Pacific Islander Festival] Fair *Unanticipated* [emphasis added] Travel Expenses" totaling \$10K. P21209 was for "IPW Booth, Delegate Registration, Media Package" totaling \$8K. Per the GVB, the vendors for both orders were paid with credit cards, and cash payment was made to the bank. We noted that the bank did not provide the goods/services described in the order, but provided financing of the credit cards used.

***Other Matters***

During our review, we found other matters relative to the Government Travel Law as follows.

***Travel Miles Were Not Accrued***

The GVB is required by the Government Travel Law to use 100% of their accrued mileage account to send eligible students to off-island cultural activities, such as arts and humanities competitions and international cultural festivals and exchanges. However, the GVB's agreement with its bank did not provide mileage accrual. Instead, the GVB pays a lower-than-market-average annual fee for one corporate credit card and no annual fees for the rest.

As reported in OPA Report No. 23-10, *Government-Wide Credit/Debit Card Use Series, Part I Guam Power Authority and Guam Waterworks Authority*, the Senator Edward J. Cruz Medical Referral and Education Mileage Program was not fully implemented. Rules and regulations for student travel was not established by the Superintendent of Education. As such, entities were not given the means to comply with the law.

***Per Diem Allowances Were in Excess and Advanced Early***

The Government Travel Law requires GovGuam employees to receive an advance per diem allowance based on the Federal government's rate. The Federal government provides 75% of the total meals and incidentals rate on the first and last day of travel. However, eight GVB employees received 100% per diem rates or \$358 in excess per diem allowance.

Additionally, two travelers received their allowances eight and 12 working days (or two to three weeks) in advance of their travel dates. The early advancement of the allowance increased the risk for travelers to misappropriate their per diem.

**Conclusion and Recommendations**

The GVB's Corporate Credit Card Policy and Procedures contained conditions for credit cards and should not contradict governing laws. We found that the GVB was non-compliant with certain provisions of their policy and procedures and law requirements for small purchases. Thus, we recommended corrective actions for the GVB to help bring them into compliance, such as enforcing 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 Visitors Bureau (GVB)’s corporate credit card use from Fiscal Years (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 second in a series of reports for the government-wide credit and debit card compliance audit.

The GVB established its Corporate Credit Card Policy and Procedures (GVB-FA-004) to ensure corporate credit cards “are issued and used appropriately and solely for GVB related [*sic*] business.” Based on our research, there were no prior audit findings within the last three years relative to the GVB’s use of their corporate credit cards. However, our current findings were reiterative of prior audit findings from at least 17 years ago.

### Objectives, Scope, and Methodology

We began by conducting a survey of all Government of Guam (GovGuam) entities to identify which agencies used a credit and/or debit cards 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 GVB was one of the 11 entities with credit cards, but did not use debit cards.

The objectives of this engagement were to determine the GVB’s compliance with:

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

The audit scope covered the GVB’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 November 2006, the GVB established Management Directive 2007-006 relative to credit card use. The directive was amended in October 2007 and was superseded by GVB-FA-004 *Corporate Credit Card Policy and Procedures* in January 2020. The policy and procedure was to ensure that the corporate credit cards were used appropriately and solely for GVB-related business.



Figure 1: The GVB main office is located in Tumon, Guam. This picture was retrieved from the Pacific Daily News.

The GVB’s policy authorized the use of the credit card for:

- Business expenses, such as professional membership, training, and travel.
- Direct debit authorization, where business conditions necessitate and prior approval is sought.

- Meetings with clients, such as representation expenses, subscription & dues, excess baggage, airport parking fees, training and educational material pre-approved by manager/division heads.
- General and admin-related or centrally purchased items, such as assets, IT or property equipment, stationary, and insurance.
- Entertainment expense with written justification.

The policy also prohibited the use of the credit card for:

- Personal expenses.
- Cash advances, traveler’s checks, or electronic cash transfers for expenses other than those incurred by the cardholders.

Per the policy, the Board of Directors (Board) approves the issuance of all credit cards. The credit limits are subject to annual review by the Director of Finance & Administration (DoFA)/Chief Financial Officer (CFO)/Controller, and the approvals of the President & Chief Executive Officer (CEO)/General Manager (GM) and the Board. The credit cards may be cancelled by the DoFA or designee due to conditions, such as the cardholder’s failure to comply with the GVB’s Standard Operating Procedures, upon management’s request, or at the DoFA’s discretion.

From FY 2020 to FY 2022, the GVB had corporate credit card accounts with the First Hawaiian Bank (FHB). The GVB had five credit cardholders with credit limits as listed in Table 1. During this period, the GVB had 238 purchases and adjustments totaling \$79K. See Appendix 2.

Table 1: GVB Credit Cardholders<sup>1</sup>

Cardholder	Credit Limit	Financial Institution
President & CEO	\$25K	FHB
Director of Global Marketing (DoGM)/Marketing Manager	\$20K	FHB
Director of Tourism Research & Destination Development/ Research & Evaluation Administrator	\$10K	FHB
(Former) GM	\$10K	FHB
(Former) DoFA	\$7K	FHB

The GVB’s credit card procedures generally involve five key personnel. A request for the approval to use the corporate credit card is submitted by staff to the program directors/cardholders for concurrence and verification. The request is routed to the DoFA for certification of funds and then to the President & CEO for approval. Thereafter, a purchase is made with the credit card. A request to pay the bank for the credit card bill is submitted, with supporting documentation, and routed in the same way. The request is also submitted to Accounting for processing.

<sup>1</sup> The former GM’s corporate credit card account was closed in May 2020. Meanwhile, the former DoFA’s account remained open until July 2023 or when the GVB transitioned and/or cancelled automatic charges on her corporate credit card. We brought the matter of the account remaining open to the GVB management’s attention.

## **Prior Audit Coverage**

Per the GVB, GVB-FA-004 was updated using several references and by adding clauses to “recognize best practices as a result of the Office of Public Accountability (OPA) findings following audits of other agencies”. The latest audit findings relative to the GVB’s use of corporate credit cards were from the FY 2001 *Independent Auditors’ Report on Compliance and Internal Control* and OPA Report No. 06-14.

### ***FY 2001 Report on Compliance and Internal Control***

In September 2003, independent auditors Deloitte & Touche, LLP issued their *Report on Compliance and Internal Control* over the GVB’s financial statements for FY 2001. The report listed nine findings relative to internal controls. The 9th finding was related to a \$217 credit card transaction that had no receipts or invoices available. Deloitte noted the cause of this was the absence of enforcement of GVB’s policy of credit card use. Deloitte recommended that GVB should enforce the provisions of its credit card policy.

### ***OPA Report No. 06-14***

In November 2006, the OPA released Report No. 06-14 *Guam Visitors Bureau Credit Card and Travel*. The report found that, from FY 2001 through 2004, the GVB operated under a control environment that provided only limited accountability over travel-related activities and credit card charges. The report also noted that GVB’s documentation and filing system was unorganized and inconsistent, which made it difficult to conduct any reviews. There were \$8K in unknown credit card charges.

The GVB also used credit cards for procurement-related purchases, which allowed for lax procurement practices. Of the 48 local credit card purchases, 33 purchases totaling \$26K were subject to competitive procurement. There was no evidence that GVB personnel solicited quotations to ensure competitive procurement. In conclusion, programmatic problems existed in GVB’s credit card program due to the lack of internal controls.

Before the OPA released Report No. 06-14, in October 2006, the former GM (who is now the Vice President/Deputy GM) issued Management Directive 2007-002 to strengthen internal controls regarding credit card use. The directive was implemented to address the concerns the OPA reported. The latest update to this directive was GVB-FA-004. The updates included credit card limits for designated cardholders, internal controls regarding entertainment expenses, and process for cancelling GVB credit cards.

## Results of Audit

From FY 2020 to FY 2022, the GVB officials used their corporate credit cards not in compliance with certain provisions of its own credit card policy and procedures and the Guam Procurement Law and Regulations. Questioned costs were \$23K (or 29%) of the \$79K total credit card expenditures. Based on our review, we did not identify any instances of fraud or abuse.

### Purchases Contrary to the Agency’s Policy

GVB-FA-004 was implemented in January 2020 and contained conditions for the issuance, limitations, and usage of corporate credit cards. The GVB made changes to their corporate credit cards without board approval, used one of the cards for personal expenses, and did not go through proper procedures before purchasing. Based on our review, the GVB was non-compliant to certain provisions of their policy and procedures.

#### *Finding 1: Credit Card Changes Did Not Reflect Policy*

GVB-FA-004 Section 3 states that changes to the credit limits “must be supported by genuine business need and approved by” the DoFA and the President & CEO. The limits are subject to the DoFA’s annual review. The DoFA recommends changes to the limits, which are to be endorsed by the President & CEO and approved by the Board. The Board also approves the issuance of all corporate credit cards.

GVB-FA-004 Section 14 states that the DoFA or his/her designee may cancel a credit card when “e. requested to do so by the director, manager, or immediate supervisor; f. the card has not been used for more than twelve (12) months; or g. at the discretion of the [DoFA].”

Credit limits changed without Board approval. The changes were for five of the seven positions listed in GVB-FA-004 and increased the total credit limit from the board-approved \$83K to \$95K. See Table 2. When the audit team inquired for the board’s approval of the change, the GVB referred to its Board’s approval to “obtain a corporate credit card based on [GVB-FA-004].” The GVB did not provide evidence of the Board’s explicit approval of the credit limit changes.

Table 2: Credit Limit Changes

Level	Job Title	FHB (2023)	GVB-FA-004 (2019)	Change
1	President & CEO / GM	\$ 25,000	\$ 25,000	\$ -
2	Vice President / Deputy GM	\$ 20,000	\$ 5,000	\$ 15,000
3	DoFA / CFO / Controller	\$ 7,000	\$ 20,000	\$ (13,000)
4A	DoGM / Marketing Manager	\$ 20,000	\$ 20,000	\$ -
4B	Director of Tourism Research / Administrator, Research & Eval.	\$ 10,000	\$ 5,000	\$ 5,000
5A	Marketing Managers / Marketing Officers	\$ 3,000	\$ 5,000	\$ (2,000)
5B	Director of Destination Management, Chamorro Culture, Visitor Safety & Satisfaction, Sports & Events / Cultural Heritage Officer	\$ 10,000	\$ 3,000	\$ 7,000
	<b>Totals</b>	<b>\$ 95,000</b>	<b>\$83,000</b>	<b>\$12,000</b>

The GVB's response clarified that they did not request the increases in credit limit: the increases were automatically applied by the bank for timely payments of credit card transactions. We note, however, that their policy indicates need for approval.

Additionally, credit cards were issued to, but not used by, six Marketing Managers/Officers. The Officers were among the positions approved by the Board to have credit cards. However, the accounts were closed per the GVB's bank for corporate credit cards. Per the GVB, the DoGM was the designated credit cardholder for the Marketing department prior to the creation of the Officers' credit card accounts.

The above conditions were caused by a misalignment between policy and process.

As a result, the GVB is non-compliant with GVB-FA-004. The increase in credit limits allows for the GVB to purchase more using corporate credit cards and may affect budgeting decisions. The financial impact of this finding was \$12K.

To address the deficiencies, we recommend for the Controller and the President & CEO to align the GVB's actual process and GVB-FA-004.

***Finding 2: Spouses' Dinners Paid with GVB Credit Card***

GVB-FA-004 Section 1 states that its purpose "is to ensure that adequate internal controls are in place to ensure GVB corporate credit cards are issued and used *appropriately and solely* [emphasis added] for GVB-related business."

GVB-FA-004 Section 7(a) states that "Cardholders must obtain approval [...] before using the corporate credit card to pay for their business expenses". Additionally, Section 7(h) states that "All reports must document or otherwise *demonstrate prior* [emphasis added] spending approval by their respective supervisor/manager or director [...]."

GVB-FA-004 Section 10 states that "All entertainment expense, including those incurred while on travel status, must be justified in writing. [...] Such expenses are reimburseable only when *directly* [emphasis added] connected with the official business of the bureau [...]."

Further, Section 11 prohibits the use of the corporate credit cards for personal expenses.

On June 25, 2022, the former DoFA used her corporate credit card to pay for the dinner of seven GovGuam officials' spouses at a restaurant in the Philippines. The dinner was part of a business meeting to discuss the Visa Waiver Program and "to amplify mutually beneficial relations between Guam and the Philippines." The GVB held the meeting with Mayors' Council of Guam members, Philippine government officials, a businessman and his guests, and a consultant. The spouses were guests of the GVB President & CEO and MCOG members. While the GVB President & CEO and the former DoFA were allowed to invite guests, the spouses' dinner did not appear to be directly connected with the official business of the GVB.

The dinner expense totaled \$2K and, per the GVB, was approved verbally during travel. It was not until after the meeting was held that a written request for approval of the expense was submitted.

The expense approval form, which listed the attendees and indicated the actual cost, was signed six working days after the meeting. The form was requested by the GVB Marketing Coordinator for the Philippines on July 5, 2022, and approved by the Vice President/Deputy GM on July 6, 2022. Per the GVB, “Standard procedure is to provide the report within 10 working days”. We note that the timeline is not included in GVB-FA-004 or on the expense approval form.

The above conditions were caused by the ex post facto submission of the expense request for the Vice President/Deputy GM’s approval. The division head did not ensure that the request was submitted timely.

As a result, the GVB is non-compliant with GVB-FA-004. The questioned costs of the seven spouses’ dinners totaled \$515 or \$74 each. The costs were calculated based on the total restaurant bill divided by 27 attendees.

To address the deficiencies, we recommend the GVB management enforce GVB-FA-004.

***Finding 3: Dinner Expenses Had Incomplete Documentation***

GVB-FA-004 Section 10 requires entertainment expenses to have a written justification with specific details, such as the names and occupations of attendees and a summary of business discussed. The cardholder also needs to ensure that there is funding available for the event.

Additionally, the *GVB Travel Policy* Administration section states that “*Prior* [emphasis added] to travel, GVB staff assigned must have developed a detailed daily itinerary for the particular travel along with estimated travel expenses to conduct [...] business meetings to be reviewed with GVB management.” The information required is similar to the justification required by GVB-FA-004.

The GVB provided incomplete documentation for business meetings with dinner expenses totaling approximately \$4K. The meetings were held in three restaurants in San Diego, California. The meetings were with former Guam residents who resided in the area as part of promoting Guam to North America.

The meetings appear to be a last-minute addition to the GVB’s itinerary for the 28th Annual Pacific Islander Festival. The meetings were not mentioned in the project proposal and travel request was approved in July 2022, and the Travel Authorization was approved in early September 2022. However, the meetings were mentioned in a request submitted two days before the GVB staff departed on September 22, 2022.



Figure 2: Sample 24 is a restaurant in San Diego, California. The restaurant is rated as “\$\$\$\$” or expensive. This picture was retrieved from TripAdvisor.

The request to use the President & CEO’s corporate credit card for dinner expenses and “unanticipated travel expenses” was submitted and approved on September 20, 2022. The unanticipated expenses included items such as booth decor, communications, parking fees, fuel, and excess baggage. The dinner expenses were a new addition while the unanticipated expenses

were previously budgeted at approximately \$900. When the credit card request was approved, the budget increased by 900% to \$10K for both dinner and unanticipated expenses. The budget for dinner expenses were indistinguishable from the unanticipated expenses.

Details of the dinner expenses were incomplete (in accordance with policy), reiterative of a prior audit finding in OPA Report 06-14, and submitted after the event. The entertainment expense approval forms for Samples 24-26 were missing the attendees' names, date of request, and approvals. The forms were submitted by the Marketing department at the former DoFA's request to substantiate the expense right before paying the bank for the credit card charges. The Marketing Managers/Officers had no records nor recollection of five (5) guests who attended the first dinner and of six (6) guests who attended the second dinner. Therefore, a determination of the guests' direct connection with GVB's official business is difficult to make at this time.

Receipt for Sample 26 was lost by the GVB staff who assisted the President & CEO with documentation. The receipt was for a dinner expense totaling approximately \$700. The staff was advised by the former DoFA of the need for corrective action. The lack of receipts is a condition also reported in the GVB FY 2001 *Report on Compliance and Internal Controls*.

The above conditions were caused by the last-minute addition of the business meetings and poor recordkeeping.

As a result, the GVB is non-compliant with GVB-FA-004 and the *GVB Travel Policy*. The GVB's internal controls were weakened and susceptible to time pressures and a lack of due diligence by the staff executing the procedures. To prevent double counting, we questioned the costs only once under the procurement section.

To address the deficiencies, we recommend that the GVB management enforce GVB-FA-004 and the *GVB Travel Policy*. The recommendation for enforcement of GVB-FA-004 is a reiterative of Deloitte's recommendation for the compliance report.

***Finding 4: Purchases Made Without Approvals***

GVB-FA-004 Section 7(a) states "Cardholders must obtain approval [...] *before* [emphasis added] using the corporate credit card to pay for their business expenses." Additionally, Section 7(h) states that "All reports must document or otherwise demonstrate *prior* [emphasis added] spending approval by their respective supervisor/manager or director and shall contain reference to and certification of funding availability for the transactions made."

GVB-FA-004 Section 10 states that "All entertainment expense, including those incurred while on travel status, must be justified in writing. Credit cardholder should use the credit card with caution ensuring [...] budget/funding for [the] expense in the department where expense will be charged."

Purchases were made without approvals for encumbrance and for allowability. For 11 samples reviewed, totaling \$4K, signatures for certified by the former DoFA and approved by the President & CEO were missing, untimely, or not dated. See Table 3.

Table 3: Deficiencies with Dates Requested, Certified, and Approved

Sample No.	FY	Amount	Description	Date Requested	Date Certified	Date Approved	Date Purchased	
1	21	2022	\$ 1,986	Dinner meeting for Visa Waiver Program and relations with Philippines	7/5/2022	-	7/6/2022	6/25/2022
2	29	2021	\$ 690	Membership for travel and tourism data and analysis	6/2/2021	6/3/2021	No date	6/18/2021
3	9	2022	\$ 548	Christmas tree	11/18/2021	No date	11/18/2021	11/18/2021
4	7	2022	\$ 370	Checkbook	10/12/2021	10/12/2021	10/12/2021	10/11/2021
5	4	2020	\$ 316	Dinner meeting for the Guam Tourism 2025 Plan	2/11/2020	2/17/2020	3/12/2020	2/11/2020
6	6	2021	\$ 253	Teleprompter	6/17/2021	6/17/2021	6/21/2021	6/17/2021
7	2	2020	\$ 105	Dinner meeting for the 2020 Asia-Pacific Economic Cooperation	2/4/2020	-	3/12/2020	2/4/2020
8	3	2020	\$ 94	Lunch meeting for GVB policy matters	2/5/2020	-	3/12/2020	2/5/2020
9	8	2022	\$ 58	Christmas decorations	11/18/2021	No date	11/18/2021	11/18/2021
10	1	2020	\$ 51	Lunch meeting for Southeast Asia airline route and yield performance	1/24/2020	1/27/2020	1/27/2020	1/16/2020
11	19	2022	\$ 43	Ferry ride due to cancelled flight	6/18/2022	-	No date	6/19/2022
		<b>Total</b>	<b>\$ 4,514</b>					

For Samples 1 through 4, the former President & CEO was the cardholder and requestor of the expense approval. The expenses were incurred within one month after GVB-FA-004 was implemented by the Board. Per the GVB, “[p]lease note the requestor signature by the former GVB President, who is also the final approver of expense reports. The approval signature on March 2020 was to formalize approval of the actual cost of the event.” We note that the approver on the forms was another employee. More importantly, there would have been a conflict of interest if the former President & CEO requested and approved the use of her corporate credit card to pay business meeting expenses she incurred.

The above conditions were caused by: (a) the tone that documents are completed out of formality; (b) the cardholder keeping their corporate credit card in their possession at all times; and (c) finance and accounting staff not maintaining and reviewing expense reports for “conformance to established policy.”

As a result, the GVB is non-compliant with GVB-FA-004. Questioned costs totaled \$4K.

To address the deficiencies, we recommend that the GVB management enforce GVB-FA-004 and avoid the circumstances that lead the GVB to act outside of policy.

The GVB was non-compliant with its Corporate Credit Card Policy and Procedures for board approval, personal expenses, and prior approvals. Most of the findings for this section were due to the lack of enforcement of policy and procedures. The effectiveness of policy and procedures begins with the tone at the top.

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

GVB-FA-004 Section 2 states that it should be used together with the GVB's procurement policy and should not contradict the procurement process and other governing laws. The Guam Procurement Law and Regulations prescribes the method by which GovGuam procures goods and services and includes all phases of contract administration. Based on our review, the GVB was non-compliant with the law and regulations for small purchases and was inefficient with its credit card process.

### ***Finding 5: Vendors Selected Without Documentation***

GVB-FA-004 Section 2 states that “[GVB-FA-004] should be used in conjunction with procurement and travel policy and no section of this policy should contradict in whole or in part the procurement process and other governing laws.” Additionally, Section 7(a) states that “Cardholders must obtain approval following the procurement procedures and dollar thresholds in place before using the corporate credit card to pay for their business expenses [...]”

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” (Title 5 of the Guam Code Annotated (GCA) §§ 5004 and 5213).

The Guam Procurement Regulations state that “[i]nsofar as it is practical [...], no less than three positive written quotations from businesses shall be *solicited, recorded, and placed* [emphasis added] in the procurement file. Awards shall be made to the lowest responsible and responsive bidder” (Title 2 of the Guam Administrative Rules and Regulations, Div. 4, § 3111(c)(1)). Further, if the supply or service “is available from only one business, the sole source procurement method [...] shall be used [...]” (2 GAR, Div. 4, § 3111(b)(4)).

Vendors were selected without soliciting price quotations (or price range) from other vendors providing the same type of goods. For Sample 30, the purchase order cited small purchases but the GVB was a member of the vendor that hosted the trade show. For Sample 5, the purchase order cited small purchases but the GVB selected the vendor for its compatibility with the GVB's bank for merchant accounts.

Other sample files reviewed were missing price quotations (or price range) or contained insufficient documentation. See Table 4 for a complete listing. For Samples 17, 21, 24 through 26, totaling \$6K, venues other than the one selected were considered, but records were not retained or the selection process was not documented. This condition is reiterative of a finding in OPA Report 06-14.

Table 4: Deficiencies with Procurement Documentation

Sample No.	FY	Amount	Description	Deficiency	
1	30	2021	\$ 8,425	Exhibit space at a travel trade show	Missing quotations
2	24	2022	\$ 2,276	Dinner meeting for U.S. marketing	Missing quotations
3	21	2022	\$ 1,986	Dinner meeting for Visa Waiver Program and relations with Philippines	Missing quotations
4	23	2022	\$ 1,340	Lodging for travel	Insufficient documentation
5	20	2022	\$ 769	COVID-19 testing for travel	Insufficient documentation
6	12	2022	\$ 749	Lunch meeting for the 2022 Liberation Day	Missing quotations
7	26	2022	\$ 715	Dinner meeting for U.S. marketing	Missing quotations
8	25	2022	\$ 692	Dinner meeting for U.S. marketing	Missing quotations
9	9	2022	\$ 548	Christmas tree	Missing rationale for vendor selection
10	17	2022	\$ 536	Dinner meeting for #HereWeGuam	Missing quotations
11	11	2022	\$ 515	Lunch meeting for Taiwan marketing	Missing quotations
12	5	2021	\$ 46	Payment gateway service provider	Missing quotations
	<b>Total</b>		<b>\$ 18,597</b>		

The above conditions were caused by the purchases not going through the GVB’s Procurement Administrator.

As a result, the GVB is non-compliant with GVB-FA-004 and the Guam Procurement Law and Regulations. There is no assurance that awards were made to the lowest responsible and responsive bidder. Questioned costs totaled \$18K.

To address the deficiencies, we recommend that the GVB management have non-travel-related credit card purchases reviewed by the Procurement Administrator.

***Finding 6: Purchase Orders Inappropriately Utilized***

The Guam Procurement Law § 5030(d) states that contracts are “[...] agreements, regardless of what they may be called, for the procurement or disposal of supplies, services or construction.” Section 5030(o) states that procurement includes “preparation and award of contract, and all phases of contract administration.” Additionally, § 5121 Comment states that purchase orders are contracts.

The Procurement Policy Office Resolution 2021-002 clarifies that purchase orders are generally used for the procurement of supplies or other materials, for supplies under blanket purchase agreements, and for services when the total cost is \$25K or under. Meanwhile, contracts are generally used for procurement of services when the total cost is more than \$25K.

GVB-FA-004 Sections 7(a) and 7(g) states that cardholders may use Travel Authorizations or purchase orders as a request and approving document to use the corporate credit card for payment. The purchase order must clearly indicate the credit card use. The purchase order may then be used to substantiate the expense.

The GVB prepared purchase orders inconsistently and that contained information suggesting inappropriate use. Purchase order numbers P21055, P21209, and P22559 were for goods or services paid with the GVB corporate credit card. P21055 was addressed to the vendor that provided the service. Meanwhile, P22559 and P21209 were addressed to the GVB's bank for the corporate credit cards. Per the GVB, the vendors for P22559 and P21209 were paid with credit cards, and cash payment was made to the bank. We note that, if such was the case, the process should be consistently applied to transactions paid with the corporate card.

Additionally, P22559 was for "PIFA [Pacific Islander Festival] Fair *Unanticipated* [emphasis added] Travel Expenses", which included dinner expenses for three business meetings, totaling \$10K. It appeared to be an order to purchase financing up to a limited amount. We note that financing was already supplied by the bank through credit cards with credit limits.

P21055, P21209, and P22559 had a blank signature block for the vendor's acceptance of the purchase order terms and conditions. The vendor's acceptance would have made the purchase order a legally binding document. The document may have been formatted as a purchase order, but the utilization of it was not intended for the general use of a purchase order.

The above conditions were caused by the lack of integration between GVB-FA-004 and procurement law and policy.

As a result, the GVB's process for credit card purchases is inefficient.

To address the deficiencies, we recommend that the GVB management revisit the process of utilizing purchase orders for credit card transactions.

The GVB was non-compliant with the Guam Procurement Law and Regulations for small purchases and was inefficient with their credit card process for purchase orders. The findings for this section were due to a lack of familiarity with the procurement law and policy. Procurement laws, regulations, and policies govern the way purchases are made, even through credit cards.

## **Other Matters**

During the course of our review, we found other matters relative to the Government Travel Law as follows.

### ***Travel Miles Were Not Accrued***

The Senator Edward J. Cruz Medical Referral and Education Mileage Program was not fully implemented. For this program, the Government Travel Law mandates GovGuam public corporations to "exercise due diligence and 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 travel, and to accrue travel mileage through a participating airline(s)" (5 GCA § 23111(h)).

The GVB's agreement with its bank did not provide mileage accrual. Instead, the GVB pays a lower-than-market-average annual fee for the DoGM/Marketing Manager's corporate credit card and no annual fees for the rest.

From FY 2020 to FY 2022, the GVB purchased \$7K of airfare from an airline. If one mileage was earned for every \$1 purchase, the GVB could have accrued 7K miles and funded a one-way, economy fare ticket from Seattle, Washington to San Francisco, California. The lost opportunity to defray costs for student travel was reported as well in OPA Report No. 23-10 *Government-Wide Credit/Debit Card Use Series, Part I, Guam Power Authority and Guam Waterworks Authority*.

When the rules and regulations are promulgated, we recommend for the GVB management to revisit its agreement with its bank for the corporate credit cards and ensure compliance with the mileage program requirements.

***Per Diem Allowances Were in Excess and Advanced Early***

The Government Travel Law states that “[...] the employee shall receive an advance per diem allowance equal to the number of days of authorized office travel multiplied by the current [...] rate provided by the Federal government, contained in the Joint Travel Regulations<sup>2</sup>, to its employees [...]” (5 GCA § 23104(a)).

The Joint Travel Regulations (JTR) Section 020102 makes reference to rates that are calculated by three Federal government agencies. The U.S. General Services Administration (GSA) sets the rates for travel within continental U.S. (CONUS), such as California. The U.S. Department of Defense sets the rates for outside of CONUS, such as Guam. The U.S. Department of State sets the rates for foreign areas, such as Korea. All three agencies follow the Federal Travel Regulations.

The Federal Travel Regulation (FTR) “implements statutory requirements and Executive branch policies for travel” by Federal employees and those who travel at the Federal government’s expense. The FTR provides for a lodgings-plus per diem method for reimbursements of per diem expenses. The method applies 75% of the total meals and incidentals rate for the first and last day of travel and 100% for the days in between when travel is 24 hours or more.

The GVB provided 100% per diem rates on the first and last day of travel to travelers. Based on eight Trip Expense Reports reviewed, the GVB provided a total of \$358 in excess of the meals and incidentals rate given by the Federal government to their employees. See Tables 5A and 5B. Per the GVB, the daily standard per diem rate is applied per policy and common practice. We note, however, that the reference to the Federal government’s practice will need to be considered.

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<sup>2</sup> The Government Travel Law refers to the JTR, which is specific to “Uniformed Service members and Department of Defense (DoD) civilian travelers.” For federal employee travel, the requirements are implemented by the Federal Travel Regulations (Title 41 of the Code of Federal Regulations § 300-1.1).

Table 5A: Samples with Travel-Related Deficiencies

Sample No.	FY	Amount	Description
1 13	2022	\$ 618	Airfare for travel
2 15	2022	\$ 296	COVID-19 testing for travel
3 16	2022	\$ 74	COVID-19 testing for travel
4 19	2022	\$ 43	Ferry ride due to cancelled flight
5 20	2022	\$ 769	COVID-19 testing for travel
6 21	2022	\$ 1,986	Dinner meeting for Visa Waiver Program and relations with Philippines
7 22	2022	\$ 75	Clipboard and pens
8 23	2022	\$ 1,340	Lodging for travel
9 24	2022	\$ 2,276	Dinner meeting for U.S. marketing
10 25	2022	\$ 692	Dinner meeting for U.S. marketing
11 26	2022	\$ 715	Dinner meeting for U.S. marketing
12 27	2022	\$ 200	Lodging for travel
13 28	2020	\$ 1,450	Registration for an exhibit space at a scuba show
14 30	2021	\$ 8,425	Registration for an exhibit space at a travel trade show
<b>Total</b>		<b>\$ 18,959</b>	

Table 5B: Calculation of Per Diem

Sample No.	TA No.	Total Per Diem for M&IE		
		Received	Per Rate	Excess
1 21	GVB22-029	\$ 1,050	\$ 963	\$ 88
2 13, 15, 16	GVB22-008	\$ 1,096	\$ 1,028	\$ 69
3 19	GVB22-014	\$ 924	\$ 858	\$ 66
4 20, 22	GVB22-019	\$ 896	\$ 832	\$ 64
5 23, 24, 25, 26	GVB22-060	\$ 370	\$ 333	\$ 37
6 27	GVB22-084	\$ 414	\$ 380	\$ 35
7 28	Missing			
8 30	Missing			
<b>Totals</b>		<b>\$ 4,750</b>	<b>\$ 4,393</b>	<b>\$ 358</b>

The Trip Expense Reports were clearance documents tied to Travel Authorizations. Of the eight Travel Authorizations reviewed, two showed the traveler receiving per diem before the availability of funds was certified and/or the authorization was approved. The traveler received per diem ahead of his/her travel dates by eight working days for Samples 20 and 22, and 12 working days for Samples 23 through 26. The risk of travelers misappropriating their per diem was increased.

To address the deficiency, we recommend that the GVB management review the application of per diem rates by the aforementioned Federal agencies and follow it accordingly. We also recommend that the GVB management limit the advancement of travel allowances to a period closer to the official travel dates.

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## Conclusion and Recommendations

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The GVB's Corporate Credit Card Policy and Procedures contained conditions for credit cards and should not contradict governing laws. We found that the GVB was non-compliant with certain provisions of their policy and procedures and law requirements for small purchases. Thus, we recommended corrective actions for the GVB to help bring them into compliance, such as enforcing their policy.

The GVB was non-compliant with its Corporate Credit Card Policy and Procedures for board approval, personal expenses, and prior approvals. Most of the findings for this section were due to the lack of enforcement of policy and procedures. The effectiveness of policy and procedures begins with the tone at the top.

The GVB was non-compliant with the Guam Procurement Law and Regulations for small purchases and was inefficient with their credit card process for purchase orders. The findings for this section were due to a lack of familiarity with the procurement law and policy. Procurement laws, regulations, and policies govern the way purchases are made, even through credit cards.

Questioned costs totaled \$23K from the GVB's non-compliance to their policies and the Guam Procurement Law and Regulations. See Classification of Monetary Impact for the questioned costs and other financial impact.

To address the deficiencies, we recommend for the:

1. Controller and the President & CEO to align the GVB's actual process and GVB-FA-004.
2. GVB management to:
  - a. enforce GVB-FA-004 and the *GVB Travel Policy*; and to avoid the circumstances that lead the GVB to act outside of policy.
  - b. have non-travel-related credit card purchases be reviewed by the Procurement Administrator.
  - c. revisit the process of utilizing purchase orders for credit card transactions.
  - d. revisit its agreement with its bank for the corporate credit cards and ensure compliance with the mileage program requirements upon full implementation.
  - e. review the application of per diem rates by the aforementioned Federal agencies and follow it accordingly.
  - f. limit the advancement of travel allowances to a period closer to the official travel dates.

The status of recommendations is presented in Appendix 3.

## Classification of Monetary Amounts

Findings	Questioned Costs <sup>3</sup>	Potential Savings	Lost Revenues	Other Financial Impact <sup>4</sup>
1 Credit Card Changes Did Not Reflect Policy	\$ -	\$ -	\$ -	\$ 12,000
2 Spouses' Dinners Paid With GVB Credit Card	\$ 515	\$ -	\$ -	\$ -
3 Dinner Expenses Had Incomplete Documentation	\$ -	\$ -	\$ -	\$ -
4 Purchases Made Without Approvals	\$ 4,514	\$ -	\$ -	\$ -
5 Vendors Selected Without Documentation	\$ 18,082	\$ -	\$ -	\$ -
6 Purchase Orders Inappropriately Utilized	\$ -	\$ -	\$ -	\$ -
<b>Totals</b>	<b>\$ 23,110</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 12,000</b>

<sup>3</sup> Questioned Costs are the 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>4</sup> Other Financial Impact means amount identified in the audit but do not fit the other categories. It includes the net increase in the GVB cardholders' total credit card limit.

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## Management Response and OPA Reply

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We provided a draft report to the GVB for their official management response on November 9, 2023. We held an Exit Conference with the GVB officials to discuss the reported findings and recommendations on November 17, 2023. The GVB management provided their response on November 27, 2023.

Based on the responses, the GVB generally agreed with our findings. We also included in our report the GVB's clarification on Finding 1 for the increase in credit card limits. See Appendix 4 for the GVB's management responses.

The legislation creating OPA requires agencies 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 GVB for a status of the recommendations.

We appreciate the cooperation and assistance given to us by the GVB President & CEO, Vice President, Financial Controller, DoGM, and staff during this audit.

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 GVB'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 will be all of the GVB'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 2: FY 2020 - 2022 Credit Card Purchases

Description	No. of Trans.	Amount
PARADISE POINT RESORT	8	\$ 9,381
U.S. Travel Association	1	\$ 8,425
United	18	\$ 6,799
Amazon	9	\$ 5,079
PICO ART INTERNATIONAL	1	\$ 2,674
Travel and Tourism Res	5	\$ 2,568
Nobu San Diego	2	\$ 2,506
EAST OCEAN PALACE REST	1	\$ 1,986
HD GUAM	6	\$ 1,965
THINKIFIC.COM	4	\$ 1,961
Penthouse Hotel/Rest	1	\$ 1,952
JIN AIR	5	\$ 1,875
GLOBAL EXPERIENCE SPEC	2	\$ 1,840
The Expo Group LP	3	\$ 1,711
Logmein*Pro2	2	\$ 1,680
HCC*ABILACHECKS&FORMS	5	\$ 1,633
Filemaker, Inc.	1	\$ 1,620
zoom.us	11	\$ 1,517
California Diving News	1	\$ 1,450
ISSIN JAPANESE RESTAUR	2	\$ 1,237
WESTIN RSRT GUAM F&B	2	\$ 1,123
Logmein*GoToMeeting	24	\$ 998
Rootz Hills Grillhouse	1	\$ 928
Goto Pro2	1	\$ 840
MEDIHOME HOSPITAL 0097	1	\$ 769
IAAPA	1	\$ 750
JOINUS RESTAURANT	3	\$ 733
Saiko Sake & Sushi Bar	1	\$ 715
PAR*FOGO San Diego	1	\$ 692
SOCIETYFORHUMANRESOURC	3	\$ 667
KAI RESTAURANT	2	\$ 585
AGA	5	\$ 555
SO*T CARE CLINIC	1	\$ 540
<b>Subtotal</b>	<b>134</b>	<b>\$ 69,752</b>

Description	No. of Trans.	Amount
AUTHORIZE.NET	20	\$ 529
DEMA	1	\$ 525
www.PATA.O*PATA Store	1	\$ 515
KAR KAR RESTAURANT	1	\$ 515
Elitexpo	1	\$ 495
MESKLA CHAMORU FUSION	1	\$ 418
Goto GoTo Meeting	2	\$ 404
FLAMINGO HOTEL RSVN	2	\$ 397
Toyota Rent-A-Car	1	\$ 375
T-Mobile Store #0108	2	\$ 330
HYATT REGENCY RESTAURA	1	\$ 316
Palau Dive Adventures	2	\$ 310
OCBCC Convention Center	1	\$ 305
MYEONGDONGYOUNSEIIBIINH	1	\$ 296
KOREAN AIR	2	\$ 294
MOSSY HONDA LEMON GROV	1	\$ 216
King's Minute Mart	1	\$ 210
EB PATA ANNUAL SUMMIT	1	\$ 209
LA Tofu & Galbi	1	\$ 209
AMCREST INDUSTRIES LLC	1	\$ 200
Foreign Transaction FEE	11	\$ 200
VIP HOUSE II	1	\$ 182
DNH*GODADDY.COM	2	\$ 179
Ministry of Health	1	\$ 172
DHL EXPRESS-GUM	1	\$ 149
CROWN POINT VP & AUTO	1	\$ 130
HD GUAM TAMUNING	1	\$ 130
Credit balance refund	1	\$ 118
AMCREST	9	\$ 117
ELECTIONRUNNER.COM	1	\$ 115
TERRY'S LOCAL COMFORT	1	\$ 105
K-ETA	5	\$ 94
CRUST PIZZERIA NAPOLET	1	\$ 94
<b>Subtotal</b>	<b>80</b>	<b>\$ 8,850</b>

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

Description	No. of Trans.	Amount
Annual Membership Fee	3	\$ 75
STARFIELD COEX MALL	1	\$ 75
AHN. 8647	1	\$ 74
SHOP 4 LESS	1	\$ 58
DELTA SUNSHINE TAXI #	1	\$ 54
GoToCom*GoToMeeting	5	\$ 50
BCF-SWARTZ BAY	1	\$ 43
Purchase *Finance Charge*	3	\$ 41
Benson Guam	1	\$ 34
Late Fee	2	\$ 30
YELLOW CAB OF VICTORIA	1	\$ 26
NOBEULAINDEUBEOGEO KOE	1	\$ 10
eBay O**8595-*5327	2	\$ -
Interest Charge Adjustment	1	\$ (36)
<b>Subtotal</b>	<b>24</b>	<b>\$ 533</b>
<b>Grand Total</b>	<b>238</b>	<b>\$ 79,135</b>

## Appendix 3: Status of Audit Recommendations

No.	Addressee	Audit Recommendation	Status	Actions Required
1	Controller and the President & CEO	Align the GVB's actual process and GVB-FA-004	OPEN	Provide a corrective action plan with responsible official and timeline of implementation
2	GVB management	Enforce GVB-FA-004 and the <i>GVB Travel Policy</i> ; and to avoid the circumstances that lead the GVB to act outside of policy	OPEN	Provide a corrective action plan with responsible official and timeline of implementation
3	GVB management	Have non-travel-related credit card purchases be reviewed by the GVB's Procurement Administrator.	OPEN	Provide a corrective action plan with responsible official and timeline of implementation
4	GVB management	Revisit the process of utilizing purchase orders for credit card transactions.	OPEN	Provide a corrective action plan with responsible official and timeline of implementation
5	GVB management	Revisit its agreement with its bank for the corporate credit cards and ensure compliance with the mileage program requirements upon full implementation.	OPEN	Provide a corrective action plan with responsible official and timeline of implementation
6	GVB management	Review the application of per diem rates by the aforementioned Federal agencies and follow it accordingly.	OPEN	Provide a corrective action plan with responsible official and timeline of implementation
7	GVB management	Limit the advancement of travel allowances to a period closer to the official travel dates.	OPEN	Provide a corrective action plan with responsible official and timeline of implementation



November 26, 2023

**The Honorable Benjamin J. Cruz**

Public Auditor  
Office of Public Accountability  
Suite 401 DNA Building  
238 Archbishop Flores Street  
Hagatna, Guam 96910

SUBJ: Guam Visitors Bureau Credit/Debit Audit

Hafa Adai!

This letter constitutes the Guam Visitors Bureau (“the Bureau” or “GVB”) official management response to the Office of Public Accountability (“OPA”) Government-Wide Credit/Debit Card Use Series Part 2. Findings listed on the report were a result of a performance audit conducted by the OPA on Government-Wide corporate credit card transactions between October 1, 2019, to September 30, 2022. The performance audit was conducted on all government agencies with corporate credit cards, to include the Bureau. The OPA’s findings and the Bureau’s response are listed below. Also included in this letter is the Bureau’s corrective action plan to address the findings and recommendations noted by the OPA.

**OPA Finding**

- Credit card changes did not reflect GVB policy.

**GVB Response**

Standard industry practice for corporate credit cards allows the financial institution to increase a credit card limit if the organization has proven a good track record of payments. The OPA report noted that, “GVB made changes to their corporate credit cards without board approvals.” The Bureau would like to clarify that the changes noted in the report were due to automated increases made by the financial institution to credit card limits. These increases were due to the Bureau’s track record of remitting payments in a timely manner. The Bureau did not request to increase these limits without prior approval.

Other recommendations related to this finding will be accepted by the Bureau. The Bureau will implement controls to remedy these findings. These controls are listed in the corrective action plan listed on this letter. The implementation of these controls will be supported by the General Manager/President & CEO, Deputy General Manager/Vice-President and GVB.



### OPA Findings

- Spouses' dinners paid with GVB credit card.
- Dinner expenses had incomplete documentation.
- Purchases made without approval.
- Vendors selected without documentation.
- Purchase orders inappropriately utilized.

### GVB Response

In general, the Bureau accepts these findings. Most of these findings are travel-related cost for overseas marketing. While the Bureau makes extensive effort in planning and requesting approval prior to the travel, the dynamic nature of marketing occasionally results in unforeseen costs that arise at the time of the event.

The Bureau will implement controls to remedy these findings. These controls are listed in the corrective action plan listed on this letter. The implementation of these controls will be supported by the General Manager/President & CEO, Deputy General Manager/Vice-President and GVB.

### OPA Recommendations

OPA provided the following recommendations to remedy the audit findings and improve the Bureau's internal controls. The Bureau has reviewed these recommendations and agrees that implementation is needed.

1. Management enforce GVB's credit card policy and travel policy.
2. Non-travel-related credit card purchases be reviewed by the Procurement Administrator.
3. Revisit the process of utilizing purchase orders for credit card transactions.
4. Revisit its agreement with its banking institution for the corporate credit cards and ensure compliance with the mileage program requirements upon full implementation.
5. Review the application of per diem rates by the aforementioned Federal agencies and follow it accordingly.

### Corrective Action Plan

In an effort to remedy the audit findings and to improve the Bureau's internal controls, the following corrective action plan will be implemented to address the findings and recommendations noted on the OPA report. The corrective action plan shall be implemented as of November 26, 2023.

- 1) All goods or services procured by the Bureau shall be reviewed by the Procurement Administrator.
- 2) All non-travel related credit card purchases shall be reviewed by the Procurement Administrator.
- 3) All non-travel related expenditures, to include expenditures paid via GVB credit card, shall require an approved purchase order.
- 4) All purchase orders shall follow Guam Procurement Law and shall be signed by the Chief Procurement Officer prior to the good/service being rendered.



- 5) All expenditures paid via GVB credit card shall require prior written approval via a memorandum.
- 6) All per diem shall abide by rates issued by the Federal government.
  
- 7) All expenditures for meetings and events paid for by GVB shall require prior written approval and shall disclose the location, date, description of event, name of attendees and title of attendees.
- 8) GVB shall revisit its existing credit card agreement and, if needed, shall engage in procurement of a new credit card provider to ensure that both GVB and the Government of Guam selects the most appropriate vendor based on a cost-benefit analysis.

The Bureau is committed to improving its organizational procedures and acknowledges the needed changes to existing policy. As the Bureau works to enhance our island's destination sites and restoring tourism arrivals to pre-pandemic level, GVB management will also work to implement the recommendations provided by OPA. The Bureau would like to thank Public Auditor Benjamin J. Cruz and his staff for conducting this audit and for the opportunity to allow the Bureau to provide a response to the report.

**Carl T.C. Gutierrez**  
President and CEO

**GOVERNMENT-WIDE CREDIT/DEBIT CARD USE SERIES, PART II  
GUAM VISITORS BUREAU  
Report No. 23-11, December 2023**

**ACKNOWLEDGEMENTS**

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

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Maryann Manglona, Auditor-in-Charge  
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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.

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- 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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