

**Department of Administration
Travel Advances**

**Analysis
As of December 31, 2006**

**OPA Report No. 07-14
November 2007**

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EXECUTIVE SUMMARY

Department of Administration's Travel Advances Analysis
Report No. 07-14, November 2007

This report presents the results of our analysis of the travel advances of the government of Guam Executive Branch as recorded under the Department of Administration (DOA) as of December 31, 2006. The Government of Guam Travel & Transportation Manual (travel policies) governs classified and unclassified employees in all line departments and agencies.

We found that the continued disregard of travel policies resulted in the growth of travel advances not cleared. As a result, the following deficiencies were found:

- Travel advances of \$1.1 million not cleared as of December 31, 2006, compared to \$113,000 in 1995.
- The Governor's Office has the largest amount of travel advances not cleared, totaling \$227,902, followed by the Department of Public Health and Social Services at \$73,492, the Department of Vocational Rehabilitation at \$71,066, and the Guam Police Department at \$60,300.
- Only \$1,405¹ in travel advances would have been outstanding as of December 31, 2006, had the travel policy of the 15-day travel advance clearance requirement been followed. The balance of \$1,128,737 should have been cleared. These findings were consistent with the financial statement audit findings of the external auditors citing lack of implementation of the travel advance policies.
- DOA's AS400 system reflects \$203,000 in recorded travel advances for which no specific departments have been charged and travelers' names no longer have a payroll record match in the system. These include former employees, former elected officials and their spouses, former board members, and other non-government of Guam travelers that may have been sponsored by certain federal or local programs.
- Travel vouchers are not filed within the 15-day requirement upon return from travel. Of the ten travel advances tested, we found that two travel advances issued in December 2006 remain outstanding as of July 2007, or over 200 days overdue, while two travel advances were cleared after 161 days and 37 days, respectively. The other six travel advances were timely submitted.
- As of December 2006, travel advance receivables remained outstanding for an average of 538 days, with a peak of 1,035 days in 2003.
- The travel policy requirement for a 15-day travel advance clearance is inconsistent with the Guam Travel Law² and DOA Director's July 2004 memo that require a 10-day clearance.

¹ This amount is the total travel advances made within 15 days before December 31, 2006.

² 5 G.C.A. § 23104 (c) and (d).

- Travel policies have not been updated. The existing travel policy does not incorporate policies issued from various DOA internal memorandums or circulars, per diem rate changes pursuant to P.L. 28-68, and travel restrictions imposed on the Executive branch pursuant to P.L. 29-02.
- There is a lack of monitoring on the part of the department heads of the travelers. Although it is the responsibility of DOA to ensure that travel policies are implemented and enforced, it is the responsibility of the respective department heads to ensure compliance with the travel policies by their staff.

DOA's Travel Management Efforts

DOA Division of Accounts has taken a more aggressive posture in its collection initiatives by recommending payments through payroll deduction. However, this initiative has met resistance with DOA's Human Resource Division. We recommend that DOA seek legal advice from the Office of the Attorney General's Office on this matter.

In addition, DOA has started other initiatives to improve its travel advance clearance, including cooperative efforts with the respective line agencies. DOA continues to work with various departments on a one on one basis to reconcile outstanding travel advances through more frequent communication via e-mail, phone, and physical visits. For 2005, \$94,000 of \$157,000 in recorded travel advances was cleared the following year, leaving a balance of \$63,000.

Importance of Travel Advance Management

By following best practices of travel advances, certain benefits may be achieved:

- Increased cash flows and decreased administrative burden;
- Reduced bad debts losses arising from former employees;
- Lower administration costs and decreased administrative burden; and
- Adherence to internal controls and compliance with travel agency guidelines.

Conclusion and Recommendations

The travel policies and applicable travel laws were not consistently followed, and continue to be disregarded by departments and agencies. Some best practices we recommend to DOA are:

- Resolve all travel advances not cleared.
- Suspend travel of an individual until the traveler clears all outstanding travel advances.
- Deduct immediately from the traveler's wages any travel advances not cleared within 10 days from the date of return.
- Link the Travel Authorization to employee payroll for faster travel advance clearance of government employee travelers.
- Periodically review the subsidiary ledger for accuracy.

DOA is in general agreement with the findings and recommendations and have implemented measures to clear the advances. According to DOA, as of November 12, 2007, travel advances are now at \$1,002,264 compared to \$1,130,142 at December 31, 2006. Refer to Appendix 9 for the complete Management Response.



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Introduction

This report presents the results of our analysis of the travel advances of the government of Guam as recorded under the Department of Administration (DOA) as of December 31, 2006. The objectives of our analysis were to determine if:

- The travel advances were cleared timely in accordance with applicable travel policies, and
- Adopted travel advance policies were consistent with applicable policies and laws.

See Appendix 2 for the scope, methodology, and prior audit coverage.

Background

The Government of Guam Travel & Transportation Manual (travel policies) governs classified and unclassified employees in all line departments and agencies. It is the policy of the government of Guam that all travel be performed either for the direct benefit of the government, or to fulfill a real and legitimate obligation of the government. With this purpose in mind, all Executive departments and agencies shall exercise prudence in sponsoring off-island travel for seasonal, temporary, probationary, or retiring employees.

Persons authorized to travel at government expense while on official business are employees; dependents of employees while traveling incident to recruitment, termination, or home leave; the spouses of the Governor, the Speaker of the Legislature, the Presiding Judge of the Superior Court, and other employees as may be provided by regulation; and persons rendering service to the government.

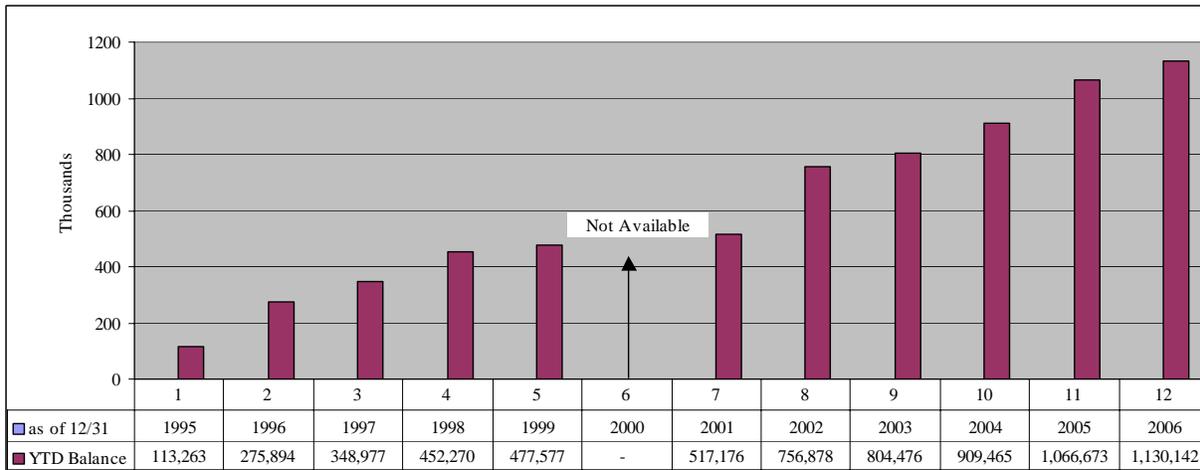
The Department of Administration (DOA) is responsible for assuring that travel advances are cleared within fifteen (15) days upon return from travel. Excluded from the travel policies are all autonomous agencies that have their own travel policies, although some follow certain aspects of the travel policies.

DOA issues Travel Authorizations (TA) or Travel Vouchers to government personnel under the Executive branch as well as to non-government personnel who travel at the government's expense. The DOA Director normally authorizes an advance for the per diem and other miscellaneous allowances. Advances to travelers are chargeable to the traveler's account or travel advance (receivable) until the account is cleared in a travel voucher. The DOA Director recovers the advances by requiring the traveler to file travel vouchers within 15 days upon return from travel. In the event the advance exceeds the reimbursable amount, the traveler must immediately refund such excess. Similar processes occur when the travel is federally funded.

Results of Analysis

Our analysis found that the continued disregard of the travel policies had resulted in the growth of travel advances not cleared. These advances have been steadily increasing at an average rate of 30.3% per year over the last five years with a balance of \$1.1 million as of December 31, 2006, of which only \$63,000 pertained to 2006 transactions. The remaining balances were accumulated from transactions prior to 2006. Although it is the responsibility of DOA to ensure that the DOA's travel advances are properly authorized and expenses properly recorded, it is also the responsibility of government agencies and departments to ensure that there is adequate monitoring so that personnel submit adequate travel documents for timely clearance. Table 1 illustrates the trend of travel advances not cleared as of December 31, 2006.

Table 1: \$1.1 million Travel Advances Not Cleared as of December 31, 2006



Source: AS400 General Ledger Account No. 110012120

DOA could not provide transaction detail for calendar year (CY) 2000. According to DOA, due to the conversion from the Oracle System to the AS400 Budget and Accounting Information System (BACIS), the transactions for CY 2000 may have been combined with the beginning ledger balance for CY 2002.

In analyzing the historical data of clearing travel advances, the trend was indicative of DOA's inability to enforce the required 15-day travel advance clearance. As of December 2006, travel advances remained an outstanding receivable for an average of 538 days, with a peak of 1,035 days in CY 2003. Table 2 summarizes the turnover in days between CY 2002 and prior years through CY 2006.

Table 2: Recorded Travel Advances Turnover in Days

Year of Transaction	Travel Advances Given	Travel Advances Cleared	Travel Advances Outstanding	Cumulative Outstanding Balances	Travel Advances Turnover in Days ¹
2002 & Prior ²	\$ 2,820,856	\$ (2,063,978)	\$ 756,878	\$ 756,878	688
2003	275,349	(227,751)	47,598	804,476	1035
2004	363,076	(258,087)	104,989	909,465	862
2005	518,956	(361,748)	157,208	1,066,673	695
2006	745,544	(682,075)	63,469	1,130,142	538
Total as of 12/31/06	\$ 4,723,781	\$ (3,593,639)	\$ 1,130,142		

Source: AS400 General Ledger Account No. 110012120

By failing to timely clear the travel advances of over \$1.1 million; it is not known whether these receivables should have been expensed in prior years or are valid receivables and should be aggressively pursued. Of the \$1.1 million, \$203,485 represents travel advances not cleared because DOA’s AS400 system was unable to charge the amounts against specific departments. These are for travelers that no longer have a payroll record match under the current AS400 system; including former employees, former elected officials and their spouses, former board members, and other non-government of Guam travelers that have been sponsored by certain federal or local programs.

A summary by agency of the \$1.1 million outstanding travel advances as of December 31, 2006, reflects that the Governor’s Office has the highest amount of travel advances not cleared at \$227,902; followed by Department of Public Health and Social Services at \$73,492, Department of Vocational Rehabilitation at \$71,066, and Guam Police Department at \$60,300. See Appendix 3 for details.

Travel Advance Processes Continue to be Noncompliant with Travel Policies and Applicable Laws

Section 1712.02 of the travel policies require that travel vouchers are to be filed within 15 days³ upon return from travel. See Appendix 4 for details of the travel policies.

This section further requires the DOA Director “shall initiate recovery of any outstanding advances not fully recovered by deductions from reimbursement vouchers or voluntary refunds by the traveler 15 days following arrival on Guam by set off of salary due, retirement credit, or otherwise, from the person to whom advanced or his estate by deduction from any amount due the Government of Guam or by such other legal method of recovery as may be necessary.” Before resorting to the retirement credit for recovery, the DOA will exhaust all other salary amounts due.

¹ This is the average number of days the travel advance remains not cleared. It is calculated by dividing 365 days by the travel advance ratio. The travel advance ratio measures the effectiveness and efficiency of clearing travel advances.

² DOA did not provide transaction details for CY 2000.

³ The 15-day travel clearance set by the travel policies is inconsistent with Guam Travel Law which is set at 10 days.

We tested ten of the most recent travel advances processed in December 2006 to determine whether applicable travel policies and laws were followed. Of the ten travel advances tested, six were found to be in compliance, while four were not. The four noncompliant travel advances were:

Table 3: Noncompliant Travel Advances

TA No.	Transaction Amount	Date of Return	15-day Due Date	Date of Clearance	Remarks
T72600002	\$ 1,260	12/12/2006	12/27/2006	Not yet cleared	Still outstanding as of 7/31/2007.
T70260007	\$ 162	12/14/2006	12/29/2006	Not yet cleared	Still outstanding as of 7/31/2007.
T7VRCS001	\$ 150	12/18/2006	1/02/2007	6/12/2007	Cleared 161 days after the 15-day requirement.
T72600001	\$ 1,575	12/09/2006	12/24/2006	1/30/2007	Cleared 37 days after the 15-day requirement.

The continued increase in travel advances not cleared indicates that the primary cause may be the lack of adherence to the 15-day travel clearance requirement. Had the travel policies been strictly implemented and enforced, the outstanding travel advance balance may have been \$1,405⁴ as of December 31, 2006. The remaining balance of \$1,128,737 in travel advances should have been cleared in the subsidiary ledger, expensed to the correct fiscal year, and/or collected. This condition was included as findings in the Management Letter Comments for the Government of Guam's FY 2003 and 2004 audits by external auditors Deloitte & Touche.

Travel Policies' Clearance Requirements Inconsistent with Guam Travel Law

Section 1712.02 of the travel policy requires travelers to account for advances by filing travel vouchers within 15 days upon return from travel. Further, DOA's Travel Authorization (TA) form also reflects a 15-day clearance requirement upon return to Guam. However, we found that this policy is inconsistent with the Guam Travel Law and the DOA Director's July 30, 2004 circular, both requiring a 10-day clearance period.

5 G.C.A. §23104 (c) and (d) requires that within ten days following the return from official travel, an employee may submit an itemized statement of account supported by receipts, and affidavit, or both, of actual expenses incurred for lodging, meals, and travel expenses actually incurred on official business during the period of official travel (Appendix 5). If the employee does not submit a statement of account, then he/she shall submit an itinerary of official travel within 10 days of return. Upon notification, the inconsistency was immediately corrected by DOA. A new TA form was reissued changing the 15-day clearance period to 10 days.

⁴ This amount is the total travel advances made within 15 days from December 31, 2006.

Travel Policies Not Updated

We found that the existing official travel policies did not incorporate additional policies issued from internal DOA memorandums or circulars. We noted ten circulars/memos and one web download dating back as early as July 1989 relating to travel policies that were loosely attached to the travel manual and not compiled into a single official travel policy manual.

Public Law (P.L.) 28-68 amended 5 G.C.A. §23104 requiring the per diem rates to mirror the Federal government. The passage of P.L. 29-02 in May 2007, further imposed restrictions on Executive branch travel (Appendix 6)⁵. These additional mandates should be incorporated into the existing travel policies.

Responsibilities of Department Heads

There is lack of monitoring on the part of department heads of the travelers. Although it is the responsibility of DOA to ensure that the travel policies are implemented and enforced, similar responsibility is imposed on the respective government agencies and departments. This requires diligence and cooperation on the part of the respective department heads to submit adequate travel documentation to DOA for timely clearance and compliance.

DOA's Travel Management Efforts

As a result of the FY 2003 and 2004 audit findings of the independent external auditors, DOA initiated various initiatives to improve its travel management, including cooperative efforts with the respective line agencies.

- The DOA Director issued an Organizational Circular dated July 30, 2004, to all line agency and department heads reiterating compliance with the procurement laws governing travel, including the clearance of travel advances within ten days following the return from official travel. See Appendix 7.
- The DOA Director signed a memorandum dated August 20, 2004, to the Treasurer of Guam requiring all travelers to sign an acknowledgement document before the release of per diem or any other checks for travel.
- DOA established changes to the AS400 system to: (a) track and identify government personnel with outstanding receivables, including travel advances and (b) link clearances of Journal Vouchers to respective travel encumbrances.
- DOA established a procedure of attaching notices to employee payroll checks to inform them of their outstanding travel advances through the payroll system.
- DOA Division of Accounts has taken a more aggressive posture in its collection initiatives by recommending payments through payroll deduction. This initiative has met resistance with DOA's Human Resource Division. We suggest that the DOA Director consult with the Office of the Attorney General (OAG) to determine if a more aggressive action can be taken to assist in clearing these long outstanding travel advances.

⁵ P.L. 29-02 Chapter V, Section 35. Executive Branch Travel Restrictions.

DOA continues to work with various departments on a one on one basis to reconcile outstanding travel advances through more frequent communication via e-mail, phone, and physical visits. For CY 2005, travel advances of \$157,000 were recorded, of which \$94,000 were cleared the following year, leaving a balance of \$63,000.

Importance of Travel Advance Management⁶

In a government environment, the rules and regulations are general in nature because of varying conditions existing in different governmental agencies. To carry out the mission of using travel funds economically, agencies need to be responsible for:

- Authorizing travel only when necessary;
- Maintaining proper control to see that travelers are not in a travel status any longer than assignments require;
- Limiting the authorization of attendance at conferences, seminars, and similar events to carry out duties and responsibilities more effectively, or to satisfy required continuing professional education; and
- Recording travel expenditures in the proper fiscal year.

By considering the best practices for managing the travel advances account, certain benefits may be achieved, such as:

- Increased cash flows;
- Reduced bad debts losses arising from former employees;
- Lower administration costs and decreased administrative burden;
- Strict adherence to internal controls and compliance with travel policies; and
- Increased skill sets for employees attending continuing education training.

See Appendix 8 for more comprehensive government travel best practices.

⁶ Excerpt from the New York State Office of the State Comptroller.

Conclusion and Recommendations

Travel policies and applicable travel laws related to travel advances are not consistently followed and continue to be disregarded by government of Guam departments and agencies. The existing travel policies have not been updated and do not incorporate related circulars or memorandums that have been issued. As a result, travel advances not cleared have increased from \$113,263 in CY 1995 to \$1.1 million as of December 31, 2006. Accordingly, we recommend some best practices for DOA:

- Resolve all travel advances not cleared.
- Suspend travel of an individual until the traveler clears all outstanding travel advances.
- Deduct immediately from the traveler's wages any travel advances not timely cleared within 10 days from the date of return. We suggest for DOA to work with the OAG in implementing this recommendation. For government employee travelers, link the TAs to employee payroll for faster travel advance clearance.
- Notify respective department heads of employees whose travel advances are outstanding after 10 days.
- Require proof of travel be supported by boarding passes and some form of certificate of participation indicating that the traveler attended the event.
- Require a training report to indicate the nature of the training and the benefit derived from it.
- Update the travel policies by incorporating travel circulars and internal memorandums, along with the additional travel restrictions imposed by P.L. 29-02.
- Clarify procedures for the submission of travel vouchers and collection efforts should the traveler fail to provide documentation.
- Reconcile periodically outstanding travel accounts to all travel advances not cleared.
- Periodically review the subsidiary ledger for accuracy.

Management Response and OPA Reply

We met with the management of DOA on October 31, 2007, to discuss the draft report. On November 15, 2007, we received DOA's official response. Refer to Appendix 9.

In DOA's response, they were appreciative of the efforts OPA has taken and the recommendations, which will assist them in their continued endeavor to improve and implement the travel procedures. DOA is generally in agreement with all of the findings and recommendations and began implementing measures to resolve the issues brought in the report. DOA stated that it is unfortunate that the period of the OPA report, as of December 31, 2006, does not reflect the recent accomplishments that DOA has made to clear the travel advances. According to DOA, as of November 12, 2007, travel advances are now at \$1,002,264 compared to \$1,130,142 as of December 31, 2006.

The legislation creating the Office of the Public Auditor requires DOA to prepare corrective action plan to implement audit recommendations, to document the progress in implementing the recommendations, and to endeavor to have the implementation completed no later than the beginning of the next fiscal year. Accordingly, our office will be contacting the Director of DOA to provide target dates and the title of the official(s) responsible for implementing the recommendations.

We appreciate the cooperation shown by the staff of the Department of Administration Division of Accounts.

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Appendix 1:
Classification of Monetary Impact

There is a resulting monetary impact of \$1,128,737 arising from travel advances not cleared within the 15-day clearance requirement, which includes travel advances from as far back as 1988. It should be noted that it is not known whether these should have been expensed in prior years, or are current valid receivables that should be aggressively pursued.

Total Travel Advances Not Cleared over the 15-day Clearance Requirement as of 12/31/2006	
Total travel advances as of 12/31/2006	\$ 1,130,142
Less: current travel advances as of 12/31/2006 ⁷	1,405
Total travel advances over the 15-day clearance requirement	<u>\$ 1,128,737</u>

Total Monetary Impact by Calendar Year	
Between 1988 to 1995	\$ 113,263
1996	162,631
1997	73,084
1998	103,293
1999	25,307
2000	Not available
2001	39,599
2002	239,702
2003	47,598
2004	104,989
2005	157,208
Through 12/15/2006	62,063
Total Monetary Impact	<u>\$ 1,128,737</u>

⁷ A current travel advance of \$1,405 is within the 15-day clearance requirement and therefore considered as valid travel advance as of 12/31/2006.

Appendix 2:**Scope, Methodology, & Prior Audit Coverage**

Scope and Methodology

In conducting the analysis, we obtained the transaction history of the Travel Advances Account through December 31, 2006. We included such tests of transactions to ascertain the completeness of supporting TA, the accuracy of funds charged, the timeliness of the submission of travel advance clearance, and the compliance with the policies under DOA's existing travel policies and applicable laws. We tested transactions for selected advances made during 2006 to ascertain whether the travel policies and applicable laws were consistently implemented through December 31, 2006.

Our analysis does not constitute an audit conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS), as we did not fully evaluate the existing internal controls over travel advances at the Department of Administration.

Prior Audit Coverage⁸

Prior audit findings have included non-compliance with government of Guam Travel Policies. The following are conditions cited in the FY 2003 and FY 2004 financial statement audits:

FY 2003 Audit Findings

Condition 1: For 12 of 25 travel transactions tested, travel vouchers were not cleared in a timely manner (or not at all) and/or did not contain sufficient proof of travel and receipts for advances paid.

Condition 2: For 11 of 25 travel transactions tested, the transactions were not supported by at least three price quotations.

Condition 3: The clearance for one travel voucher tested does not document total expenditures spent on the corresponding travel. The travel voucher was over the fifteen-day return clearance requirement. The travel return was dated 5/6/2003 but clearance was submitted on 2/24/2004.

FY 2004 Audit Findings

Condition 1: In seven of 25 samples tested, insufficient price quotations and/or justification may have been obtained.

Condition 2: In seven of 25 samples tested, travel was not cleared within the required period.

⁸ Excerpts from Deloitte & Touche Management Letter Comments, FY 2003 and FY 2004 financial audits.

Appendix 3:**Travel Advances by Agency As of December 31, 2006**

The following is a summary of recorded Travel Advances Not Cleared by Agency as of December 31, 2006.

Department/Division	Amount
Office of the Governor	\$ 227,902.38
Department of Public Health & Social Services	73,491.75
Department of Vocational Rehabilitation	71,065.75
Guam Police Department	60,299.70
Guam Environmental Protection Agency	53,625.50
Department of Corrections	52,674.26
Customs & Quarantine Agency	43,173.32
Department of Youth Affairs	32,448.25
Agency for Human Resource Development	31,566.88
Department of Public Works	28,418.63
Department of Law	27,730.25
Department of Revenue & Taxation	27,264.01
Department of Mental Health & Substance Abuse	27,192.00
Department of Labor	25,360.25
Department of Administration	24,992.94
Department of Agriculture	24,802.82
Guam Public School System	15,709.00
Department of Military Affairs	13,240.75
Department of Parks and Recreation	11,326.00
Guam Energy Office	11,219.21
Department of Chamorro Affairs	7,164.30
Bureau of Budget Management & Research	6,034.50
Guam Fire Department	5,767.50
Office of Civil Defense	5,687.50
Department of Land Management	4,313.75
Veterans Affairs Office	3,966.00
Planning	3,000.00
Mayor's Council of Guam	2,650.00
Guam Council on the Arts and Humanities Agencies	1,962.50
Civil Service Commission	1,750.00
Library & Museum	700.00
Guam Election Commission	156.69
Various unidentified departments	203,485.25 ⁹
Total advances as of 12/31/2006	\$ 1,130,141.64

⁹ \$203,485.25 represents travel advances not cleared that DOA's AS400 system was unable to charge against specific departments. These are travelers that no longer have a payroll record match under the current AS400 system. These include former employees, former elected officials and their spouses, former board members, and other non-government of Guam travelers that may possibly be sponsored by certain federal or local programs.

Section 1711.02 Continued

The justification must be accompanied by supporting receipts indicating the amount of expenditures and the name and address of facility used for entertainment. Such an expense is reimbursable only if directly in connection with the transaction of official business for the Government.

Section 1712 - Travel Advances.

- .01 Advance of Funds. The Director of Administration or his designee may advance per diem and miscellaneous allowances. Advances to travelers are chargeable to the traveler's account or receivable until the account is settled in a travel voucher.
- .02 Recovery of Advances. The Director of Administration or his designee shall assure travelers account for advances by filing travel vouchers within fifteen (15) days upon return from travel as prescribed in Section 1715.

In the event the advance exceeds the reimbursable amount, the traveler shall refund immediately such excess.

In the event of cancellation or indefinite postponement of authorized travel, the head of the department or agency shall notify the Director of Administration to recover any advances that may have been made.

The Director of Administration shall initiate recovery of any outstanding advances not fully recovered by deductions from reimbursement vouchers or voluntary refunds by the traveler fifteen (15) days following arrival on Guam by "set off of salary due, retirement credit, or otherwise, from the person to whom advanced or his estate by deduction from any amount due the Government of Guam or by such other legal method of recovery as may be necessary." Salary of other amounts due shall be resorted to ahead of the retirement credit.

Section 1713 - Traveler's Transportation.

- .01 Definition. This transportation includes all necessary official travel on airlines, buses, streetcars, taxicabs, and other usual means of conveyance. Transportation may include fares and such expenses incident to transportation as baggage transfer, official telegraph, telephone, radio and cable messages in connection with items classed as transportation. When required for travel, fees in connection with the issuance of passports and visas, cost of photographs for passports and visas, cost of birth certificates and charges for inoculation are allowable.

Section 1715 – Travel Voucher

- .01 Memorandum of Expenditures. All persons authorized to travel on business for the Government should keep a memorandum of expenditures properly chargeable to Government, noting each item at the time the expense is incurred, together with the date, and the information thus accumulated will be available for the proper preparation of travel vouchers.
- .02 Travel Voucher Form. All claims for the reimbursement of traveling expenses shall be submitted on the regular authorized form of travel voucher and must be itemized and stated in accordance with these regulations. For Travel Voucher, Form 2-1-7, see Exhibit 2 at the end of this Chapter.
- (a) Every travel voucher must be supported where practicable by copy of the travel authorization, or, if travel authorization has been filed or attached to previous voucher, proper reference thereto should be made.
- (b) Copies of TA request must be attached to the voucher and the number of the used requests must be entered on the reverse side of the voucher.
- .03 Erasures and Alterations. Erasures and alterations in total on travel vouchers must be initialed by the person who makes the voucher, and alterations in the totals on receipts must be initialed by the person who signed the receipt.
- .04 Indirect Route Travel. The supporting papers of a travel voucher should set forth the details of the expenses actually incurred, the hour of departure from the post of duty, and the hour of arrival at place of duty.
- .05 Suspension of Charges. Items in travel vouchers not stated in accordance with these regulations, or not properly supported by receipts when required, will be suspended and the notification of such action will indicate the reasons therefor. Such items as may be subsequently allowable should be included in a subsequent regular or supplemental travel voucher. Full itemization will be required for all suspended items which are reclaimed and charges must be properly supported by the original suspension notice or a copy thereof.

Appendix 5:

Excerpts from Guam Travel Law

**5 GCA GOVERNMENT OPERATIONS
CH. 23 GOVERNMENT TRAVEL LAW**

§ 23104. Per Diem Allowance.

(a) Prior to departure, the employee shall receive an advance per diem allowance equal to the number of days of authorized office travel multiplied by the current per diem allowance rate provided by the Federal government, contained in the Joint Travel Regulations, to its employees for the respective travel destinations when engaged in official business.

(1) If the employee is the Governor, Lieutenant Governor, a member of the Legislature or a Judge, the rates are One Hundred Thirty Percent (130%) of the basic per diem rates;

(2) If the employee is an Executive Assistant or Special assistant to the Governor, director or deputy director of any department, or member of the board of directors or commission of any autonomous agency, authority, line agency (including the Council of the Arts and Humanities), authority, or public corporation, the rates are One Hundred and Twenty-five Percent (125%) of the basic per diem rates.

(b) Annually in March, the Governor for the Executive Branch and all autonomous agencies and public corporations, the Presiding Judge of the Superior Court for the Judicial Branch and the Committee on Rules for the Legislative Branch shall establish a policy with regard to advance payment for travel expenses. An employee may receive an advance allowance for travel expenses.

(c) Within ten days 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.

(d) If the employee does not submit a statement of account, then he shall submit an itinerary of his official travel within ten days of his return. If the employee does not submit a statement of account, then he shall not be paid any money in excess of the advance per diem allowances and travel expense allowance. If the employee received an excessive advance allowance, he shall reimburse the Government the excessive amount at the time he submits an itinerary.

Appendix 6:**Executive Branch Travel Restrictions per P.L. 29-02**

Below is an excerpt from Public Law 29-02 imposing restrictions on Executive Branch Travel.

Chapter V. Amendments to Certain Fees, Charges and Penalties of the Government of Guam.

Section 35. Executive Branch Travel Restrictions. Funds appropriated by this Act, *shall not* be used for off-island travel *or* per diem by executive branch employees and officials except for:

- (a) Travel that is federally funded;
- (b) Travel that is specifically required to administer *or* secure federal grant programs;
- (c) Travel by *I Maga'lahaen Guåhan*, *I Segundu Na Maga'lahaen Guåhan*, Mayors and Vice-Mayors, and other officials to represent the people of Guam at meetings and functions deemed critical to the well-being of the people of Guam by *I Maga'lahaen Guåhan*, provided that the Director of Administration *shall* provide a monthly report to the Speaker of *I Liheslaturan Guåhan* on such travel expenses by the 5th day of each subsequent month thereafter;
- (d) Travel to promote tourism on Guam, provided that such travel is paid for by the Tourist Attraction Fund and is restricted to the General Manager *or* his designee, Board Members, professional staff of the Guam Visitors Bureau, and those individuals required for promotional activities;
- (e) Travel by law enforcement personnel providing escort services for criminal suspects, detainees, and convicted felons being returned to Guam for judicial proceedings *or* being transferred to off-island correctional facilities;
- (f) Travel by medical personnel providing escort services for patients requiring off-island medical treatment, and other escorts as specifically authorized by the Department of Public Health and Social Services pursuant to Guam law;
- (g) Travel necessary for the enforcement of court orders;
- (h) Travel under the Residential Treatment Fund;
- (i) Travel required for employees requiring professional certification and training.

Department of Administration Travel Circulars



Felix P. Camacho
Governor
Kaleo S. Moylan
Lieutenant Governor

DEPARTMENT OF ADMINISTRATION
(DIPATTAMENTON ATMENESTRASION)
DIRECTOR'S OFFICE
(Ufisinan Direktot)
Post Office Box 884 * Hagåtña, Guam 96932
TEL: (671) 475-1101/1250 * FAX: (671) 477-6788



Lourdes M. Perez
Director
Joseph C. Manibusan
Deputy Director

July 30, 2004

DEPARTMENT OF ADMINISTRATION ORGANIZATIONAL CIRCULAR NO. 04-016

To: All Non-Autonomous Department & Agency Heads
From: Director, Department of Administration
Subject: Requirements for Travel Requests/Authorizations

Buenas yan Háfa Adai! Recent audits of travel conducted by Government of Guam employees reveal noncompliance with the procurement laws governing travel.

In conformance with procurement laws, effective immediately, all travel requests submitted for processing to the Department of Administration must include the following:

1. Three (3) travel itineraries from three (3) different travel agencies. Itineraries obtained directly from only one of the local airline carriers will be not be accepted as a valid itinerary.
2. Each department will provide complete travel information to include justification for travel. Each travel request shall have its own set of supporting documents per traveler.

Additionally, all persons who have completed travel on behalf of the government are required to clear all travel advances with the Department of Administration within ten (10) days following the return from official travel as required by 5 GCA §23104. Official documentations include boarding passes, official receipts for registration, accommodations and so on shall be submitted at this time.

We understand the importance of these travel requests submitted by your department. Please help us ensure that the intended travelers leave on their scheduled departure time by ascertaining that all your travel requests are complete and submitted to our travel section at least three days before the scheduled departure date. This circular shall be enforced in conjunction with the Governor's Circular No. 2003-0015 dated June 16, 2003.

Department of Administration Travel Circulars



Felix P. Camacho
Governor
Kaleo S. Moylan
Lieutenant Governor

DEPARTMENT OF ADMINISTRATION
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Lourdes M. Perez
Director
Joseph C. Manibusan
Deputy Director

August 20, 2004

To: Treasurer of Guam
Division of Accounts, Travel section

From: General Accounting Supervisor, General Ledger Branch

Subject: Enforcement of Travel Policies

Buenas!

As you know our Department has been actively reviewing and revising our current travel policies. Many changes have been made to insure the integrity of our procedures and record keeping of travel documents. Our final objective is to provide quality of service while adhering to the outlined requirements of our travel manual. For this reason I am requesting your assistance in enforcing our travel policies.

Effective August 23, 2004, all travelers will be required to acknowledge receipt of per diem and if applicable registration and other miscellaneous expenses outlined on approved government travel request. The Division of Accounts will forward the acknowledgment document along with the checks to the Treasurer of Guam. TOG employees will require all travelers to sign the acknowledgment document before releasing any checks for travel.

Your usual cooperation is expected.

of Administration - Division
Received
From: D.R.A. Director
AUG 24 2004 (Tuesday)
4:30pm
MSJ

Lourdes M. Perez
Lourdes M. Perez

Government Travel Best Practices

We reviewed best practices for travel from both private and governmental environment. This engagement is more adaptable to the best practices of a government environment.

Government Environment¹⁰

These rules and regulations are general in nature because of many varying conditions existing in different governmental agencies. To carry out the mission of using travel expense funds economically, agencies are responsible for:

- Authorizing travel only when necessary;
- Maintaining proper control to see that travelers are not in a travel status any longer than assignments require;
- Selecting the method of travel whether air, train, bus, personally owned or rental vehicles;
- Designating the official station of each employee in the best interests of the State;
- Authorizing attendance at conferences, seminars, and similar events, only when necessary to carry out duties and responsibilities more effectively;
- Requiring the submission of Certificate of Continuing Education for professionals attending conferences, seminars and similar events; and
- Strictly adhering to internal controls and compliance with travel agency policies.

The Comptroller, in consultation with the Director of an agency, may periodically issue guidelines to define in greater detail the requirements governing travel expenses. Below are some of the recommended guidelines:

Reimbursable expenses. Agencies are responsible to ensure that only actual, necessary and reasonable expenses are reimbursed for official travel. A specific statement of the official business for which expenses were incurred is required. Original receipts for hotel, apartment, rooming house, specifying date of occupancy and rate paid are required.

Non-reimbursable expenses. Travel shall be by the most direct route. Any person traveling by an indirect route shall assume any extra expense incurred. Appropriate consideration will be given for airline travel through hub airports. Expenditures for laundry, valet service, entertainment, and other personal charges will not be reimbursed.

Expenses for conferences, seminars and other training activities. A travel voucher for expenses incurred when attending a conference or meeting of an association or organization, a seminar, or a similar event shall be accompanied by a copy of the official

¹⁰ www.osc.state.ny.us/agencies/travel. New York State Office of the State Controller, Department of Audit and Control, Part 8-Traveling Expenses

Government Travel Best Practices

program for the event. Original receipts and sufficient information to justify both the travel and other expenditures are required. For State-related conferences, seminars or other training activities, the head of the agency's finance office is authorized to approve reasonable rates that exceed the maximum allowable per diem rates set forth in the Comptroller's guidelines.

Transportation by common carrier. Travel should be by the most economical method. Coach and excursion fares should be used whenever possible. The passenger's coupon or receipt shall accompany the traveler's expense voucher. Customary and reasonable tips for porters or sky caps are allowed.

Transportation by rental vehicle. Where reimbursement is sought for the expense of using a rental vehicle, the appropriate receipt must be submitted with the travel voucher. Reimbursement will be allowed for a period not to exceed 10 days for rental vehicles used.

Time limits on meal allowances. Breakfast expenses will be reimbursed for the day the trip begins if an employee has to leave at least one hour before his or her normal work starting time. Dinner expenses will be reimbursed for the day the trip ends if an employee returns at least two hours later than his or her normal work ending time. Meals in other circumstances will be allowed at the discretion of the head of the agency's finance office.

Allowance to employees on Saturdays, Sundays and holidays. Employees will be allowed their expenses for meals and lodgings on Saturdays, Sundays and holidays while engaged in work in the field. When authorized by his or her agency, an employee will be reimbursed for expenses incurred while returning home over the weekend or on holidays.

Telephone charges. Claims for reimbursement for long distance telephone calls for official business will be reimbursed.

Miscellaneous charges. Charges for transfer of baggage will be reimbursed.

Fewer outstanding account balances mean fewer bad-debt write-offs and enhanced profitability¹¹ (cash flow). By considering these best practices for managing the travel advances account, certain benefits can be achieved, such as:

- Increased cash flows
- Reduced bad debts losses arising mostly from former employees
- Lower administration costs and decreased administrative burden

These benefits can easily total thousands in cash flows in a year.

¹¹ www.Inc.com. The Daily Resource for Entrepreneurs.

Department of Administration Management Response



Felix P. Camacho
Governor
Michael W. Cruz, M.D.
Lieutenant Governor

Department of Administration
(DIPATTAMENTON ATEMENSTRASION)
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Lourdes M. Perez
Director
Joseph C. Manibusan
Deputy Director

NOV 15 2007

RECEIVED
OFFICE OF THE PUBLIC AUDITOR

DATE: 11-15-07
TIME: 4:25 PM
BY: [Signature]

Mrs. Doris Flores Brooks
Public Auditor
Office of the Public Auditor
238 Archbishop Flores Street
Suite 401 Pacific News Building
Hagatna, Guam 96932

Re: Final Draft Report - Analysis of Travel Advances as of December 31, 2006

Dear Mrs. Brooks:

Hafa Adai! We have reviewed the Final Draft Report copy of your OPA Report No.07-15 - Analysis of Travel Advances as of December 31, 2006. As always, we are very appreciative of the efforts your office has taken and any findings and corresponding recommendations to improve our internal control procedures are sincerely appreciated.

We are generally in agreement with all your findings and recommendations relative to the objectives of the audit. We have begun implementing measures (see below) to resolve the same issues of concern you have brought to light in your report. It is unfortunate however, that the period of your report does not reflect the recent accomplishments we have made to clear these advances.

The implemented measures to improve management of the travel advances are as follows:

- BACIS system is now able to track and identify travel advances by employee;
DOA has implemented a linkage between Journal Voucher clearances and travel encumbrances;
DOA is now attaching notices of outstanding travel advances to employee payroll checks; and
DOA now works with the various line agencies on a one-to-one basis in an effort to clear and/or reconcile any outstanding or un-liquidated travel advances.

The effects of these initiative measures are just now being reflected. Between the period of January 2007 and November 12, 2007, \$943,817 has so far been cleared. Below is a summary of clearances as of November 12, 2007.

Department of Administration Management Response

Ms. Doris Flores Brooks
Page 2

Year of Transaction	Travel Advances Given	Travel Advances Cleared	Travel Advances Outstanding	Cumulative Outstanding Balances	Travel Advances Turnover in Days
2002 & Prior	2,820,856	(2,063,978)	756,878	756,878	688
2003	275,349	(227,751)	47,598	804,476	1035
2004	363,076	(258,087)	104,989	909,465	862
2005	518,956	(361,748)	157,208	1,066,673	695
2006	745,544	(682,075)	63,469	1,130,142	538
2007 As of 11/12/07	815,939	(943,817)	(127,878)	1,002,264	450

Since we are aware that a great percentage of our receivables are from non-government employees and inactive employees and since your methodology in arriving at the average number of days is basically an accounts receivable turnover we took samples of actual clearances from January 01, 2003 to October 29, 2007 and arrived at the following averages: **FY2003 - 842 days; FY2004 - 378 days; FY2005 - 76 days; FY2006 - 53 days; FY2007- 45 days.** We continue to strive to improve the status of travel advances even with the staff shortage in the General ledger/travel section.

Should you have any questions or need any clarification pertaining to our response, please give me a call at 475-1101.

Sincerely,


LOURDES M. PEREZ
Director of Administration

Do you suspect fraud, waste, or abuse in a government agency or department? Contact the Office of the Public Auditor:



- Call our HOTLINE at 47AUDIT (472-8348);
- Visit our website at www.guamopa.org;
- Call our office at 475-0390;
- Fax our office at 472-7951;
- Or visit us at the PNB Building, Suite 401
In Hagåtña

All information will be held in strict confidence.