



EXECUTIVE SUMMARY
Government-Wide Credit/Debit Card Use Series, Part VI
University of Guam
OPA Report No. 25-08, July 2025

Our audit of the University of Guam's (UOG) credit card and purchase card programs questioned \$788 thousand (K) in charges that did not comply with UOG's Purchase Card Policies and Standard Operating Procedures (SOP), Guam Procurement Law, and UOG's Procurement Regulations. The \$788K comprised of 97% of the \$816K total credit and purchase card samples tested and 27% of the \$2.9 million (M) total credit card and purchase card expenditures from October 2019 to September 2023. UOG had a total of 30 credit and purchase cards: 14 credit cards with total expenditures of \$2.4M and 16 purchase cards with total expenditures of \$464K. Although UOG had a written policy for its purchase cards, there was no written agency-wide policy governing the use of its credit cards. Our audit did not identify any indications of fraud, however, we identified instances of waste due to UOG's lack of justification for purchases made with the credit and purchase cards. In total, we identified 17 audit findings.

Lack of Written Agency-wide Credit Card Policy

UOG does not have an overarching written credit card policy governing their use of the 14 credit cards for College of Natural and Applied Sciences (CNAS) and Marine Lab, Bookstore, and Business Office general operations and travel. When asked, UOG responded that the UOG Procurement Regulations govern them. UOG has one virtual card for the Business Office, which was piloted to minimize the risk of fraudulent charges by unauthorized users. UOG did not provide a specific written policy for the use of its virtual card. The purchase cards are governed by UOG's Purchase Card Program Policy and SOP, but this SOP is still lacking regarding allowable purchases, oversight, and reconciliation of purchases. The lack of a written agency-wide policy resulted in purchases made that were not in compliance with the Guam Procurement Law and UOG's Procurement Regulations.

Credit Card Purchases Contrary to Guam Procurement Law and UOG's Procurement Regulations resulting in questioned cost totaling \$734K out of \$761K (or 96%) samples tested:

- \$362K in purchases lacking justification or determination of need for purchases;
- \$35K in purchases lacking cost savings or evidence of product unavailability on-island;
- \$48K in purchases lacking written quotations, therefore, unable to determine if award was made to lowest acceptable quotation;
- \$289K in purchases lacking evidence of budget availability;
- \$1K in purchases lacking purchase orders;
- No proof documents were forwarded to Business Office for reconciliation; and
- Unable to verify approval of payment request form.

Lack of Justification or Determination of Need for Purchases

UOG's Procurement Regulations Section 3.27.3 states that the President or a designee must maintain a complete record of each procurement, which may include the requesting college's or division's determination of need. During our review, we found that 135 out of 298 samples tested totaling \$362K (or 45%) under the General Operations Credit cards for CNAS and Marine Lab, Bookstore, and Business Office did not have justification or determination of need for purchases made. The questioned costs related to this finding are \$362K.

Lack of Cost Savings or Product Unavailability for Off-Island Purchases

According to UOG Procurement Regulations, Section 1.7 and Title 5 of the Guam Code Annotated (GCA) §5008(d), "Procurement of supplies and services from off-Guam may be made if no local agent for such supplies or services may be found on Guam or if the total cost F.O.B. job-site, unloaded, of procurement from off-island is not greater than eighty-five percent (85%) of the total cost F.O.B. job-site, unloaded, of the same supplies or services when procured from a local source. Justification for off-island procurement, must be submitted in writing to the President or his designee". During our review, we found that 95 out of 298 samples tested totaling \$258K (or 32%) under the General Operations credit cards did not have evidence of cost savings or proof of the product being unavailable on island. The Questioned Cost related to this finding is \$35K.

Purchases Lacking Quotations / Unable to Determine If Award Made to Lowest Acceptable Quotation

According to the UOG Procurement Regulations Section 3.11.3.1, "Insofar as it is practical for small purchases of supplies or services between five hundred dollars (\$2,001) [sic] and twenty-five thousand dollars (\$25[K]), no less than three (3) businesses shall be solicited to submit written quotations or oral quotations that are recorded and placed in the procurement file. Award shall be made to the business offering the lowest acceptable quotation." During our review, we found that for 132 out of 298 samples tested (or 44%) totaling \$327K under the General Operations credit cards for CNAS and Marine Lab, Bookstore, and Business Office, UOG either did not provide any quotations or only one to two quotations. As such, UOG did not establish that the purchase was awarded to the business offering the lowest acceptable quotation. We also found inconsistent language in UOG's Procurement Regulation 3.11.3.1, which states that "small purchases of supplies or services **between five hundred dollars (\$2,001) [sic]** and twenty-five thousand dollars (\$25[K]), no less than three (3) businesses shall be solicited [...]" We noted that UOG follows the \$2,001 threshold for small purchases. The Questioned Cost related to this finding is \$48K.

Lack of Evidence of Budget Availability

According to the UOG General Operations Credit Card Flow Chart, requisitions will be forwarded to the Business Office to check for budget availability. Once it is certified / approved, it will be forwarded to Procurement for Purchase Order (PO) processing. During our review, we found that for 279 out of 298 samples tested (or 94%) totaling \$703K under the General Operations credit cards for CNAS and Marine Lab, Bookstore, and Business Office, UOG did not show that the Business Office verified budget availability before the purchase was made with the credit card. The cause of this condition is a lack of training and proper oversight over credit card purchases. There is no way to determine if the budget availability was verified before the purchase was made. Questioned costs related to this finding is \$289K.

Lack of POs for Purchases

According to UOG's General Operations Credit Card Flow Chart, "Once certified and approved by the Business Office, it will be forwarded to Procurement for PO processing. Once PO is created, the credit card transaction can be used to purchase allowed goods or services." During our review, we found that for 187 out of 298 samples tested (or 91%) totaling \$363K under the General Operations credit cards for CNAS and Marine Lab, Bookstore, and Business Office, purchases made did not have the required POs due to lack of training of the procurement regulations and lack of oversight by UOG Business Office. The questioned cost related to this finding is \$1K.

No Evidence Documents were Forwarded to Business Office for Reconciliation

According to UOG's General Operations Credit Card Flow Chart, "Paid receipts, receiving report, copy of purchase order and transaction log will be forwarded to the Business Office for monthly reconciliation." During our review, we found that for 288 out of 298 samples tested (or 97%) totaling \$722K under the General Operations credit cards for CNAS and Marine Lab, Bookstore, and Business Office, UOG did not have proof that the documents were forwarded to Business Office for monthly reconciliation.

Unable to Verify Approval of Payment Request Form / Payment Request Form Not Provided

According to UOG's General Operations Credit Card Flow Chart, "Upon receipt of the Monthly Statement, Business Office will identify each transactions, prepare a payment request and attached all the corresponding documents. It will then be send for certification/approval. Once approved, Accounts Payable will process the payment." During our review, we found that for 221 out of 298 samples tested (or 74%) totaling \$591K under the General Operations credit cards for CNAS and Marine Lab, Bookstore, and Business Office, UOG did not provide the payment request form or there were deficiencies noted in the payment request form.

Purchases Made with the Purchase Card Contrary to the UOG Purchase Card Program SOP resulting in questioned costs totaling \$55K or 100% of the samples tested:

- \$40K in purchases not used for valid university requirements or lacking justification;
- \$13K in purchases used for unallowed charges;
- \$2K in purchases lacking written quotations;
- Approximately \$360 in purchases lacking evidence of budget availability;
- Missing and incomplete supporting documentation; and
- Lack of monitoring and oversight over purchase card charges.

Purchase Card Not Used for Valid University Requirements / Lack of Justification for Purchase

Section 4 of the UOG Purchase Card Policy – Small Purchases states that the card may be used only for valid university requirements, on Guam, and by the person whose name appears on the card. Section 5 of the UOG Purchase Card Program SOP states that, "A business purpose must be stated within the documentation. Business purpose is defined as identifying why a purchase was necessary." We could not determine if the purchases were used for valid University requirements for 66 out of the 92 samples (or 72%) tested totaling \$40K under the Purchase Card Program. For the 66 samples with deficiencies, we found that:

- For two samples totaling \$540, UOG Business Office was unable to provide us with documentation.

- For 19 samples out totaling \$10K, no written justification was provided as to why these particular purchases were necessary.
- For 26 samples totaling \$20K, the cardholder did not make the purchase. One cardholder provided an authorization memorandum stating that certain employees of that particular unit were allowed to use the official credit card that was in that cardholder's name for purchases for the unit, which is in violation of the Purchase Card SOP.
- For 19 samples totaling \$9K, we were unable to determine if the cardholder made the purchase as required by the Purchase Card SOP. The supporting documentation provided by UOG did not provide sufficient evidence that the cardholder was involved with the purchases due to the documentation lacking the cardholder's signature or name.

The total questioned cost related to this finding is \$40K.

Purchase Card Used for Unallowed Charges

Section 11 of the UOG Purchase Card Program SOP lists items that are not allowed to be purchased with a purchase card. For 48 out of the 92 samples (or 52%) tested totaling \$26K under the purchase card program, we found purchases that had significant deficiencies.

- For Samples 2, 4 and 8, the purchases were artificially split to fall under the \$500 spending threshold.
For Sample 6, training is not listed as an allowable expense, a clear example of oversight.
- Sample 5 was for prepaid conference registration, Sample 18 was for gasoline, Sample 82 was for gifts given for a delegation of visiting dignitaries; prepaid conference registration, gasoline and gifts are listed as an unallowable expense, highlighting the need for better oversight.
- Of the 48 samples with deficiencies, there were 37 samples that we could not determine if the purchases were allowed or unallowed as they did not fall under the categories in Appendix 3.
- For 43 out of the 48 samples (or 90%) tested totaling \$23K, UOG provided us with documentation that does not align with the requirements for expressing business purposes. Without the Purchase Card Transaction Log, the supporting documentation does not explain the reason for the purchase. We could only determine the business purpose for some transactions from the justification on the Purchase Card Transaction Log.

Section 2 of the UOG Purchase Card Program SOP states that for transactions exceeding \$500, a request for an increase is to be made via a written memo to the Comptroller and approved by the Vice President of Administration and Finance (VPAF). The initial transaction limit for the purchase card is \$500 with approved gradual increases to up to the \$2K limit. For 48 out of 92 samples (or 52%) tested totaling \$42K under the Purchase Card Program, we found that purchases exceeded the initial transaction limit of \$500, however, UOG did not provide the required written memo approved by the VPAF.

The total questioned cost related to this finding is \$13K.

Purchases Lacking Written Quotations

Section 1 of the UOG Purchase Card Policy – Small Purchases states that “the use of credit cards in lieu of purchase cards as a tool that might allow for the immediate relief of processing lags.” Section 3 of the UOG Purchase Card Policy – Small Purchases states, “The Board of Regents has adopted a procedure for micro-purchases requiring one quotation for purchase of less than \$2[K] in value.” For 85 of the 92 samples tested (or 92%) totaling \$52K under the Purchase Card Program, written quotations were not submitted to the UOG Business Office. In their response to our preliminary findings, UOG stated that quotations are not necessary for purchases made with the Purchase Cards. This led to a questioned cost of \$2K.

No Proof of Budget Availability Provided for Multiple Purchases

According to Section 6 of the UOG Purchase Card Policy – Small Purchases, “The head of the unit will be responsible for ensuring the purchases made under the credit card are within the budget of the unit, and the use of the card does not cause the budget to be exceeded.” For 88 out of 92 samples (or 96%) tested totaling \$54K under the Purchase Card Program, no head of unit budget availability was provided to support the purchases. We asked UOG to provide evidence of budget availability for each purchase before the card is charged. In their response to our questions, UOG stated, “Unit head and cardholder are able to check their department's available budget by going into the system. They are also being informed of the transactions paid using the purchase card by signing the purchase card log after the liaison and cardholder reconciled and signed the log.” The questioned cost related to this finding is \$360.

Missing and Incomplete Supporting Documentation

Section 5 of the UOG Purchase Card Program - SOP states, “Original, legible documentation must support the legitimate business purpose of all transactions made with the P-Card.” It also states that “supporting documentation should clearly identify and affirm the cardholder's role in the purchase, including his/her authorization and each receipt should match the charge on the card.” Additionally, only University addresses should be used for billing and shipping references when ordering.

Our review found that 54 out of 92 samples (or 59%) totaling \$36K did not have complete supporting documentation. For 3 out of the 54 samples, the address listed is a non-UOG address. We were not provided any documents related to Samples 21 and 56, so we could not determine their compliance. For the remaining 51 samples, we were unable to determine the cardholder’s role in the purchases as the supporting documentation either did not have the cardholder’s name or signature listed on receipts or the supporting documentation did not affirm that the cardholder was aware that purchases were being made before the card was charged.

Lack of Monitoring and Oversight over Purchase Card Charges

UOG’s Purchase Card Flow Chart states that, “Upon receipt of the documents and the Monthly Statement, Business Office will identify each transaction, prepare a payment request, and attach all the corresponding documents. It will then be sent for certification/approval. Once approved, Accounts Payable will process the payment.” According to Section 6 of the UOG Purchase Card - SOP, the P-Card holder is responsible for ensuring that the P-Card Transaction Log is prepared in compliance with the template provided. The cardholder must also review, sign, and date the P-Card Transaction Log. For 10 out of 92 samples tested totaling \$5K, the purchase card log was not

signed by the cardholder, documents were not provided related to the sample, or the cardholder did not date when the purchase card log was signed. For 72 out of 92 samples tested totaling \$44K, the purchase card log was not sent to the Business Office for review. For 39 out of 92 samples tested totaling \$20K, there were deficiencies in approving the Payment Request Form for purchase card charges.

Credit Card Purchases contrary to UOG's Travel Policy:

Travel Authorizations Improperly Approved

UOG's Travel Policy lists the required documentation that must be included when submitting a travel authorization. For one sample, Sample 15, the card was not authorized to purchase travel-related items as per information provided by UOG. We found 15 out of 205 samples tested totaling \$39K under the general operations credit cards for the Business Office, did not contain a complete set of supporting documentation required to approve travel authorizations. For 4 out of 205 samples tested totaling \$5K, no determinations were made as documents were not provided, were illegible, or did not match requested sample.

No Evidence Per Diem Checks Issued Properly

Section 7 of UOG's Travel Policy states "The traveler will be provided with a check to reimburse upfront costs as well as to provide 80% of estimated per diem or actual costs. That check will be made available a minimum of three (3) business days prior to travel initiation." For 20 out of 205 samples tested totaling \$51K under the general operations credit cards for the Business Office, no evidence was provided to determine whether per diem checks were given to employees a minimum of three days prior to travel initiation. For 4 out of 205 samples tested totaling \$5K, no determinations were made as documents were not provided, were illegible, or did not match requested sample.

Travel Clearances Not Provided

Section 16 of UOG's Travel Policy states "Official Travel Clearance (TC) shall be due to the Dean or appropriate administrator within ten (10) business days starting the first day the traveler returns to work. The Business Office must then receive the approved Travel Clearance within fifteen (15) business days starting the first day the traveler returns to work." For 17 out of 205 samples tested totaling \$41K under the general operations credit cards for the Business Office, no travel clearances were provided. For 2 out of 205 samples tested totaling \$5K, no determinations were made as documents were not provided, were illegible, or did not match requested sample.

Other Matters

Advance Payments Made for On-Island Purchases Prohibited by Law and Regulation

Title 5 of GCA § 5007 states that "With the exception of off-island orders of the Department of Education and the University of Guam, no procurement shall be made under this Chapter which shall require advance payment." Section 1.6 of the UOG Procurement Regulations states that "No procurement shall be made which shall require advance payment except for when advance payment is required for off-island vendors." During our audit, we have found 16 samples totaling \$44K where the CNAS, Bookstore, and Business Office credit cards were used to make advance payments to on-island vendors. There is a precedent for the VPAF or Comptroller to approve memorandums requesting advance payments to on-island vendors.

Travel Awards Given under Government Mileage Law

Title 5 of GCA §23111(d)(2) of the Government Travel Law states that for the "Department of Education, Guam Community College, University of Guam one hundred percent (100%) of the accrued mileage maintained by these entities shall be used to send eligible students to participate at off-island academic activities, including, but not limited to, Close-Up and the Junior Statesmen of America." UOG awarded travel miles totaling 1.6M to 29 students for off-island travel during the period from October 21, 2022 through September 1, 2023. We noted instances where 14 awards were given for displacement due to Typhoon Mawar in June 2023, and four awards were given to attend a Triton Baseball Tournament in July 2023.

Conclusion and Recommendations

The audit revealed that UOG's lack of written agency-wide credit card policy, enforcement of its procurement regulations, strict internal controls, and proper training on credit and purchase card use, resulted in significant non-compliance with the Guam Procurement Law, UOG's Procurement Regulations and its related policies and procedures. This has led to questioned costs totaling \$734K under the credit card program due to inadequate justification for purchases, insufficient cost-saving measures, missing documentation, and lack of budget evidence. Additionally, \$55K in purchases made with the Purchase Cards did not comply with the established SOP, citing unallowable charges and justification issues. The findings highlight a need for better understanding of procurement regulations among credit and purchase cardholders and the importance of adhering to formal processes to avoid mismanagement of funds.

In areas where we found noncompliance, we recommended corrective actions to improve and strengthen UOG's internal controls for its credit card and purchase card programs to enhance oversight and compliance, such as creating an agency-wide credit card policy and training personnel involved in the credit card and purchase card and procurement processes. UOG must prepare a corrective action plan to implement the audit recommendations, document its implementation progress, and endeavor to complete implementation no later than the beginning of the next fiscal year.



Benjamin J.F. Cruz
Public Auditor