



OFFICE OF THE PUBLIC AUDITOR

**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 \$1,405<sup>1</sup> 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 Law<sup>2</sup> and DOA Director's July 2004 memo that require a 10-day clearance.

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

<sup>2</sup> 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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