



## **EXECUTIVE SUMMARY**

### **Government-Wide Credit/Debit Card Use Series, Part VII**

#### **Judiciary of Guam**

#### **OPA Report No. 25-12, December 2025**

Our audit of the Judiciary of Guam's (JOG) use of their debit card found transactions that did not fully comply with JOG policies and procedures, procurement regulations, and travel law from fiscal years (FY) 2020 to FY 2024. This audit was conducted as part of our series of audits on the Government of Guam (GovGuam)'s utilization of credit and debit cards for purchases and as part of OPA's annual audit work plan.

Specific findings included:

- Unauthorized bank transactions were untimely reported.
- Purchase Orders (POs) were untimely processed, resulting in questioned costs of \$14 thousand (K).
- No quotations from the awarded vendor and inaccurate and incomplete cost analyses, resulting in questioned costs of \$4K.
- Travel vouchers were submitted as late as 33 working days after the deadline.

Questioned costs totaled \$18K, which comprised 10% of the \$173K total samples tested and 3% of the \$684K total debit card expenditures. This was the lowest percentage of questioned costs among the eight entities we recently audited for credit/debit cards. Based on our review, we did not identify any instances of fraud or abuse for the transactions tested.

#### **Unauthorized Transactions Were Untimely Reported**

Four unauthorized transactions totaling \$19 were identified, involving nominal charges from a video game, food delivery service, and an e-reader. Delays in reporting the transactions were due to oversight during monthly reconciliations, which increased exposure to potential fraudulent activity.

#### **Purchase Orders Were Untimely Processed**

Eight transactions totaling \$14K were charged before the corresponding POs were processed, averaging an untimeliness rate of 12 days. This weakened the encumbrance process and delayed the accurate recording of obligations in the Enterprise Resource Planning system.

#### **Procurement Record Was Insufficient**

For five of the 103 samples tested, the procurement record was insufficient. Of the five samples:

- a) Three were missing the awarded vendor's quotation.
- b) One had an inaccurate cost analysis.
- c) One had an incomplete cost analysis.

As a result, procurement decisions may not reflect the most economical use of funds and the integrity of the procurement process is weakened. Questioned costs totaled \$4K.

### **Travel Clearance Documents Were Late**

Six travel vouchers totaling \$9K were submitted between seven and 33 working days after the 10 working days deadline, increasing the risk of errors or misuse of travel funds going undetected and reducing assurance that travel was conducted in accordance with policy. Per JOG, JOG has standardized the travel request and reporting process and established “immediate follow-up and additional review for compliance with its Travel Policy.”

### **Other Matters**

#### ***Budget Modification for Per Diem Was Late***

The Financial Management Accounting Policies and Procedures (July 2018) state that the funding source is verified by the Human Resource Office (HRO) Administrator. Then, the Travel Authorization (TA) and the Voucher are submitted to the Finance Administrator to certify the availability of funds. An increase in travel cost requires supplemental certification of the availability of funds and final approval. Claims for expenses incurred by a traveler and supporting receipts must be submitted to the Financial Management office.

Sample 93 had an untimely budget modification as follows:

- a) In July 2023, travel was pre-approved by the Administrator of the Courts (AOC).
- b) In August 2023:
  - a. The Management Officer asked the Finance Administrator for the funding source for the travel. The Finance Administrator stated to use General Fund annual appropriations for HRO, and that a travel cap may be applied. We noted that JOG’s FY 2023 and FY 2024 Budget Requests did not indicate funding from the General Fund for travel.
  - b. TA23-83 was submitted. The TA only listed and was approved for travel credit (airfare) of \$1,546 and registration fee of \$1K for a total of \$2,546.
- c) In September 2023:
  - a. The Management Officer stated that the addition of a \$1,072 per diem and supplemental per diem of \$91 increased the travel cost to \$3,710. The Management Officer asked the Finance Administrator for advisement on the travel cap.
  - b. The Finance Administrator approved a cap on the travel cost at \$3,500 and will address the increase to the traveler upon the AOC’s return.
  - c. TA23-83 was amended to increase the travel cost from \$2,546 to \$3,500. Because the total travel cost was capped at \$3,500, the traveler received \$954 for per diem instead of the full per diem of \$1,163.
- d) In October 2023, the Travel Clearance was submitted and indicated \$3,500 as advanced to the traveler and \$210 as due to the traveler for ground transportation for a total of \$3,710. No ground transportation receipt was attached to the clearance packet.
- e) In November 2023:
  - a. Travel Clearance was approved by the AOC and certified by the traveler as having received the \$210.
  - b. Accounting requested \$3,500 to clear the traveler’s expenses.
  - c. The AOC approved the budget modification to transfer \$3,500 from HRO’s Regular Salary and Increment account to HRO’s Off-Island Official Conference account.

Per JOG, funding was available and that this was a matter of late system posting. JOG strictly oversees its appropriations and has controls to prevent deficit spending. If there was a deficit, the travel would not have been approved.

We acknowledge management's explanation that funding was available, controls exist to prevent spending, and the delay was due to late system posting. Nonetheless, completing the fund transfer prior to processing the travel clearance would have provided clearer documentation of fund certification and ensured full compliance with established procedures. Additionally, while the approved per diem was \$954, the traveler ultimately received the initial full per diem of \$1,163, suggesting inconsistent application of the established cap.

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

JOG's debit cards do not accrue airline mileage as required under the Government Travel Law. The Government Travel Law states that the Unified Judiciary of Guam "shall 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)" (Title 5 of the Guam Code Annotated § 23111(h)). JOG's business debit cards do not accrue mileage. The debit card program was established long ago and has not been revisited since.

#### ***Accounts Payable Was Untimely Processed***

Nineteen transactions totaling \$27K experienced delays of up to 228 days from invoice receipt to posting or deposit. Nine instances of overdraft fees totaling \$270 occurred due to miscommunication between the Financial Management and Procurement and Facilities Management offices.

#### ***Statement of Meeting Purpose Was Late and Incomplete***

The 2002 Supreme Court Check Card Policy states that "[c]heck cards may be used for authorized travel expenses and hosting receptions or meetings related to the official business of the Supreme Court. [...] A Justice using a check card for this purpose shall, within ten days of making such payment, [...] submit to the Administrative Services Officer [...] a brief statement of purpose for the reception or meeting, including names of guests.

Three of the 103 samples tested, totaling \$588 of \$173K, had late and incomplete statements of meeting purpose. One memo was 85 days late or submitted 2.5 months later. The other two memos did not include guest names.

#### **Conclusion and Recommendations**

The audit noted several internal control weaknesses and procedural lapses. These primarily related to timing delays and documentation deficiencies.

We recommend that JOG:

- Incorporate a secondary review in the existing bank reconciliation process.
- Implement monitoring controls.
- Implement a supervisory review process to verify the completeness and accuracy of the procurement documentation consistent with the deficiencies noted before award.

- Require timely submissions of travel documents as a condition of approval of future travel, and direct the Finance Administrator to report instances of noncompliance to a higher authority.

These actions will demonstrate JOG's continued commitment to transparency, accountability, and responsible financial management through the strengthening of internal controls.



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