



GOVERNMENT-WIDE CREDIT/DEBIT CARD USE SERIES, PART III Guam Housing and Urban Renewal Authority

COMPLIANCE AUDIT
October 1, 2019 to September 30, 2022

OPA Report No. 24-02
February 2024





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Guam Housing and Urban Renewal Authority**

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EXECUTIVE SUMMARY
Government-Wide Credit/Debit Card Use Series, Part III
Guam Housing and Urban Renewal Authority
OPA Report No. 24-02, February 2024

Our audit of the Guam Housing and Urban Renewal Authority's (GHURA) credit card program questioned \$34 thousand (K) in charges that were not in compliance with GHURA's Credit Card Policies and Procedures, Guam and Federal Procurement Laws and Regulations, and GHURA's Procurement Policy. The \$34K accounted for 29% of the \$117K total credit card expenditures made from October 2019 to September 2022. Our audit did not identify any indications of fraud, however, there were 11 audit findings, most of which were repeat findings from our first audit on GHURA's credit card program issued in October 2006. Specifically, we found that GHURA made:

Purchases contrary to GHURA's credit card policies and procedures resulting in:

- \$4K in unauthorized and prohibited charges on a 25% deposit for GHURA's 60th Anniversary Brunch venue and meals;
- \$5K in charges for contract services explicitly prohibited by its credit card policy;
- Untimely approval of purchase orders one to 512 days after the credit card was charged totaling \$24K;
- Lack of monitoring and oversight over credit card charges, causing unnecessary finance and interest charges incurred and paid totaling \$1K; and
- Incomplete and missing supporting documentation for charges totaling \$27K;

Purchases contrary to Guam and Federal Procurement Laws and Regulations and GHURA's procurement policy resulting in:

- Small purchase requirements being incomplete or not met for charges totaling \$26K;
- No evidence that all competitive sources were given equal opportunity for charges under blanket purchase agreements (BPAs) totaling \$16K;
- Lack of written justification to support sole source procurement totaling \$2K;
- Purchases made before certifying officer's approval of funding availability for charges totaling \$22K;
- Purchase orders not containing the mandatory contract clauses for all 26 samples tested; and
- Credit card policy's exception to use of purchase order in emergencies being contrary to Guam Procurement Law and Regulations for charges totaling \$4K.

Purchases Contrary to GHURA's Credit Card Policies and Procedures

GHURA's Credit Card Policies and Procedures were amended and implemented in April 2015. GHURA has not updated its credit card policies and procedures from May 2015 through November 2023, resulting in outdated guidance. GHURA may risk using appropriated funds for unauthorized and prohibited purchases without clear and appropriate guidance. Although GHURA's credit card policies and procedures set controls to ensure proper accountability and prevent misusing the credit card for unauthorized or prohibited charges, our audit found that internal controls were not

followed or not operating effectively. Our audit revealed that GHURA made credit card purchases contrary to and not in compliance with its credit card policies and procedures.

Credit Card Used for Unauthorized and Prohibited Charge

Under no circumstances shall the GHURA-issued credit card be used for business meals and entertainment, and the credit card issued to the Executive Director will be used for authorized off-island travel requests. The Executive Director's credit card was used for a prohibited and unauthorized charge when the credit card was used to pay a 25% deposit, or \$4K, for GHURA's 60th Anniversary Brunch for a venue and meals at a local hotel held in December 2022. After the credit card was charged in September 2022, the purchase order was approved and amended on the same day in December 2022 to increase the cost from \$15K to \$18K. The questioned cost related to this finding totaled \$4K.

Cardholders Did Not Use Credit Cards as Specified in Policies and Procedures

GHURA's Credit Card Policies and Procedures are intended to facilitate and standardize the use of credit cards by authorized GHURA travelers and procure items for GHURA within expected timeframes that would warrant savings to GHURA. GHURA's Credit Card Policies and Procedures contain two authorized cardholders and the specific uses authorized for each cardholder. GHURA did not maintain sufficient evidence or justification that using the credit card as a payment method resulted in cost savings. GHURA used the credit card to pay for wireless mobile services, which may be considered ordinary, necessary, and reasonable expenses for GHURA's operations, but contract services are prohibited charges under its credit card policies and procedures. Questioned costs related to this finding totaled \$5K.

Untimely Approval and Inconsistent Use of Purchase Orders

Purchase orders are required before using the credit card, with the exception of an emergency. Using the credit card is merely a payment method and does not relieve the cardholder from adhering to GHURA's Procurement Policy. GHURA used the credit card before the contracting officer approved the purchase order. The purchase orders were approved one to 512 days after the date the credit card was charged for 13 samples totaling \$24K. GHURA inconsistently used purchase orders and did not use the BPAs as intended by Guam Procurement Regulations. Using a BPA simplifies the repetitive needs for supplies and services and avoids using numerous purchase orders. Questioned costs related to this finding totaled \$2K.

Lack of Monitoring and Oversight over Credit Card Charges

GHURA's Controller must forward the billing statements to the authorized credit cardholders for review and signature prior to payment to ensure proper accountability of the use of a credit card. Credit card charges were paid after the payment due date on the billing statements. As a result, GHURA incurred and paid unnecessary finance and interest charges due to the ineffective monitoring of the reconciliation and review of billing statements. Other financial impact related to this finding totaled \$1K.

Missing and Incomplete Supporting Documentation

All original receipts and supporting documents for credit card transactions must accompany billing statements before payment. During our audit, we found that not all original receipts and supporting documents accompanied the billing statements prior to payment for 20 samples. The credit card

transactions had incomplete or missing supporting documentation for the credit card transactions, including vendor invoices, fiscal approval of invoices, receiving tickets, purchase requisition, vendor price quotations, and cost comparisons. The lack of documentation limits GHURA's ability to oversee the credit card program effectively. Furthermore, this increases the risk of potentially illegal, improper, or erroneous transactions occurring without detection. Questioned costs related to this finding totaled \$23K.

Purchases Contrary to the Guam and Federal Procurement Laws and Regulations and GHURA's Procurement Policy

GHURA's Procurement Policy was updated and implemented in August 2020 and conforms with applicable Guam and Federal laws and regulations, which prescribe how GHURA procures goods and services and includes all phases of contract administration. Using a credit card for purchases is merely a convenient payment method and does not relieve the cardholder from adhering to GHURA's Procurement Policy. The intent of GHURA's credit card policies and procedures is not to circumvent the purchase order process but to supplement it. Our audit found that GHURA made credit card purchases contrary to and not in compliance with its Procurement Policy and Guam and Federal Procurement Laws and Regulations. GHURA was inefficient with its procurement process, including prior authorization, approval, and review of its credit card purchases.

Small Purchase Requirements Incomplete or Not Met

For small purchases between \$500 and \$15K, at least three positive written quotations from businesses shall be solicited and documented as part of the procurement file. Such were missing or incomplete for nine purchases totaling \$12K. GHURA did not provide evidence that sole source procurement by noncompetitive proposals was made for six samples. GHURA did not provide and did not timely perform the cost comparison to determine price reasonableness for 15 small purchases totaling \$26K as required by its Procurement Policy. There is no assurance that the lowest responsible and responsive vendor was selected.

No Evidence All Competitive Sources Given Equal Opportunity for BPAs

Guam Procurement Regulations allow BPAs to procure goods and services. A BPA is a "charge account" with qualified suppliers for anticipated repetitive needs if the quantity and the type of goods or services are unidentifiable. BPAs for the same type of items should be made concurrently with at least three suppliers to ensure equal opportunity. A BPA does not justify purchasing from only one source; all competitive sources should be given an equal opportunity to furnish supplies or services. GHURA's Procurement Policy provides the criteria for noncompetitive proposals and requires written justification to support the selection of this method.

For one sample totaling \$4K, GHURA only obtained telephonic quotations from the vendor selected and obtained written quotations by email from the two other vendors. GHURA did not provide evidence that it considered the use of designated COVID-19 test sites for GovGuam employees administered by the Guam Department of Public Health and Social Services. GovGuam designated test sites for COVID-19 may have been the most cost-effective and resulted in no cost to GHURA.

For six samples totaling \$12K, GHURA did not provide evidence and written justification that equal opportunity was given to all competitive sources. BPAs were not allocated to at least three

vendors, and if supplies or services were available from only one business, GHURA did not provide written justification for the selection of the vendor.

Four samples had approved BPA amounts ranging from \$18K to \$25K, which exceeded the BPA limitation of \$15K allowed for purchasing supplies or services under Guam Procurement Regulations.

Lack of Written Justification to Support Sole Source Procurement

GHURA's Procurement Policy states that all purchases of goods and services shall be performed on a competitive basis and in accordance with applicable procurement rules and regulations. For noncompetitive proposals, GHURA's Procurement Policy provides the criteria and written justification is required to support the selection of this method. If the supply or service is available from only one business, the sole source procurement method set forth in Guam Procurement Regulations shall be used even if the procurement is a small purchase. GHURA used sole source procurement for one sample totaling \$2K. However, it did not provide written justification as required by Guam Procurement Law and Regulations and its Procurement Policy to support procurement selection by noncompetitive proposals.

Purchases Made Before Certifying Officer's Approval of Funds Availability

Before initiating any contract, GHURA shall ensure that there are sufficient funds available to cover the anticipated cost of the contract or modification. The certification of funding availability is made on the purchase order by the certifying officer and subsequently reviewed and signed by the approving official. GHURA did not ensure sufficient funds were available to cover the anticipated cost before initiating the credit card transaction. GHURA issued the purchase order after the credit card was charged for 11 samples totaling \$22K. As such, the certification of funding availability was made one to 511 days after the credit card was charged. For 12 samples that GHURA utilized BPAs, the blanket purchase orders did not state the funding source or contain the accounting and appropriation data as required by Guam Procurement Regulations.

Purchases Orders Did Not Contain Mandatory Contract Clauses

GHURA receives 100 percent of its funding from the U.S. Housing and Urban Development (HUD). GHURA's Procurement Policy states that contract clauses required by HUD for small purchases must be used in all corresponding solicitations, contracts, and purchase orders issued by GHURA. At a minimum, it should include provisions for debarment and suspension, domestic preferences, and prohibition on certain telecommunications and video surveillance services or equipment. The approved purchase orders for all 26 samples tested did not contain the contract clauses required by HUD and GHURA's Procurement Policy due to GHURA's position that none of our samples were considered contracts.

Credit Card Policy's Exception to Use of Purchase Order in Emergencies Contrary to Guam Procurement Law and Regulations

GHURA used the credit card for four samples totaling \$4K to procure temporary emergency housing accommodations for its tenants due to electrical issues and major plumbing repairs. These transactions are considered an emergency under Guam Procurement Law. However, GHURA used the credit card before the purchase orders were approved for these transactions. While GHURA's credit card policy does not require the use of purchase orders for an emergency, this exception is

contrary to Guam Procurement Law and Regulations. The emergency procurement was not authorized by an Executive Order declaring an emergency. GHURA did not provide any evidence to support that it complied with the emergency procurement law and regulations.

Conclusion and Recommendations

GHURA's Credit Card Policies and Procedures guide its credit card use and should not contradict governing procurement laws, regulations, and policies. In areas where we found noncompliance, we recommended corrective actions to improve and strengthen GHURA's internal controls for its credit card program and help bring them into compliance, such as reviewing, updating, and enforcing its policies and training personnel involved in the credit card and procurement processes. GHURA 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

Introduction

The Office of Public Accountability (OPA) conducted a compliance audit of the Guam Housing and Urban Renewal Authority's (GHURA) credit card use from Fiscal Years (FY) 2020 to FY 2022. This audit was included in OPA's Annual Audit Work Plan for the calendar year 2023 due to the inherent risk of abuse from using credit and debit cards as a convenient payment method. This report is the third series on the compliance audit on the Government of Guam (GovGuam) credit and debit card use. The first audit focused on the Guam Power Authority and Guam Waterworks Authority, and the second audit focused on the Guam Visitors Bureau.

The objectives of this audit were to determine GHURA's compliance with:

1. Its Credit Card Policies and Procedures;
2. The Guam and Federal Procurement Law and Regulations and its Procurement Policy; and
3. The Government Travel Law.

The audit scope covered GHURA's credit card transactions and relevant procurement files from FY 2020 to FY 2022 (October 1, 2019 to September 30, 2022). See Appendix 1 for the objectives, scope, and methodology.

This is the second audit conducted on GHURA's credit card expenditures. Our current audit findings were reiterative of our previous audit findings over 17 years ago. See Appendix 2 for the prior audit coverage.

Background

In December 1962, Public Law 6-135 (codified in Title 12 of the Guam Code Annotated (GCA) Chapter 5) created GHURA, a component unit of GovGuam, responsible for safe, decent, and sanitary low-income public housing, Section 8 housing choice vouchers, and elderly housing. GHURA assists low-income families through community development block grants and community housing programs. GHURA is a unique agency within GovGuam because it receives 100 percent of its funding through the U.S. Department of Housing and Urban Development (HUD).

With the Legislature's advice and consent, the Governor appoints the Board of Commissioners (Board or BOC). A seven-member Board provides overall policy direction to GHURA. The Board appoints the Executive Director to oversee GHURA's day-to-day operations.

The Board approved Resolution No. FY01-038 established GHURA's credit card policy and procedures to allow the use of a credit card for travel and procurement purchases. In January 2002, the Board unanimously approved policy and procedures for using credit cards established through



Figure 1: GHURA's main office is housed in Sinajana, Guam. This picture was retrieved from The Pacific News Center.

Resolution No. FY02-13. In December 2004, the Board amended its credit card policy through Resolution No. 05-004.

In April 2015, the Board approved Resolution No. FY2015-014(a) to adopt and approve an amendment to GHURA's credit card policies and procedures to change the authorized credit cardholders to the Executive Director and Controller and enhance its efficiency and effectiveness. See Appendix 3 for GHURA's Credit Card Policies and Procedures (Credit Card Policy).

GHURA's credit card policy is intended to facilitate and standardize the use of credit cards as a safe, effective, convenient, and commercially available method to pay for expenses such as securing airline tickets, off-island registration fees, lodging, and car rental accommodations as approved by the BOC. The credit card policy is also intended to procure items for GHURA within expected timeframes that would warrant savings to GHURA.

The credit card policy authorized the use of the credit card for:

- Ordinary, necessary, and reasonable expenses to properly maintain and operate GHURA.
- Authorized training and travel expenses and supplies, services, and equipment purchases.
- On-island and off-island purchases that will benefit GHURA in taking advantage of special prices.
- Emergency procurement after natural disasters.

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

- Cash advances,
- Advisory and assistance services,
- Rental or lease of space, and
- Contractual services.

Additionally, the credit card policy provides that under no circumstances shall a GHURA-issued credit card be used for personal purchases, alcoholic beverages, recreational activities, and business meals and entertainment.

The credit card policy's authorized credit cardholders and specific uses of the credit card are as follows:

1. One credit card will be issued to the Executive Director for the Personnel Services Administrator to assist the BOC, employees, and consultants (i.e., legal counsel) with authorized off-island travel requests.
2. One credit card will be issued to the Controller for the Buyer II Supervisor to be used for on-island or off-island purchases, which will benefit GHURA in taking advantage of items procured at special prices and for emergency procurement after natural disasters.

From FY 2020 to FY 2022, GHURA had a credit card account with the Bank of Guam. GHURA had two authorized credit cardholders with credit limits, as listed in Table 1A below.

Table 1A: GHURA’s Credit Cardholders

Cardholder	Credit Limit	Financial Institution
GHURA	\$30K	Bank of Guam
Executive Director	\$10K	Bank of Guam
Former Controller	\$10K	Bank of Guam

During FY 2020 through FY 2022, GHURA had 317 purchases and adjustments totaling \$117K, summarized by FY, number of transactions, and dollar amounts in Table 1B below. Details of GHURA’s FY 2020 – 2022 Credit Card Purchases are shown in Appendix 4.

Table 1B: Total Credit Card Purchases

FY	Number of Transactions	Total Amount
2020	66	\$29,083
2021	105	\$35,466
2022	146	\$52,343
Total	317	\$116,892

The responsibility for monitoring and implementing the credit card policies and procedures and the use of authorized GHURA-issued credit cards was delegated to the Controller. Using the credit card does not relieve the cardholder from adhering to GHURA’s Procurement Policy and Procedures. Therefore, purchase orders are required before using the credit card, except for an emergency.

GHURA’s credit card procedures generally involve five key personnel and depend on the type of purchase. The Executive Director approves requests to use the credit card and make purchases. The Personnel Services Administrator processes off-island travel requests. The Buyer II Supervisor in Procurement processes purchase requests for goods and services. Accountant III creates a voucher to pay the purchase order and the bank for the credit card charge. Controller forwards the authorized credit cardholders the billing statements for review and signature before payment and checks credit card transactions against supporting documents before approval for payment.

Results of Audit

Our audit of the Guam Housing and Urban Renewal Authority's (GHURA) credit card program questioned \$34 thousand (K) in charges that were not in compliance with GHURA's Credit Card Policy, Guam and Federal Procurement Laws and Regulations, and GHURA's Procurement Policy. The \$34K accounted for 29% of the \$117K total credit card expenditures made from October 2019 to September 2022. Our audit did not identify any indications of fraud, however, there were 11 audit findings, most of which were repeat findings from our first audit on GHURA's credit card program issued in October 2006. Specifically, we found that GHURA made:

Purchases contrary to GHURA's credit card policy resulting in:

- \$4K in unauthorized and prohibited charges on a 25% deposit for GHURA's 60th Anniversary Brunch venue and meals;
- \$5K in charges for contract services explicitly prohibited by its credit card policy;
- Untimely approval of purchase orders one to 512 days after the credit card was charged totaling \$24K;
- Lack of monitoring and oversight over credit card charges, causing unnecessary finance and interest charges incurred and paid totaling \$1K; and
- Incomplete and missing supporting documentation for charges totaling \$27K.

Purchases contrary to Guam and Federal Procurement Laws and Regulations and GHURA's procurement policy resulting in:

- Small purchase requirements being incomplete or not met for charges totaling \$26K;
- No evidence that all competitive sources were given equal opportunity for charges under blanket purchase agreements (BPAs) totaling \$16K;
- Lack of written justification to support sole source procurement totaling \$2K;
- Purchases made before certifying officer's approval of funding availability for charges totaling \$22K;
- Purchase orders not containing the mandatory contract clauses for all 26 samples tested; and
- Credit card policy's exception to use of purchase order in emergencies being contrary to Guam Procurement Law and Regulations for charges totaling \$4K.

Purchases Contrary to GHURA's Credit Card Policies and Procedures

GHURA's Credit Card Policies and Procedures were amended and implemented in April 2015. The credit card policy listed authorized and unauthorized credit card uses. The use of the credit card does not relieve the cardholder from adhering to GHURA's Procurement Policy. Although GHURA's credit card policy sets controls to ensure proper accountability and prevent misusing the credit card for unauthorized or prohibited charges, GHURA could strengthen its internal controls and improve its credit card policies and procedures.

Based on our audit, we found that GHURA made purchases contrary to its credit card policy. Specifically, we found:

- Credit card was used for an unauthorized and prohibited charge;
- Cardholders did not always use the credit card as specified in the policy;

- Untimely approval and inconsistent use of purchase orders;
- Lack of monitoring and oversight over credit card charges; and
- Incomplete and missing supporting documentation.

As a result, GHURA was non-compliant with its credit card policy.

Credit Card Used for Unauthorized and Prohibited Charge

Section III of GHURA's Credit Card Policy states that the "GHURA credit cards shall be used for ordinary necessary and reasonable expenses to properly maintain and operate the Housing Authority, such as authorized training and travel expenses and the purchase of supplies, services, and equipment."

Section V of GHURA's Credit Card Policy explicitly states that "prohibited credit card charges include, but are not limited to, cash advances (including money order, traveler's checks, and gift cards), advisory and assistance services, rental or lease of space, and contract services. Under no circumstances shall a GHURA-issued credit card be used for personal purchases, alcoholic beverages, recreational activities, and/or business meals and entertainment."

Section IV of GHURA's Credit Card Policy includes two authorized credit cardholders, the Executive Director and Controller, and the specific uses of the credit card. The Personnel Services Administrator will use the credit card issued to the Executive Director to assist GHURA's Board, employees, and consultants with authorized off-island travel requests.

During our testing, we found that for Sample 26, the Executive Director's credit card was used to pay a 25% deposit of \$4K that was due upon contract signage for GHURA's 60th Anniversary Brunch venue and meals at a local hotel. After the credit card was charged in September 2022, the purchase order was approved and amended on the same day in December 2022 to increase the cost by \$3K from \$15K to \$18K. This charge contradicts GHURA's credit card policy, which explicitly states that the credit card issued to the Executive Director will be used for authorized off-island travel requests. The credit card policy does not mention other authorized uses for the credit card issued to the Executive Director. In addition, the credit card policy provides that under no circumstances shall GHURA-issued credit card be used for business meals and entertainment.

The above condition was caused by GHURA not effectively implementing monitoring controls over its compliance with its credit card policy. The Executive Director authorized the transaction by signing the contract on 9/29/2022, the same day her credit card was charged for the 25% deposit.

As a result, GHURA was non-compliant with its credit card policy. The total questioned cost related to this finding is \$4K.

To address the deficiencies, we recommend that GHURA management enforce its credit card policy to avoid situations that deviate from its policy and procedures.

Cardholder Did Not Use Credit Cards as Specified in the Policies and Procedures

Section I of GHURA's Credit Card Policy states that the purpose of GHURA's Credit Card Policies and Procedures is intended to:

1. "Facilitate and standardize the use of credit cards by authorized GHURA travelers as a safe effective, convenient, and commercially available method to pay for expenses incident to securing airline tickets, off-island registration fees, lodging, and car rental accommodations as approved by the BOC."
2. "Procure items for the Authority within expected timeframes that would warrant savings to GHURA."

Section IV of GHURA's Credit Card Policy includes two authorized credit cardholders and states explicitly the specific uses of the credit card as follows:

1. "One credit card will be issued to the Executive Director for the Personnel Services Administrator to assist the Authority's BOC, employees, and consultants (i.e., legal counsel) with authorized off-island travel requests."
2. "One credit card will be issued to the Controller for the Buyer II Supervisor to be used for on-island and off-island purchases, which will benefit the Authority in taking advantage of items procured at special prices and for emergency procurement after natural disasters."

During our review, we found that:

1. For 24 of the 26 samples tested, GHURA did not establish that the credit card charges were made to take advantage of procuring items at special prices or within expected timeframes that would warrant savings to GHURA. Therefore, it could not be determined whether or not cost savings might have been realized by using the credit card as a payment method for the procured items. This reiterates a prior audit finding in OPA Report No. 06-12.
2. For Samples 5, 12, and 14, the credit card was used to pay for wireless mobile services for Section 8 inspectors totaling \$5K. While these charges may be considered ordinary, necessary, and reasonable expenses for GHURA's operations, contract services are explicitly prohibited charges under the credit card policy.
3. We noted no travel-related charges during our review of the credit card transactions from FYs 2020 to 2022. From October 2019 through July 2022, the Controller was the only authorized credit cardholder. Starting in July 2022, the Executive Director became an authorized credit cardholder and was the only authorized credit cardholder as of FY 2022. In August 2022 and September 2022, the Executive Director used the credit card for purchases unrelated to off-island travel requests. Although the credit card policy lists the authorized card uses, the policy provides specific credit card uses for each authorized credit cardholder.

The above conditions were caused because GHURA did not:

1. Maintain sufficient evidence or justification that using the credit card as a payment method resulted in cost savings that would benefit GHURA, nor did GHURA establish that the credit card purchases were made to take advantage of items procured at special prices.
2. Effectively implement monitoring controls over its compliance with its credit card policy. GHURA's Credit Card Policies and Procedures have not been reviewed and updated since 2015 to account for other circumstances requiring a credit card.

As a result, GHURA was non-compliant with its credit card policy. The total questioned cost related to this finding is \$5K.

To address the deficiencies, we recommend that GHURA's management:

1. Review and update the credit card policy and procedures to address circumstances in which a credit card may be appropriate (e.g., online payments) and when the assignment of cardholders needs to change.
2. Regularly train all cardholders, approving officials, and employees responsible for overseeing credit card use to ensure they understand their roles and responsibilities to implement the credit card program effectively.

Untimely Approval and Inconsistent Use of Purchase Orders

Section III of GHURA's Credit Card Policy states explicitly that “the use of the credit card does not relieve the cardholder from adhering to the Procurement Policy and Procedures. Therefore, the use of purchase orders is a requirement prior to using the credit card, with the exception of an emergency.”

Section IV of GHURA’s Credit Card Policy states that “the intent is not to circumvent the purchase order process, but to supplement it.”

Guam Procurement Regulations state that the intent of using a Blanket Purchase Agreement (BPA) is to simplify the filling of anticipated repetitive needs for supplies and services and to avoid the use of numerous purchase orders. BPA is to be used only if the services or supplies cannot be properly identified as to the quantity and type of services or supplies required.¹

Guam Procurement Regulations also state circumstances under which BPAs may be approved, including any other case in which the writing of numerous purchase orders can be avoided through this procedure.²

During our testing, GHURA used the credit card for 13 transactions before the contracting officer approved the purchase order, as shown in Table 2 below. The purchase orders were approved 1 to 512 days after the date the credit card was charged. Using purchase orders is a control mechanism to prevent unauthorized or fraudulent purchases. Failure to properly use purchase orders may result in a higher probability of getting charged for unapproved orders or issuing payments for duplicate or fraudulent invoices. This reiterates a prior audit finding in OPA Report No. 06-12.

¹ Title 2 of the Guam Administrative Rules and Regulations (GAR), Div. 4 §§3112.11(a) and 3112.12(a)(2)

² 2 GAR, Div. 4, §3112.12, Establishment of Blanket Purchase Agreements

Table 2: Purchase Order Not Approved Before Credit Card Use

	Sample No.	Transaction Date	Amount	Description	PO approval date	Days between credit card transaction date and PO approval date
1	4	12/5/2019	\$ 346	Temporary Housing for GHURA Tenant due to emergency	4/30/2021	512
2	11	8/16/2021	\$ 201	Diesel fuel for generator	2/11/2022	179
3	26	9/29/2022	\$ 3,781	GHURA 60th anniversary venue and meal - 25% deposit	12/16/2022	78
4	20	2/22/2022	\$ 3,261	Inspector's field guide and Physical inspector's pocket guide	5/9/2022	76
5	5	9/9/2020	\$ 3,866	Wireless mobile services for Section 8 Inspectors	11/20/2020	72
6	1	10/8/2019	\$ 999	Temporary Housing for GHURA Tenant due to emergency	12/10/2019	63
7	6	10/22/2020	\$ 4,158	COVID-19 testing for employees	12/9/2020	48
8	2	11/5/2019	\$ 2,800	Temporary Housing for GHURA Tenant due to emergency	12/17/2019	42
9	3	11/20/2019	\$ 333	Temporary Housing for GHURA Tenant due to emergency	12/27/2019	37
10	24	8/9/2022	\$ 2,099	Postage stamps	9/13/2022	35
11	23	6/8/2022	\$ 297	Online training for funding implementation and opportunities	6/10/2022	2
12	13	9/29/2021	\$ 219	Society for Human Resource Management membership renewal	9/30/2021	1
13	19	2/21/2022	\$ 1,709	Online training for implementing VAWA on site	2/22/2022	1
	Total		\$ 24,069			

For 12 samples tested, shown in Table 3 below, we found that GHURA used Blanket Purchase Orders (BPO). BPAs are established using a purchase order (PO) under Guam Procurement Regulations. For BPAs, GHURA establishes a BPO and then generates a PO for a specific purchase related to the BPO once the item is received to pay for the items purchased. GHURA does not require that any POs generated under the BPOs be signed by the preparer, certifying officer, and contracting officer.

Table 3: Inconsistent Use of PO for BPAs

	Sample No.	Transaction Date	Amount	Description
1	5	9/9/2020	\$ 3,866	Wireless mobile services for Section 8 Inspectors
2	6	10/22/2020	\$ 4,158	COVID-19 testing for employees
3	8	6/24/2021	\$ 974	Random drug testing for employees
4	10	8/3/2021	\$ 2,098	Postage stamps
5	12	9/14/2021	\$ 903	Wireless mobile services for Section 8 Inspectors
6	14	12/10/2021	\$ 458	Wireless mobile services for Section 8 Inspectors
7	15	12/27/2021	\$ 461	Emergency transfer of utilities from current unit to new unit
8	16	12/27/2021	\$ 289	Emergency transfer of utilities from current unit to new unit
9	21	3/30/2022	\$ 974	Random drug testing for employees
10	24	8/9/2022	\$ 2,099	Postage stamps
11	25	1/21/2020	\$ 1,738	Postage stamps
12	26	9/29/2022	\$ 3,781	GHURA 60th anniversary venue and meal - 25% deposit
	Total		\$ 21,799	

We found that POs generated under these BPOs for 10 of the 12 samples were issued and prepared after using the credit card. For the remaining two samples, Samples 15 and 16, GHURA only used BPOs and did not generate POs due to emergency health and safety transfer.

The above conditions were caused by GHURA:

1. Utilizing the credit card when there was sufficient time to process a purchase order before the credit card transaction.
2. Inconsistently using the purchase orders and not using the BPAs as intended by Guam Procurement Regulations. Using a BPA simplifies the repetitive needs for supplies and services and avoids using numerous purchase orders.

As a result, GHURA was non-compliant with its credit card policy and Guam Procurement Regulations. The intent of the credit card is not to circumvent the procurement process but to supplement it, and it is merely a convenient method of payment for purchases. The questioned costs under this finding for Samples 11 and 19, as shown in Table 2 above, totaled \$2K. The questioned costs for the remaining samples were only questioned once under other findings.

To address the deficiencies, we recommend that GHURA:

1. Review and adhere to the purchase order process before using the credit card.
2. Review the effectiveness and efficiency of its use of BPAs and the generation of numerous purchase orders.

Lack of Monitoring and Oversight over Credit Card Charges

Section II of GHURA's Credit Card Policy explicitly states that “to ensure proper accountability of the use of a credit card, the Controller shall forward the authorized credit cardholders the billing statements for review and signature prior to payment.”

We found that the billing statements for all 26 samples tested did not contain the authorized credit cardholder's signature. Therefore, there was no evidence that the cardholder reviewed the billing statements before payment of the monthly credit card charges. The billing statements only contained a stamp received date by GHURA's Fiscal Division, but this did not provide sufficient evidence that the cardholder reviewed the billing statement before payment. GHURA stated that its Fiscal Division reviews the credit card statements before payment. The lack of documentation limits GHURA's ability to oversee the credit card program effectively. Furthermore, this increases the risk of potentially illegal, improper, or erroneous transactions occurring without detection. This reiterates a prior audit finding in OPA Report No. 06-12.

During our testing, we found that 17 of the 26 samples were past-due, as shown in Table 4 below. As such, the credit card transactions were paid after the payment due date shown on the account statements.

Table 4: Days between Bank Payment Date and Credit Card Payment Due Date

Sample No.	Transaction Date	Amount	Description	Bank payment date	Days between credit card transaction date and bank payment date	Credit Card Payment Due Date	Days between bank payment date and credit card payment due date	
1	4	12/5/2019	\$ 346	Temporary Housing for GHURA Tenant due to emergency	7/26/2021	599	1/23/2020	550
2	11	8/16/2021	\$ 201	Diesel Fuel for generator	3/2/2022	198	9/23/2021	160
3	8	6/24/2021	\$ 974	Random drug testing for employees	9/30/2021	98	7/23/2021	69
4	3	11/20/2019	\$ 333	Temporary Housing for GHURA Tenant due to emergency	2/20/2020	92	12/23/2019	59
5	19	2/21/2022	\$ 1,709	Online training for implementing VAWA on site	5/19/2022	87	3/23/2022	57
6	20	2/22/2022	\$ 3,261	Inspector's field guide and Physical inspector's pocket guide	5/19/2022	86	3/23/2022	57
7	18	2/10/2022	\$ 1,170	Low-income housing tax credit handbooks	5/16/2022	95	3/23/2022	54
8	13	9/29/2021	\$ 219	Society for Human Resource Management membership renewal	1/14/2022	107	11/23/2021	52
9	5	9/9/2020	\$ 3,866	Wireless mobile services for Section 8 Inspectors	12/10/2020	92	10/23/2020	48
10	2	11/5/2019	\$ 2,800	Temporary Housing for GHURA Tenant due to emergency	1/31/2020	87	12/23/2019	39
11	1	10/8/2019	\$ 999	Temporary Housing for GHURA Tenant due to emergency	12/30/2019	83	11/23/2019	37
12	10	8/3/2021	\$ 2,098	Postage stamps	10/27/2021	85	9/23/2021	34
13	14	12/10/2021	\$ 458	Wireless mobile services for Section 8 Inspectors	2/24/2022	76	1/23/2022	32
14	6	10/22/2020	\$ 4,158	COVID-19 testing for employees	12/21/2020	60	11/23/2020	28
15	12	9/14/2021	\$ 903	Wireless mobile services for Section 8 Inspectors	11/19/2021	66	10/23/2021	27
16	9	7/18/2021	\$ 100	Housing Counselors Certification Examination	9/17/2021	61	8/23/2021	25
17	17	1/24/2022	\$ 220	American Association of Service Coordinators membership renewal	2/24/2022	31	2/23/2022	1
	Total	\$ 23,815						

For the two samples tested shown in Table 5 below, there was no evidence that the credit card transaction was paid since supporting documentation was not provided to verify the Fiscal Division’s approval of the invoice for payment and the bank payment documents.

Table 5: Fiscal Approval of Invoice and Bank Payment Documents Not Provided

	Sample No.	Transaction Date	Amount	Description
1	15	12/27/2021	\$ 461	Emergency transfer of utilities from current unit to new unit
2	16	12/27/2021	\$ 289	Emergency transfer of utilities from current unit to new unit
		Total	\$ 750	

During our review of the credit card account statements, we found that:

1. From October 2019 to September 2022, GHURA incurred and paid fees and interest charges totaling \$1K on its credit card. Since GHURA’s credit card control account statements (card ending 2308) were not provided for August 2021 to December 2021, it could not be determined if GHURA incurred or paid any fees and interest during this period. The individual cardholder account statements (card ending 6706) do not include any fees or interest charged during this period and only show purchases and other charges, credits, and payments. This reiterates a prior audit finding in OPA Report No. 06-12.
2. Credit card account statements were not provided for GHURA’s control account from August 2021 to May 2022 and September 2022. GHURA only provided the individual cardholder account statements. However, these statements do not include the pertinent information needed to determine the monthly outstanding credit card balance. Control account statements show the Summary of Account Activity and have the Previous Balance plus the month's activity to arrive at the new balance. This summary of account activity provides a cumulative total of the outstanding balances on the credit card. It would ensure that GHURA reconciles the charges if they were missed during the previous month. The control account billing statements are a monitoring control mechanism to ensure proper review and reconciliation of all credit card transactions against the individual cardholder account before payment.
3. GHURA incurred and paid annual fees totaling \$150 for two cardholder accounts in FY 2021. According to GHURA, these credit cardholders were removed as users in 2015. GHURA did not provide evidence that these charges were credited or adjusted.

The above conditions were caused by:

1. The lack of monitoring and review of credit card transactions by the Controller resulted in GHURA not paying credit card charges in a timely manner. GHURA stated that the cardholder reviews and signs the authorization form and purchase order to establish that the billing statement was reviewed. However, these events occur before the billing statements are received, and our review of these documents does not provide evidence that the cardholder reviewed the billing statement.

2. In response to the missing GHURA control account and individual cardholder statements, GHURA stated that the Bank of Guam does not send the statements if there is no balance due for the Control Account. Since the account statement charges are identical, if GHURA paid the individual cardholder account statement (card ending 6706), they could not find GHURA's control account statement (card ending 2308), and vice versa.
3. GHURA did not ensure that the cardholder's credit cards were terminated.

As a result, GHURA was non-compliant with its credit card policy. In addition, GHURA incurred and paid finance and interest charges due to the ineffective monitoring of the reconciliation and review of billing statements. Other financial impacts related to this finding totaled \$1K.

To address the deficiencies, we recommend that GHURA:

1. Enforce monitoring controls over its credit card policy, ensure credit card statements are properly reconciled and reviewed before payment, and contain evidence of the cardholder's review and reconciliation of statements. The cardholder should review and identify charges that might not be appropriate and should not be delegated to another person.
2. Ensure that all credit card statements are submitted to the Controller for review, monitoring, and proper accountability of using the credit card, regardless of a zero balance or no activity for the month.
3. Review and update its credit card policies and procedures to include controls over the closure of credit card accounts, including documentation, monitoring, and enforcement. The documentation should consist of the following: name of the individual who received the employee's credit card, date the card was turned in, date the card was physically destroyed, and date the account closure was confirmed by the bank. The policy and procedure should include monitoring by the appropriate personnel and appropriate disciplinary actions for non-compliance.

Missing and Incomplete Supporting Documentation

Section II of GHURA's Credit Card Policy states that "all original receipts and supporting documents must accompany billing statements prior to payment."

During our review, we found that not all original receipts and supporting documents accompanied the billing statements prior to payment. For the 20 samples tested totaling \$27K, there were incomplete or missing supporting documentation for the credit card transactions shown in Table 6 below. This reiterates a prior audit finding in OPA Report No. 06-12.

Table 6: Missing and Incomplete Supporting Documentation

				Missing or Incomplete Supporting Documentation				
Sample No.	Description	Transaction Date	Amount	Purchase Requisition	Quotations	Vendor Invoice	Fiscal Approval of Invoice	Receiving Ticket
1	1	Temporary Housing for GHURA Tenant due to emergency	10/8/2019	\$ 999		None	None	
2	2	Temporary Housing for GHURA Tenant due to emergency	11/5/2019	\$ 2,800		None	None	
3	3	Temporary Housing for GHURA Tenant due to emergency	11/20/2019	\$ 333	None	None		
4	4	Temporary Housing for GHURA Tenant due to emergency	12/5/2019	\$ 346	None	None	None	
5	6	COVID-19 testing for employees	10/22/2020	\$ 4,158		None		
6	7	Maintenance Equipment	4/19/2021	\$ 598	None	None		
7	8	Random drug testing for employees	6/24/2021	\$ 974		None	None	
8	9	Housing Counselors Certification Examination	7/18/2021	\$ 100	None			
9	10	Postage stamps	8/3/2021	\$ 2,098		None	None	
10	13	Society for Human Resource Management membership renewal	9/29/2021	\$ 219	None			
11	15	Emergency transfer of utilities from current unit to new unit	12/27/2021	\$ 461	None		None	None
12	16	Emergency transfer of utilities from current unit to new unit	12/27/2021	\$ 289	None		None	None
13	18	Low-income housing tax credit handbooks	2/10/2022	\$ 1,170		None		
14	20	Inspector's field guide and Physical inspector's pocket guide	2/22/2022	\$ 3,261		None		
15	21	Random drug testing for employees	3/30/2022	\$ 974		None	None	
16	22	Annual maintenance and support services for American Association of Service Coordinators	5/26/2022	\$ 595		None		
17	23	Online training for funding implementation and opportunities	6/8/2022	\$ 297	None	None		
18	24	Postage stamps	8/9/2022	\$ 2,099	None	None		
19	25	Postage stamps	1/21/2020	\$ 1,738	None	None	None	
20	26	GHURA 60th anniversary venue and meal - 25% deposit	9/29/2022	\$ 3,781	None	None		
		Total		\$ 27,290				

The above conditions were caused by the Fiscal Division's lack of monitoring over credit card purchases since all original receipts and supporting documentation (i.e., vendor invoices, fiscal approval of invoice, receiving ticket) were not attached to the billing statements before payment. In addition, the Procurement Division did not maintain complete procurement records such as purchase requisition, vendor price quotations, and abstract/price analysis. GHURA's credit card policy does not specify the supporting documentation to be attached to the billing statement.

As a result, GHURA was non-compliant with its credit card policy. The lack of documentation limits GHURA's ability to oversee the credit card program effectively. Furthermore, this increases the risk of potentially illegal, improper, or erroneous transactions occurring without detection. The total questioned costs related to this finding is \$23K. The questioned cost for sample 26 was only questioned once in the first finding under this objective.

To address the deficiencies, we recommend that GHURA:

1. Enforce its credit card policy, ensure all credit card transactions are properly and adequately supported before payment, and maintain all original receipts and supporting documentation.
2. Review and update its credit card policies and procedures to specify the supporting documentation required to accompany the billing statement before payment.
3. Implement an effective records management system and consider whether an electronic form of recordkeeping will enhance efficiency, productivity, and accessibility.

Our audit findings for this objective determined that GHURA was non-compliant with its Credit Card Policies and Procedures. Most of the results for this section were due to GHURA's lack of enforcement and ineffective monitoring and oversight of its credit card program. GHURA has not updated its credit card policy from May 2015 through October 2023, resulting in outdated guidance. GHURA may risk using appropriated funds for unauthorized and prohibited purchases without clear and appropriate guidance. GHURA should enforce and periodically review its credit card policy and procedures to optimize effectiveness and efficiency. GHURA should also regularly provide training for all cardholders, approving officials, and employees responsible for overseeing credit card use to ensure they understand their roles and responsibilities to effectively and efficiently implement the credit card program.

Purchases Contrary to the Guam and Federal Procurement Law and Regulations and GHURA's Procurement Policy

GHURA's Credit Card Policy states that the use of the credit card does not relieve the cardholder from adhering to GHURA's Procurement Policy and Procedures. The intent of GHURA's credit card policy is not to circumvent the purchase order process but to supplement it.

GHURA's Procurement Policy was updated and adopted by the Board in August 2020. GHURA's procurement shall conform to applicable federal and local laws.³ If there is an inconsistency between Federal and Guam laws and regulations and the Procurement Policy, Federal and Guam laws and regulations shall control. The Guam and Federal procurement laws and regulations stipulate the method by which GHURA procures goods or services and includes all phases of contract administration.

HUD Procurement Handbook 7460.8 REV-2 provides that the Federal standards may be more stringent than State or local law and regulation in some cases. The public housing agency must generally comply with the applicable Federal law. However, if State or local law is stricter than Federal standards, then State or local law will apply.⁴

³ Applicable Federal law and standards in 1 CFR Part 200.317-326, HUD's Annual Contribution Contract, and HUD Handbook 7460.8 REV-2 and applicable Guam laws in 5 GCA Chapter 5 and 2 GAR Division 4.

⁴ HUD Handbook 7460.8 REV-2, Sections 1.3 Source Requirements and 1.5 State and Local Law

Based on our audit, we found that GHURA made credit card purchases contrary to its Procurement Policy and Guam and Federal Procurement Laws and Regulations for small purchases and was inefficient with its procurement process for credit card purchases. Specifically, we found that:

- GHURA used the credit card for which the small purchase requirements were incomplete or not met;
- There was no evidence that all competitive sources were given for BPAs⁵;
- There is a lack of written justification to support sole source procurement;
- No mandatory contract clauses on POs; and
- Credit card policy's exception to using POs in emergencies is contrary to policy, law, and regulations.

The findings for this section were due to GHURA's lack of familiarity with the procurement laws and regulations and the enforcement of its procurement policy. The use of the credit card is merely a payment method and is not meant to circumvent the procurement process but to supplement it.

As a result, GHURA was non-compliant with its Procurement Policy and Guam and Federal Procurement Laws and Regulations.

Small Purchase Requirements Incomplete or Not Met

The Guam Procurement Law applies to every expenditure of public funds irrespective of their source. Any procurement not exceeding \$25K for supplies or services may be made in accordance with small purchase procedures promulgated by the Policy Office.⁶

The Guam Procurement Regulations state that insofar as it is practical, for small purchases between \$500 and \$15K, no less than three positive written quotations from businesses shall be solicited, recorded, and placed in the procurement file. Awards shall be made to the lowest responsible and responsive bidder.⁷

Section IV of GHURA's Procurement Policy states that for any amounts above the Micro Purchase threshold of \$500 but not exceeding \$25K, GHURA may use small purchase procedures.

For small purchases between \$500 and \$25K, GHURA's procurement policy requires that:

- "No less than three offerors shall be solicited to submit price quotations, which may be obtained by fax, in writing, or through e-procurement. Award shall be made to the qualified vendor that provides the best value to GHURA." (Section IV of the Procurement Policy)
- "A comparison shall generally be sufficient determination of the reasonableness of the price and no further analysis is required. If a reasonable number of quotes is not obtained to establish reasonableness through price competition, the contract administrator shall document price reasonableness through other means, such as prior purchases of this nature, catalog prices, the contract administrator's personal knowledge at the time of purchase, comparison to the independent cost estimate, or any other reasonable basis." (Section VII of the Procurement Policy)

⁵ As required by the GAR, BPAs shall be established by a purchase order, which GHURA issues a BPO.

⁶ 5 GCA §§ 5004 and 5213

⁷ 2 GAR, Div. 4, § 3111(c)(1). The GAR has not been updated to reflect the change in the Guam Procurement Law.

Section IV of GHURA's Procurement Policy provides the criteria for noncompetitive proposals, and written justification is required to support the selection of this method.

For nine samples totaling \$12K that were small purchases, as shown in Table 7 below, we found that GHURA did not provide written quotations by fax, in writing, or through e-procurement. Furthermore, GHURA did not provide evidence that sole source procurement by noncompetitive proposals was made for six samples. Therefore, it could not be established whether or not GHURA made a good faith review of available sources and that the item is available only from a single source due to a lack of documentation. If the supply or service is available from only one business, then the sole source procurement method in 2 GAR, Div. 4, §3112 shall be used even if the procurement is a small purchase as specified in 2 GAR, Div. 4, §3111(b). GHURA did not provide written justification as required by its Procurement Policy under noncompetitive proposals.

Table 7: No Written Quotations for Small Purchases

	Sample No.	Transaction Date	Amount	Description
1	1	10/8/2019	\$ 999	Temporary Housing for GHURA Tenant due to emergency
2	2	11/5/2019	\$ 2,800	Temporary Housing for GHURA Tenant due to emergency
3	7	4/19/2021	\$ 598	Maintenance Equipment
4	9	7/18/2021	\$ 100	Housing Counselors Certification Examination
5	18	2/10/2022	\$ 1,170	Low-income housing tax credit handbooks
6	19	2/21/2022	\$ 1,709	Online training for implementing VAWA on site
7	20	2/22/2022	\$ 3,261	Inspector's field guide and Physical inspector's pocket guide
8	22	5/26/2022	\$ 595	Annual maintenance and support services for American Association of Service Coordinators
9	23	6/8/2022	\$ 297	Online training for funding implementation and opportunities
	Total		\$ 11,529	

For 15 samples tested totaling \$26K that were small purchases, as shown in Table 8 below, GHURA did not provide the Cost Comparison (referred to as “Small Procurement Abstract/Price Analysis”) to determine price reasonableness.

Table 8: Cost Comparison Not Performed

	Sample No.	Transaction Date	Amount	Description
1	5	9/9/2020	\$ 3,866	Wireless mobile services for Section 8 Inspectors
2	6	10/22/2020	\$ 4,158	COVID-19 testing for employees
3	8	6/24/2021	\$ 974	Random drug testing for employees
4	9	7/18/2021	\$ 100	Housing Counselors Certification Examination
5	10	8/3/2021	\$ 2,098	Postage stamps
6	12	9/14/2021	\$ 903	Wireless mobile services for Section 8 Inspectors
7	14	12/10/2021	\$ 458	Wireless mobile services for Section 8 Inspectors
8	18	2/10/2022	\$ 1,170	Low-income housing tax credit handbooks
9	20	2/22/2022	\$ 3,261	Inspector's field guide and Physical inspector's pocket guide
10	21	3/30/2022	\$ 974	Random drug testing for employees
11	22	5/26/2022	\$ 595	Annual maintenance and support services for American Association of Service Coordinators
12	23	6/8/2022	\$ 297	Online training for funding implementation and opportunities
13	24	8/9/2022	\$ 2,099	Postage stamps
14	25	1/21/2020	\$ 1,738	Postage stamps
15	26	9/29/2022	\$ 3,781	GHURA 60th anniversary venue and meal - 25% deposit
	Total		\$ 26,472	

For Samples 1 and 2, shown in Table 9 below, GHURA prepared the Small Procurement Abstract/Price Analysis to determine price reasonableness. However, the analysis was not performed timely and reviewed and approved 59 and 44 days, respectively, after the credit card transaction date.

Table 9: Untimely Cost Comparison

	Sample No.	Transaction Date	Amount	Description	Date Price Analysis Prepared	Date Price Analysis Approved	Number of Days between Date Approved and Transaction Date
1	1	10/8/2019	\$ 999	Temporary Housing for GHURA Tenant due to emergency	10/3/2019	12/6/2019	59
2	2	11/5/2019	\$ 2,800	Temporary Housing for GHURA Tenant due to emergency	12/10/2019	12/19/2019	44
	Total		\$ 3,799				

The above conditions were caused by:

1. Lack of training for GHURA personnel tasked with purchasing and reviewing purchases on the Guam Procurement Law and Regulations.
2. Lack of integration between GHURA's credit card policy and procurement policy, procurement law, and regulations.
3. GHURA not preparing an abstract or price analysis to determine price reasonableness.

As a result, GHURA was non-compliant with the Guam Procurement Law and Regulations and its Procurement Policy. There is no assurance that the lowest responsible and responsive vendor was awarded the purchase since the price analysis was not prepared as required by GHURA's procurement policy.

To address the deficiencies, we recommend:

1. GHURA enforces its Procurement Policy and ensures that an abstract or price analysis is prepared for all small purchases. GHURA should ensure that it maintains documentation sufficient to prove the reasonableness of the price for all small purchases if a reasonable number of quotations cannot be obtained. GHURA's Procurement Division should complete all documents before executing the purchase order and using the credit card. The use of the credit card is merely a payment method and not meant to circumvent the procurement process. The government should not be obligated to pay for goods and services without going through the procurement process.
2. For GHURA management to provide an opportunity for GHURA personnel tasked with procuring goods or services to attend the mandated Guam Community College Procurement Program.

No Evidence All Competitive Sources Given Equal Opportunity for BPAs

The Guam Procurement Regulations state that a BPA is a simplified method of filling anticipated repetitive needs for supplies or services by establishing "charge accounts" with qualified sources of supply and is to be used only if the services or supplies cannot be properly identified as to the quantity and the type of services or supplies required. All competitive sources should be given an equal opportunity to furnish supplies or services under BPAs. The existence of a BPA does not justify purchasing from only one source.⁸

Section I of GHURA's Procurement Policy states that "GHURA shall provide for a procurement system of quality and integrity, provide for the fair and equitable treatment of all persons or entities involved in purchasing by GHURA, ensure that supplies and services (including construction) are procured efficiently, effectively and at the most favorable prices available to GHURA, promote competition in contracting, and assure that GHURA purchasing actions are in full compliance with applicable Federal standards, HUD regulations, and Guam Laws."

For noncompetitive proposals, GHURA's Procurement Policy provides the criteria, and written justification is required to support the selection of this method.

⁸ 2 GAR, Div. 4, §§ 3112.11(a), 3112.12(e), and 3112.13(c)

For BPAs, Guam Procurement Regulations provide that the agreement or order must contain terms and conditions such as purchase limitation (a statement that specifies the dollar limitation for each individual purchase under the BPA)⁹. Individual purchases under BPAs shall not exceed \$15K for supplies or services.¹⁰

During our testing, we found that for seven samples totaling \$16K, as shown in Table 10 below, GHURA used BPAs for its credit card purchases, and issued BPOs, as required under Guam Procurement regulations.

1. For Sample 6 totaling \$4K, GHURA only obtained telephonic quotations from the vendor selected and obtained written quotations by email from the two other vendors. Since the BPA is within the small purchase limit, GHURA is required to obtain at least three written quotations. It could not be determined if competition was inadequate or the best price was obtained due to the lack of written quotations from the selected vendor. Furthermore, GHURA did not provide evidence that it considered the use of designated COVID-19 test sites for GovGuam employees administered by the Guam Department of Public Health and Social Services. GovGuam designated test sites for COVID-19 may have been the most cost-effective and resulted in no cost to GHURA.
2. For six samples (Samples 8, 10, 21, 24, 25, and 26) totaling \$12K, GHURA did not provide evidence and written justification that equal opportunity was given to all competitive sources. BPAs were not allocated to at least three vendors, and if supplies or services were available from only one business, GHURA did not provide written justification for the vendor selected. The existence of a BPA does not justify purchasing from only one source.

Table 10: No Written Quotations or Evidence of Equal Opportunity

	Sample No.	Transaction Date	Amount	Description
1	6	10/22/2020	\$ 4,158	COVID-19 testing for employees
2	8	6/24/2021	\$ 974	Random drug testing for employees
3	10	8/3/2021	\$ 2,098	Postage stamps
4	21	3/30/2022	\$ 974	Random drug testing for employees
5	24	8/9/2022	\$ 2,099	Postage stamps
6	25	1/21/2020	\$ 1,738	Postage stamps
7	26	9/29/2022	\$ 3,781	GHURA 60th anniversary venue and meal - 25% deposit
	Total		\$ 15,823	

Whenever possible, the head of the purchasing agency must provide for equal distribution of the blanket purchase to at least three separate vendors.

⁹ 2 GAR, Div. 4, §3112.12 (h)(4)

¹⁰ 2 GAR, Div. 4, §3112.13(b)

For 12 samples tested, GHURA utilized BPAs (through the issuance of BPOs), as shown in Table 11 below. Guam Procurement Regulations require that BPAs contain specific terms and conditions. The approved BPAs only had the following terms and conditions:

1. Blanket PO Description,
2. Purchase order maximum amount,
3. Payment terms
4. Notes that *"Vendor shall not exceed purchase order amount at any time,"* and
5. *"Show this purchase order number on all correspondence, invoices, shipping papers, and package."*

Table 11: Required Terms and Conditions Not Contained in BPAs

Sample No.	Transaction Date	Amount	Description	Approved BPA amount	
1	10	8/3/2021	\$ 2,098	Postage stamps	\$ 25,000
2	15	12/27/2021	\$ 461	Emergency transfer of utilities from current unit to new unit	\$ 25,000
3	24	8/9/2022	\$ 2,099	Postage stamps	\$ 18,000
4	26	9/29/2022	\$ 3,781	GHURA 60th anniversary venue and meal - 25% deposit	\$ 17,589
5	25	1/21/2020	\$ 1,738	Postage stamps	\$ 15,000
6	6	10/22/2020	\$ 4,158	COVID-19 testing for employees	\$ 9,900
7	21	3/30/2022	\$ 974	Random drug testing for employees	\$ 5,135
8	16	12/27/2021	\$ 289	Emergency transfer of utilities from current unit to new unit	\$ 3,000
9	5	9/9/2020	\$ 3,866	Wireless mobile services for Section 8 Inspectors	\$ 2,468
10	12	9/14/2021	\$ 903	Wireless mobile services for Section 8 Inspectors	\$ 2,190
11	8	6/24/2021	\$ 974	Random drug testing for employees	\$ 1,500
12	14	12/10/2021	\$ 458	Wireless mobile services for Section 8 Inspectors	\$ 438
	Total	\$ 21,799			

For Samples 10, 15, 24, and 26, shown in Table 11 above, individual BPAs (issued through BPOs) exceeded the \$15K limitation allowed for purchases of supplies or services under the Guam Procurement Regulations.

1. For Samples 10 and 15, the maximum purchase order amount was \$25K each on the approved BPOs.
2. For Sample 24, the maximum purchase order amount was \$18K.
3. For Sample 26, the maximum purchase order amount was originally \$15K and was subsequently amended to increase the BPO amount to \$18K.

The above conditions were caused by:

1. Lack of training for GHURA personnel tasked with purchasing and review of purchases on the Guam Procurement Law and Regulations.
2. Lack of integration between GHURA's credit card and procurement policies, laws, and regulations.
3. GHURA not preparing an abstract or price analysis to determine price reasonableness.
4. GHURA not reviewing random BPA files to ensure compliance with Guam Procurement regulations. GHURA did not ensure that the BPAs included the required terms and conditions under Guam Procurement regulations.

As a result, GHURA was non-compliant with the Guam Procurement Law and Regulations, and its Procurement Policy.

To address the deficiencies, we recommend:

1. GHURA enforces its Procurement Policy and ensures that an abstract or price analysis is prepared for all small purchases. GHURA should ensure that it maintains documentation sufficient to prove the reasonableness of the price for all small purchases if a reasonable number of quotations cannot be obtained. GHURA's Procurement Division should complete all documents before executing the purchase order and using the credit card. The use of the credit card is merely a payment method and not meant to circumvent the procurement process. The government should not be obligated to pay for goods and services without going through the procurement process.
2. For GHURA management to provide an opportunity for GHURA personnel tasked with procuring goods or services to attend the mandated Guam Community College Procurement Program.
3. GHURA reviews a random number of BPA files at least annually to ensure that authorized procedures are being followed as required under 2 GAR, Div. 4, §3112.14.

Lack of Written Justification to Support Sole Source Procurement

Section IV of GHURA's Procurement Policy states that "procurement by noncompetitive proposals (sole source) may be used only when the award of a contract is not feasible using small purchase procedures, sealed bids, cooperative purchasing, or competitive proposals" and if one of the conditions apply including "the item is available only from a single source, based on a good faith review of available sources." It further states that "each procurement based on noncompetitive proposals shall be supported by written justification for the selection of this method."

Guam Procurement Regulations states that:

- If the supply, service, or construction is available from only one business, the sole source procurement method set forth in 2 GAR, Div. 4, §3112, Sole Source Procurement, of these regulations shall be used even if the procurement is a small purchase as specified in 2 GAR, Div. 4, §3111(b).¹¹
- A contract may be awarded for a supply, service, or construction item without competition when the provisions of this Section are met, provided that the Chief Procurement Officer,

¹¹ 2 GAR, Div. 4, §3111(b)(4), *Available from One Business Only*

the Director of Public Works, the head of a Purchasing Agency, or their designee above the level of Procurement Officer determines in writing that there is only one source for the required supply, service, or construction item.¹²

- Sole source procurement is not permissible unless a requirement is available from only a single supplier. A requirement for a particular proprietary item does not justify a sole source procurement if there is more than one potential bidder or offeror for that item.¹³
- The record shall contain each contractor's name, the amount and type of each contract; a listing of the supplies, services, or construction procured under each contract; and the identification number of each contract file.¹⁴

For Sample 19 totaling \$2K, GHURA used sole source procurement for its credit card purchase. GHURA did not provide written justification as required by Guam Procurement Law and Regulations and its Procurement Policy to support procurement selection by noncompetitive proposals.

The above conditions were caused by the lack of:

1. Training on the Guam Procurement Law and Regulations for GHURA personnel tasked with procuring goods or services.
2. Integration between GHURA's credit card and procurement policies, laws, and regulations.

As a result, GHURA was non-compliant with the Guam Procurement Law and Regulations and its Procurement Policy. There is no assurance that the lowest responsible and responsive vendor was awarded the purchase.

To address the deficiencies, we recommend:

1. GHURA enforces its Procurement Policy and ensures that an abstract or price analysis is prepared for all small purchases. GHURA should ensure that it maintains documentation sufficient to prove the reasonableness of the price for all small purchases if a reasonable number of quotations cannot be obtained. GHURA's Procurement Division should complete all documents before executing the purchase order and using the credit card. The use of the credit card is merely a payment method and not meant to circumvent the procurement process. The government should not be obligated to pay for goods and services without going through the procurement process.
2. For GHURA management to provide an opportunity for GHURA personnel tasked with procuring goods or services to attend the mandated Guam Community College Procurement Program.

Purchases Made Before Certifying Officer's Approval of Funds Availability

Section XXIII of GHURA's Procurement Policy states that "before initiating any contract, GHURA shall ensure that there are sufficient funds available to cover the anticipated cost of the contract or modification."

¹² 2 GAR, Div. 4, §3112, *Sole Source Procurement*

¹³ 2 GAR, Div. 4, §3112(b), *Conditions for Use of Sole Source Procurement*

¹⁴ 2 GAR, Div. 4, §3112(d), *Record of Sole Source Procurement*

For BPAs, the Guam Procurement Regulations require that the purchase order show accounting and appropriation data.¹⁵

For 11 of the 26 samples tested, as shown in Table 12 below, GHURA did not demonstrate that sufficient funds were available to cover the anticipated cost before initiating the credit card transaction. The certification of funding availability is made on the purchase order by the certifying officer to ensure sufficient funds are available, and the purchase order is subsequently reviewed and approved by the contracting officer. The purchase orders explicitly show the funding source for the procurement. GHURA issued the purchase order after the credit card was charged. As such, the certification of funding availability was made 1 to 511 days after the credit card was charged. The credit card should not be used or charged until after the purchase order is approved, with evidence of the certifying official's approval of the purchase order. This reiterates a prior audit finding in OPA Report No. 06-12.

Table 12: Days Between Credit Card Transaction Date and Certification of Funding Availability Date

	Sample No.	Transaction Date	Amount	Description	Date of Certification of Funding Availability	Days between credit card transaction date and Certification of Funding Availability
1	4	12/5/2019	\$ 346	Temporary Housing for GHURA Tenant due to emergency	4/29/2021	511
2	11	8/16/2021	\$ 201	Diesel fuel for generator	2/9/2022	177
3	26	9/29/2022	\$ 3,781	GHURA 60th anniversary venue and meal - 25% deposit	12/15/2022	77
4	20	2/22/2022	\$ 3,261	Inspector's field guide and Physical inspector's pocket guide	5/6/2022	73
5	5	9/9/2020	\$ 3,866	Wireless mobile services for Section 8 Inspectors	11/20/2020	72
6	1	10/8/2019	\$ 999	Temporary Housing for GHURA Tenant due to emergency	12/9/2019	62
7	6	10/22/2020	\$ 4,158	COVID-19 testing for employees	12/9/2020	48
8	2	11/5/2019	\$ 2,800	Temporary Housing for GHURA Tenant due to emergency	12/12/2019	37
9	3	11/20/2019	\$ 333	Temporary Housing for GHURA Tenant due to emergency	12/27/2019	37
10	13	9/29/2021	\$ 219	Society for Human Resource Management membership renewal	9/30/2021	1
11	19	2/21/2022	\$ 1,709	Online training for implementing VAWA on site	2/22/2022	1
	Total		\$ 21,673			

¹⁵ 2 GAR, Div. 4, §3112.12 (a)(2)(c)

GHURA used BPOs for 12 of the 26 credit card transactions, as shown back in Table 11. For BPAs, GHURA establishes a BPO as required by Guam Procurement Regulations. The BPOs are signed and approved by the certifying officer and contracting official. Unlike the purchase orders, the BPOs do not explicitly state the funding source or contain the required accounting and appropriation data.

For two BPAs (Samples 5 and 14), the total PO amount of the generated purchase orders exceeded the maximum purchase amount approved on the BPO. GHURA did not provide a BPO amendment to establish that the PO increase was approved by the contracting official and the Controller's certification of funding availability was made for the additional cost. GHURA stated that the system will not generate a PO if the amount exceeds the BPO or the amounts have been exhausted. For BPAs, GHURA stated that the funding source is not shown on the physical copy of the blanket purchase orders but can be seen in the system. GHURA stated that BPO limitations are in place in its WinTen system, preventing PO generation when the BPO amount has been exhausted. GHURA stated that the system will not generate a PO if the amount exceeds the BPO or the amounts have been exhausted.

The above conditions were caused by:

1. GHURA not ensuring that funds are available and a purchase order has been approved before using the credit card.
2. GHURA's system generating a PO that exceeded the approved BPO amount despite the BPO limitations set in the system. As such, GHURA's information technology controls are not operating as intended.

As a result, GHURA is not in compliance with its Procurement Policy. Since certification of funding availability is limited to the amount shown on the approved BPO, purchases may be made for unauthorized charges if the total purchase orders generated exceed the maximum purchase order amount on the approved BPO.

We recommend that GHURA:

1. Enforce its Procurement Policy.
2. Consider implementing controls to ensure that transactions and funds are committed only to the extent that funds are available and certified under an approved PO or BPO before making a purchase.

Purchase Orders did not contain Mandatory Contract Clauses

Section XIII of GHURA's Procurement Policy states that "any forms/clauses as required by HUD for small purchases, shall be used in all corresponding solicitations and contracts issued by this Authority."

GHURA's Board Resolution No. FY2020-21 amending GHURA's Procurement Policy further states that "GHURA's procurement shall conform to applicable Federal law and standards identified in 2 CFR Part 200.317 - 200.326, HUD's Annual Contribution Contract, and HUD Handbook 7460.8 REV-2. Contract clauses required by HUD for small purchases or 2 CFR Part 200 should be on the PO." At a minimum, it should include provisions for debarment and

suspension, domestic preferences, and prohibition on certain telecommunications and video surveillance services or equipment.¹⁶

Title 5 of GCA §5030(d) defines a contract as all types of territorial 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, a comment under 5 GCA §5121 states that purchase orders are contracts.

The approved purchase orders for all 26 samples tested did not contain the contract clauses required by HUD and GHURA's Procurement Policy.

The above conditions were caused by GHURA's position that none of the samples tested were contracts.

As a result, GHURA is not compliant with its Procurement Policy, and Guam and Federal Procurement Laws and Regulations.

We recommend that GHURA ensure that contract clauses required under local and federal laws and regulations are incorporated in all purchase orders and contracts. The HUD Handbook 7460.8 REV-2 provides acceptable methods of incorporation into contracts.

Credit Card Policy's Exception to Use of Purchase Order in Emergencies Contrary to Guam Procurement Law and Regulations

Section III of GHURA's Credit Card Policy states that "the use of the credit card does not relieve the cardholder from adhering to the Procurement Policy and Procedures. Therefore, the use of purchase orders is a requirement prior to using the credit card, with the exception of an emergency." Section IV states that "the intent is not to circumvent the purchase order process, but to supplement it."

Section IV of GHURA's Procurement Policy states that "procurement by noncompetitive proposals (sole-source) may be used only when the award of a contract is not feasible using small purchase procedures, sealed bids, cooperative purchasing, or competitive proposals" and if one of the conditions apply including "an emergency exists that seriously threatens the public health, welfare, or safety, or endangers property, or would otherwise cause serious injury to GHURA, as may arise by reason of a typhoon, flood, earthquake, epidemic, riot, equipment failure, or similar event." It further states that "each procurement based on noncompetitive proposals shall be supported by written justification for the selection of this method."

5 GCA §5215 provides that:

- The Chief Procurement Officer, the Director of Public Works, the head of a purchasing agency, or a designee of either officer may make or authorize others to make emergency procurements when there exists a threat to public health, welfare, or safety under emergency conditions, provided that such emergency procurements shall be made with

¹⁶ HUD Handbook 7460.8 REV-2 Appendix II to Part 200 (H) and (K)

such competition as is practicable under the circumstances, and further provided that the procurement agent must solicit at least three informal price quotations, if time allows must give notice to all contractors from the qualified bid list who have provided the needed supplies and services to the government within 12 preceding months and must award the procurement to the firm with the best offer, as determined by evaluating cost and delivery time.

- Unless authorized by an Executive Order declaring an emergency, no emergency procurement may be made except on a certificate made under penalty of perjury by the Chief Procurement Officer, Director of Public Works, the head of a Purchasing Agency, as the case may be. Certified copies of the certificate shall be sent, prior to award and as a condition thereof, to the Governor and Speaker of the Legislature. The certificate should contain the following:
 - (A) A statement of facts giving rise to the emergency;
 - (B) The factual basis of the determination that an emergency procurement is necessary; and
 - (C) A statement that emergency procurement is not being used solely for the purpose of avoidance of Guam Procurement Law and Regulations.

For four samples tested, shown in Table 13 below, GHURA used the credit card to procure temporary emergency housing accommodations for its tenants due to electrical issues and major plumbing repairs. The electrical issues and major plumbing repairs threaten the tenant's public health, welfare, or safety and constitute an emergency under Guam Procurement Law. GHURA used the credit card before approving the purchase orders for these transactions. While GHURA's credit card policy does not require the use of purchase orders for an emergency, this exception is contrary to Guam Procurement Law and Regulations. The emergency procurement was not authorized by an Executive Order declaring an emergency. GHURA did not maintain any record of a certificate made under penalty of perjury containing the required statements under Guam Procurement Law and Regulations.

Table 13: Credit Card Used for Emergency Procurement

	Sample No.	Transaction Date	Amount	Description
1	1	10/8/2019	\$ 999	Temporary Housing for GHURA Tenant due to emergency
2	2	11/5/2019	\$ 2,800	Temporary Housing for GHURA Tenant due to emergency
3	3	11/20/2019	\$ 333	Temporary Housing for GHURA Tenant due to emergency
4	4	12/5/2019	\$ 346	Temporary Housing for GHURA Tenant due to emergency
		Total	\$ 4,478	

GHURA did not provide any evidence to support that it complied with the emergency procurement law and regulations. In addition, GHURA did not provide written justification to support the selection of this method as required by its Procurement Policy under noncompetitive proposals.

The use of credit cards for emergencies is not clearly defined in GHURA's credit card policy. Section III, *Authorized Card Uses*, of the credit card policy states the use of purchase orders is a

requirement prior to using the credit card, with the exception of an emergency. Whereas, Section IV, *Authorized Credit Cardholders*, states that the credit issued to the Controller can be used for emergency procurement after natural disasters. In GHURA's response, emergency procurement is defined under Noncompetitive Proposals in its Procurement Policy.

The above conditions were caused by GHURA utilizing the credit card when there was sufficient time to process a purchase order. As such, GHURA is not using the purchase orders as intended.

As a result, GHURA is not compliant with its Procurement Policy, Guam Procurement Law and Regulations. GHURA's credit card policy states that the intent is not to circumvent the purchase order process, but to supplement it. Using purchase orders is a control mechanism to prevent unauthorized or fraudulent purchases. Failure to properly use purchase orders may result in a higher probability of getting charged for unapproved orders or issuing payments for duplicate or fraudulent invoices. The use of the credit card is merely a payment method for purchases, and the Guam and Federal Procurement Laws and Regulations must be followed.

To address the deficiencies, we recommend that GHURA management:

1. Enforce its Procurement Policy and adhere to the purchase order process before using the credit card.
2. Provide an opportunity for GHURA personnel tasked with procuring goods or services to attend the mandated Guam Community College Procurement Program.
3. Review its credit card policy and procedures regarding the exception to using purchase orders for emergency purchases. We further recommend that GHURA clearly define the use of credit cards for emergency purchases in its credit card policy. GHURA must also ensure that it adheres to its Procurement Policy, the Guam and Federal laws and regulations for all emergency procurements regardless of whether the credit card is used. The intent of the credit card is not meant to circumvent the procurement process but to supplement it, and it is merely a convenient payment method.

Our audit findings for this objective determined that GHURA was non-compliant with the Guam and Federal Procurement Laws and Regulations and its Procurement Policy. The results for this section were due to inefficiencies with GHURA's procurement process for credit card purchases due to a lack of familiarity with the procurement laws and regulations, enforcement of its Procurement Policy, and integration between GHURA's Credit Card and Procurement Policies. Procurement laws, regulations, and policies govern how purchases are made, even through credit cards. Using a credit card for purchases is merely a convenient payment method and does not relieve the cardholder from adhering to GHURA's Procurement Policy. We recommend that GHURA enforce its Procurement Policy and comply with the purchase order process for all purchases before using the credit card. GHURA management should allow GHURA personnel tasked with procuring goods or services to attend the mandated Guam Community College Procurement Program.

Other Matters

During our audit, we identified the following other matters:

Lack of Evidence Requesting and Authorizing the Use of Credit Card

We found that only five of the 26 samples (Samples 12, 14, 15, 16, 18) included an Intra-Office Memorandum for authorization to use the credit card, which the Executive Director approved. For the remaining 21 samples, we found that:

1. Only one sample (Sample 21) had an approved purchase requisition with a note stating “using credit card.”
2. 11 samples (Samples 1, 2, 5, 6, 8, 10, 11, 17, 19, 20, and 22) had an approved purchase requisition, but there was no indication that a request or authorization was made to use the credit card.
3. Nine samples (Samples 3, 4, 7, 9, 13, 23, 24, 25, and 26) did not have a purchase requisition.

Travel Miles Were Not Accrued

The Senator Edward J. Cruz Medical Referral and Education Mileage Program under the Government Travel Law was not fully implemented by the Guam Department of Education. The Program was created within GovGuam for the use of travel mileage earned as a result of all purchases made by GovGuam through the use of GovGuam credit card purchases.¹⁷

The Government Travel Law requires that "all agencies, autonomous agencies, and public corporations of the government of Guam not mentioned in items (1) through (4) of this Subsection shall use their accrued mileage to send eligible students to participate in off-island academic, sports, and cultural activities, as authorized by the Superintendent of Education."¹⁸

The Government Travel Law states that GovGuam autonomous agencies "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)."¹⁹

GHURA’s management stated that its credit card agreement with its banking institution did not provide mileage accrual or cash back except for a 6% discount on gas. However, GHURA said it purchases fuel with gas fleet cards through the Guam Department of Administration's General Services Agency.

We recommend that GHURA management periodically review its credit card agreements and conduct market research to compare and evaluate credit card options/products with better benefits, rewards, terms, and conditions.

¹⁷ 5 GCA §23111(b)

¹⁸ 5 GCA §23111(d)(6)

¹⁹ 5 GCA §23111(h)

Conclusion and Recommendations

GHURA was non-compliant with its Credit Card Policies and Procedures. Our findings for this objective were due to GHURA's lack of enforcement and ineffective monitoring and oversight of its credit card program. GHURA has not updated its credit card policy and procedures from May 2015 through October 2023, resulting in outdated guidance. GHURA may risk using appropriated funds for unauthorized and prohibited purchases without clear and appropriate guidance.

GHURA was non-compliant with the Guam and Federal Procurement Laws and Regulations and its Procurement Policy. Our findings for this section were due to inefficiencies with GHURA's procurement process for credit card purchases due to a lack of familiarity with the procurement laws and regulations, enforcement of its Procurement Policy, and integration between GHURA's Credit Card and Procurement Policies. Procurement laws, regulations, and policies govern how purchases are made, even through credit cards. Using a credit card for purchases is merely a convenient payment method and does not relieve the cardholder from adhering to GHURA's Procurement Policy.

There were no audit findings regarding GHURA's compliance with the Government Travel Law. GHURA did not make any credit card purchases based on our testing and review of the transactions related to off-island travel requests.

We identified other matters during the audit that were brought to GHURA management's attention related to the lack of evidence to support that a request or authorization was made to use the credit cards. In addition, since GHURA's credit card agreement did not provide mileage accrual or rewards, we recommend that GHURA management periodically review its credit card agreements and conduct market research to consider credit card options/products with better benefits, terms, and conditions.

Questioned costs totaled \$34K, and other financial impact totaled \$1K from GHURA's non-compliance to its policies and the Guam and Federal Procurement Law and Regulations. See Classification of Monetary Amounts for the questioned costs and other financial impact.

To address the deficiencies, we recommend that GHURA Management:

1. Enforce its credit card policy to avoid situations that deviate from its policy and procedures, including:
 - a. Enforce monitoring controls over its credit card policy, ensure credit card statements are properly reconciled and reviewed before payment, and contain evidence of the cardholder's review and reconciliation of statements.
 - b. Ensure that all credit card statements are submitted to the Controller for review, monitoring, and proper accountability of using the credit card, regardless of a zero balance or no activity for the month.
 - c. Ensure all credit card transactions are properly and adequately supported before payment, and maintain all original receipts and supporting documentation.

2. Regularly train all cardholders, approving officials, and employees responsible for overseeing the credit card use and procurement process to ensure they understand their roles and responsibilities to implement the credit card program effectively.
3. Periodically review and update its credit card policy to integrate its actual processes and address circumstances that may cause GHURA to deviate from its policy and procedures, including:
 - a. Controls over the closure of credit card accounts, including documentation, monitoring, and enforcement. The documentation should consist of the following: name of the individual who received the employee's credit card, date the card was turned in, date the card was physically destroyed, and date the account closure was confirmed by the bank. The policy and procedure should include monitoring by the appropriate personnel and appropriate disciplinary actions for non-compliance.
 - b. Specify the supporting documentation required to accompany the billing statement before payment.
 - c. Clearly define the use of credit cards for emergency purchases in its credit card policy. GHURA must also ensure that it adheres to its Procurement policy, the Guam and Federal laws and regulations for all emergency procurements regardless of whether the credit card is used.
4. Implement an effective records management system and consider whether an electronic form of recordkeeping will enhance efficiency, productivity, and accessibility.
5. Enforce its Procurement Policy and:
 - a. Ensure that a cost comparison or price analysis is prepared for all small purchases. GHURA should ensure that it maintains documentation sufficient to prove the reasonableness of the price for all small purchases if a reasonable number of quotations cannot be obtained.
 - b. GHURA's Procurement Division should ensure that:
 - i. All procurement documents are completed before the execution of the purchase order and using the credit card.
 - ii. Adhere to the purchase order process before using the credit card.
 - c. Consider implementing controls to ensure that transactions and funds are committed only to the extent that funds are available and certified under an approved PO or BPO before making a purchase.
 - d. Ensure that contract clauses required under Guam and Federal laws and regulations are incorporated in all purchase orders and contracts. The HUD Handbook 7460.8 REV-2 provides acceptable methods of incorporation into contracts.
 - e. Review a random number of BPA files at least annually to ensure that authorized procedures are being followed as required under Guam Procurement Regulations.
 - f. Review the effectiveness and efficiency of its use of BPAs and GHURA's current process of generating numerous purchase orders.
6. Provide an opportunity for GHURA personnel tasked with procuring goods or services to attend the mandated Guam Community College Procurement Program.

The Status of Audit Recommendations is presented in Appendix 6.

Classification of Monetary Amounts

	Findings	Questioned Costs ²⁰	Potential Savings	Lost Revenues	Other Financial Impact ²¹
1	Credit Card Used for Unauthorized and Prohibited Charge	\$ 3,781	\$ -	\$ -	\$ -
2	Cardholders not using their Credit Cards as Specified in Policy	\$ 5,227	\$ -	\$ -	\$ -
3	Untimely Approval of Purchase Orders and Inconsistent Use of Purchase Orders	\$ 1,910	\$ -	\$ -	\$ -
4	Lack of Monitoring and Oversight over Credit Card Charges	\$ -	\$ -	\$ -	\$ 1,364
5	Incomplete and Missing Supporting Documentation	\$23,509	\$ -	\$ -	\$ -
6	Small Purchase Requirements Incomplete or Not Met	\$ -	\$ -	\$ -	\$ -
7	No Evidence that All Competitive Sources Were Given for BPAs Executed	\$ -	\$ -	\$ -	\$ -
8	Lack of Written Justification to Support Sole Source Procurement	\$ -	\$ -	\$ -	\$ -
9	Purchases Made Before Certifying Officer's Approval of Funds Availability	\$ -	\$ -	\$ -	\$ -
10	Purchases Orders Did Not Contain Mandatory Contract Clauses	\$ -	\$ -	\$ -	\$ -
11	Credit Card Policy's Exception to Use of Purchase Order in Emergencies Contrary to Guam Procurement Law and Regulations	\$ -	\$ -	\$ -	\$ -
	Total	\$34,427	\$ -	\$ -	\$ 1,364

²⁰ 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.

²¹ Other Financial Impact means amount identified in the audit but do not fit the other categories. It includes costs that temporarily buffered the entity's cash due to delayed payment of credit card charges on billing statements.

Management Response and OPA Reply

We provided a draft report to GHURA for their official management response on November 17, 2023. We held an exit conference with GHURA officials to discuss the reported findings and recommendations on December 5, 2023. GHURA management provided their response on December 11, 2023.

Based on the responses, GHURA generally agreed with our findings. See Appendix 5 for GHURA's management response.

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 GHURA for the status of the recommendations.

We appreciate the cooperation and assistance given to us by GHURA's Executive Director, Deputy Director, Controller, Fiscal Division, Procurement Division, and staff during this audit.

OFFICE OF PUBLIC ACCOUNTABILITY



Benjamin J.F. Cruz
Public Auditor

Appendix 1:
Objectives, Scope, and Methodology

Objectives

The objectives of this compliance audit were to determine GHURA's compliance with:

1. Its Credit Card Policies and Procedures;
2. The Guam and Federal Procurement Law and Regulations, and its Procurement Policy; and
3. The Government Travel Law.

Scope

The audit scope will include GHURA'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 using credit and/or debit cards to purchase 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 the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.


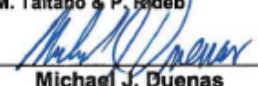
Appendix 2:
Prior Audit Coverage

Based on our research, there were no prior audit findings within the last three years relative to GHURA's use of credit cards.

In October 2006, the OPA released Report No. 06-12, *Guam Housing and Urban Renewal Authority Credit Card Charges and Related Travel Expenditures*. The audit found that from FY 2002 to FY 2005, there was no evidence that credit cards were used inappropriately for personal purchases, cash advances, meals, or business entertainment charges. GHURA mitigated the inherent risk of credit card misuse by allowing only two cardholders to make purchases, not allowing the credit cards to accompany travelers off-island, and implementing a credit card policy with restrictions on credit card purchases. However, the report did reveal instances where such internal controls were not followed or properly placed in operation. Also, GHURA's management and board did not provide adequate oversight over implementing and using credit cards. Further, GHURA could not provide evidence that using credit cards offered cost savings.

Based on our review of OPA Report No. 06-12, we found that five of the ten prior audit findings existed and were identified during our audit of GHURA's credit card transactions from FY 2020 to FY 2022. These five previous audit findings were that GHURA did not:

1. Maintain complete supporting documentation for credit card transactions totaling \$40,124, such as receipts and invoices. GHURA's Fiscal Division, which is responsible for processing all credit card payments, could not locate payment vouchers or supporting documents for 15 credit card charges.
2. Pay monthly credit card balances in a timely manner, resulting in unnecessary finance charges totaling \$582 due to late payments.
3. Utilize the purchase order process on credit card transactions when sufficient time existed.
4. Maintain complete records for credit card purchases and travel-related expenses in a centralized location.
5. Have signed approval from the Controller for payment vouchers.

 <p>GUAM HOUSING AND URBAN RENEWAL AUTHORITY</p> <p>AUTHORITY POLICY</p>	<p>No. AP – 013 Issued: April 28, 2015</p>
	<p>Prepared by: K. Bersamin, L. Leon Guerrero, M. Taitano & P. Rdeeb</p> <p>Approved by:  Michael J. Duenas Executive Director</p>
<p>Title: CREDIT CARD POLICIES AND PROCEDURES</p>	<p>Adopted by: Board of Commissioners Resolution No. FY15-014a</p>
<p>Effective Date: April 28, 2015 Supersedes No.: BOC Resolution No. FY15-014</p>	

I. PURPOSE

The Credit Card Policies and Procedures are intended to facilitate and standardize the use of credit cards by authorized Guam Housing and Urban Renewal Authority (GHURA) travelers as a safe, effective, convenient, and commercially available method to pay for expenses incident to securing airline tickets, off-island registration fees, lodging and car rental accommodations as approved by the Board of Commissioners (BOC). These policies and procedures are also intended to procure items for the Authority within expected timeframes that would warrant a savings to GHURA. These policies and procedures shall apply to all divisions and individuals traveling or procuring on behalf of GHURA as approved by the BOC.

II. CONTROLLER RESPONSIBILITY

The GHURA Controller is responsible for monitoring the implementation of these policies and procedures and the use of an authorized GHURA-issued credit card. To ensure proper accountability of the use of a credit card, the Controller shall forward the authorized credit cardholders the billing statements for their review and signature *prior* to payment.

All original receipts and supporting documents must accompany billing statements prior to payment.

III. AUTHORIZED CARD USE

GHURA credit cards shall be used for ordinary, necessary and reasonable expenses to properly maintain and operate the Housing Authority, such as authorized training and travel expenses and the purchases of supplies, services and equipment. The use of the credit card does not relieve the cardholder from adhering to the Procurement Policy and Procedures. Therefore, the use of purchase orders is a requirement prior to using the credit card, with the exception of an emergency.

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Only expenses as approved for in GHURA's annual budget shall be considered to be charged against the credit card.

IV. **AUTHORIZED CREDIT CARDHOLDERS**

A. One (1) credit card will be issued to the Executive Director for the Personnel Services Administrator to assist the Authority's BOC, employees and consultants (i.e., legal counsel) with authorized off-island travel requests.

1. Credit card charges may be made to pay for ***airline tickets***, and ***off-island registration fees, lodging and car rental accommodations*** for appropriate situations that may not be feasible to process through normal procurement activities. Authorization to charge any airline tickets, off-island registration fees, lodging and car rental accommodations must be approved with the advise and consent of the BOC prior to use.

2. If authorized charges are pre-paid with the GHURA credit card, then the traveler's division manager is to ensure no "double compensation" occurs. Failure to verify whether a "double compensation" was made to a traveler may result in administrative action against the responsible division manager. ("Double compensation" includes, but is not limited to, having a charge made on the credit card, and receiving a per diem for the same travel expense.)

B. One (1) credit card will be issued to the Controller for the Buyer II Supervisor to be used for on-island or off-island purchases which will benefit the Authority in taking advantage of items procured at special prices, and for emergency procurement after natural disasters. ***The intent is not to circumvent the purchase order process, but to supplement it.***

V. **UNAUTHORIZED CREDIT CARD USE**

1. Prohibited credit card charges include, but are not limited to, cash advances (including money order, traveler's checks and gift cards), advisory and assistance services, rental or lease of space and contract services.

2. Under no circumstances shall a GHURA-issued credit card be used for personal purchases, alcoholic beverages, recreational activities and/or business meals and entertainment.

Credit Card Policy and Procedures	<i>No.</i> AP-013	<i>Issued:</i> April 28, 2015	<i>Page</i> 3 of 3
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VI. DISPUTED CREDIT CARD CHARGES

In the event that the billed amount contains charges that are disputed by the authorized GHURA traveler, the traveler shall obtain a "**Dispute Form**" from the Controller, and return the completed form to the Controller. Detailed instructions for completing the Dispute Form shall be given by the Controller.

VII. MISUSE OF CREDIT CARDS PROHIBITED

It is the policy of the BOC and the Executive Director not to tolerate the misuse of any GHURA-issued credit card. An authorized credit cardholder who is found to be misusing a credit card shall be reported to the proper authorities, and subject to appropriate administrative or disciplinary action up to and including termination of employment from the Authority.

VIII. APPOINTING AUTHORITY AND IMPLEMENTATION

These policies and procedures are subject to written amendment and/or special instructions upon its implementation, as deemed appropriate by the BOC and the Executive Director upon the issuance and activation of the new credit cards.

Appendix 4:
FY 2020-2022 Credit Card Purchases

Vendor	Number of Transactions	Amount
American Association	34	\$ 5,291
american property Cons	4	\$ 4,824
Docomo Pacific	4	\$ 5,052
Dusit Thani Guam Resort	1	\$ 3,781
Ehome America	2	\$ 3,670
EVENT* SOCIETY FOR HUM	1	\$ 150
EXPRESSCARE	2	\$ 5,148
GPA HAGATNA SAT OFFICE	1	\$ 122
Guam Airport Hotel	3	\$ 1,362
Guam POWER AUTHORITY	1	\$ 461
GWA JULALE SATELLITE OFFICE	1	\$ 52
GWA ONLINE PAYMENTS	1	\$ 289
Harmon Loop Hotel	2	\$ 346
HD GUAM	3	\$ 1,030
IT&E	3	\$ 1,586
KRYTERION WEBASSESSOR	21	\$ 2,100
Morrigo Equipment	1	\$ 201
NAHRO	1	\$ 798
NAN MCKAY & ASSOC	2	\$ 581
NASW ONLINE	3	\$ 652
NOVOGRADAC & COMPANY	1	\$ 1,170
One Pacific Hotel	6	\$ 6,000
Pacific Human Resource	55	\$ 8,584
PACIFIC HUMAN RESOURCE DEDEDO GUAM	1	\$ 1,039
Palmridge Business Cen	1	\$ 333
Paypal	4	\$ 2,384
PAyPal Expresscare	1	\$ 297
SMK*SURVEYMONKEY.COM	3	\$ 384
SOCIETYFORHUMANRESOURC	2	\$ 438
SP*KIOSKSIMPLE	2	\$ 398
Stamps.com	52	\$ 1,742
STAMPS.COM 855-608-2677 CA	2	\$ 65
The Guam Daily Post	6	\$ 132
USPS Postage Stamps	2	\$ 3,778
USPS STAMPS	35	\$ 41,105
WPY PANGAEA FOUNDATION	5	\$ 2,975
www.Complianceprime.co	10	\$ 7,560
zoom.us	38	\$ 1,010
Total	317	\$ 116,892



GHURA

Guam Housing and Urban Renewal Authority
Aturidat Ginima' Yan Rinueban Siudad Gualhan
117 Bien Venida Avenue, Sirajana, GU 96910
Phone: (671) 477-9851 - Fax: (671) 300-7565 - TTY: (671) 472-3701
Website: www.ghura.org



Lourdes A. Leon Guerrero
Governor of Guam

Joshua F. Tenorio
Lt. Governor of Guam

John J. Rivera
Chairman

Nathanael P. Sanchez
Vice Chairman

Anisia S. Delia
Commissioner

Frank T. Ishizaki
Commissioner

Emilia F. Rice
Commissioner

Karl E. Corpus
Resident Commissioner

Elizabeth F. Napoli
Executive Director

Fernando B. Esteves
Deputy Director

December 11, 2023

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

RE: GHURA Report - Government Wide Credit/Debit Card Use

Dear Public Auditor:

This memo is the official response to your office's audit report on GHURA's compliance with the Government-Wide Credit/Debit Card Use, for FY 2020 to FY 2022. Please be advised that although we regret that there are audit findings, GHURA concurs with the findings in this report, which indicate that GHURA was non-compliant with:

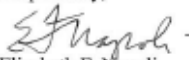
1. It's Credit Card Policies and Procedures
2. The Guam and Federal Procurement Law and Regulations, and its Procurement Policy.

Additionally, we are pleased that there were no findings regarding GHURA's compliance with the Government Travel Law, and that your audit did not identify any indications of fraud.

GHURA management has reviewed the recommendations made to address the noted deficiencies, and appreciate that they coincide with GHURA's already initiating updates on SOPs regarding procurement, and other policies. In accordance with legislation requirements, GHURA will prepare a corrective action plan (CAP) to implement the audit recommendations, document the progress in the implementation of the recommendations, and have the implementation of the CAP completed no later than the beginning of the next fiscal year. Per the Status of Recommendations that follows, GHURA will update its credit card and procurement policies, and endeavor to improve on enforcing its monitoring controls, providing additional training to credit card holders, integrating its credit card and procurement policies, laws, and regulations, and stay up to date on best practices recommended by your office.

Thank you in advance for the guidance your recommendations provide for the required Corrective Action Plan.

Respectfully,


Elizabeth F. Napoli
Executive Director

GHURA does not discriminate against persons with disabilities.
The Chief Planner has been designated as Section 504/ADA Coordinator.
The Coordinator can be contacted at the above address and telephone numbers.



Status of Audit Recommendations

No. 1 Addressee: GHURA Management

Enforce its credit card policy to avoid situations that deviate from its policy and procedures, including:

- a. Enforce monitoring controls over its credit card policy, ensure credit card statements are properly reconciled and reviewed before payment, and contain evidence of cardholder's review and reconciliation of statements.
- b. Ensure that all credit card statements are submitted to the Controller for review, monitoring and proper accountability of using the credit card, regardless of a zero balance or no activity for the month.
- c. Ensure all credit card transactions are properly and adequately supported before payment, and maintain all original receipts and supporting documentation.

Status: Open

Actions Required:

Provide a corrective action plan with responsible official and timeline of implementation.

Corrective Action Plan:

GHURA concurs with the recommendation. GHURA will revisit and update the credit card policy. A Standard Operating Procedure will also be written according to the recommendations given by the Office of Public Accountability. An additional control of periodic audits will be adopted.

Responsible Parties:

Executive Director, Deputy Director, Housing Procurement Administrator, and Controller

Implementation Timeline:

March 31, 2024

No. 2 Addressee: GHURA Management

Regularly train all cardholders, approving officials, and employees responsible for overseeing the credit card use and procurement process to ensure they understand their roles and responsibilities to implement the credit card program effectively.

Status: Open

Actions Required:

Provide a corrective action plan with responsible official and timeline of implementation.

Corrective Action Plan:

GHURA concurs with the recommendation. GHURA will revisit and update the credit card policy. A Standard Operating Procedure will also be written according to the recommendations given by the Office of Public Accountability.

Responsible Parties:

Executive Director, Deputy Director, Housing Procurement Administrator, and Controller

Implementation Timeline:

June 30, 2024



No. 3 Addressee: GHURA Management

Review and update its credit card policy and procedures to integrate its actual processes and address circumstances that may cause GHURA to deviate from its policy and procedures, including:

- a. Controls over the closure of credit card accounts, including documentation, monitoring and enforcement. The documentation should consist of the following: name of the individual who received the employee's credit card.
- b. date the card was turned in, date the card was physically destroyed, and date the account closure was confirmed by the Bank. The policy and procedure should include monitoring by the appropriate personnel and appropriate disciplinary actions for non-compliance.
- c. Specify the supporting documentation required to accompany the billing statement before payment.
- d. Clearly define the use of credit cards for emergency purchases in its credit card policy GHURA must also ensure that it adheres to its Procurement policy, the Guam and Federal laws and regulations for all emergency procurements regardless of whether the credit is used.

Status: Open

Actions Required:

Provide a corrective action plan with responsible official and timeline of implementation.

Corrective Action Plan:

GHURA concurs with the recommendation. GHURA will revisit and update the credit card policy. A Standard Operating Procedure will also be written according to the recommendations given by the Office of Public Accountability.

Responsible Parties:

Executive Director, Deputy Director, Housing Procurement Administrator, and Controller

Implementation Timeline:

June 30, 2024

No. 4 Addressee: GHURA Management

Implement an effective records management system and consider whether an electronic form of recordkeeping will enhance efficiency, productivity, and accessibility.

Status: Open

Actions Required:

Provide a corrective action plan with responsible official and timeline of implementation.

Corrective Action Plan:

GHURA concurs with the recommendation. GHURA will revisit and update the credit card policy. A Standard Operating Procedure will also be written according to the recommendations given by the Office of Public Accountability.

Responsible Parties:

Executive Director, Deputy Director, Housing Procurement Administrator, and Controller

Implementation Timeline:

March 31, 2024

No. 5 Addressee: GHURA Management

Enforce its Procurement Policy and:

- a. Ensure that a cost comparison or price analysis is prepared for all small purchases, GHURA should ensure that it maintains documentation sufficient to prove the reasonableness of the price for all small purchases if a reasonable number of quotations cannot be obtained.



- b. GHURA's Procurement Division should ensure that:
 - i. All procurement documents are completed before the execution of the purchase order and using the credit card.
 - ii. Adhere to the purchase order process before using the credit card.
- c. Consider implementing controls to ensure that transactions and funds are committed only to the extent that funds are available and certified under an approved PO or BPO before making a purchase.
- d. Ensure that contract clauses required under Guam and Federal Laws and regulations are incorporated in all purchase orders and contracts. The HUD Handbook 7460.8 REV-2 provides acceptable methods of incorporation into contracts.
- e. Review a random number of BPA files at least annually to ensure that authorized procedures are being followed as required under Guam Procurement Regulations.
- f. Review the effectiveness and efficiency of its use of BPAs and GHURA's current process of generating number purchase orders.

Status: Open

Actions Required:

Provide a corrective action plan with responsible official and timeline of implementation.

Corrective Action Plan:

GHURA concurs with the recommendation. GHURA will revisit and update the credit card policy. A Standard Operating Procedure will also be written according to the recommendations given by the Office of Public Accountability.

Responsible Parties:

Executive Director, Deputy Director, Housing Procurement Administrator, and Controller

Implementation Timeline:

March 31, 2024

No. 6 Addressee: GHURA Management

Provide an opportunity for the GHURA personnel tasked with procuring goods or services to attend the mandated Guam Community College Procurement Program.

Status: Open

Actions Required:

Provide a corrective action plan with responsible official and timeline of implementation.

Corrective Action Plan:

GHURA concurs with the recommendation. GHURA will register personnel tasked with procuring goods or services to attend the mandated Guam Community College Procurement Program.

Responsible Parties:

Executive Director, Deputy Director, Housing Procurement Administrator, and Controller

Implementation Timeline:

September 30, 2024; contingent on the availability of the Procurement training



No. 7 Addressee: GHURA Management

Periodically review its credit card agreements and conduct market research to compare and evaluate credit card options/products with better benefits, rewards, terms, and conditions.

Status: Open

Actions Required:

Provide a corrective action plan with responsible official and timeline of implementation.

Corrective Action Plan:

GHURA concurs with the recommendation. GHURA will revisit and update the credit card policy. A Standard Operating Procedure will also be written according to the recommendations given by the Office of Public Accountability.

Responsible Parties:

Executive Director, Deputy Director, Housing Procurement Administrator, and Controller

Implementation Timeline:

March 31, 2025

Elizabeth F. Napoli, Executive Director

Fernando Esteves, Deputy Director

Antonio Camacho, Housing Procurement Administrator

Frances Danieli, Controller

Appendix 6: Status of Audit Recommendations

No.	Addressee	Audit Recommendation	Status	Actions Required
1	GHURA Management	Enforce its credit card policy to avoid situations that deviate from its policy and procedures, including: a. Enforce monitoring controls over its credit card policy, ensure credit card statements are properly reconciled and reviewed before payment, and contain evidence of the cardholder's review and reconciliation of statements. b. Ensure that all credit card statements are submitted to the Controller for review, monitoring, and proper accountability of using the credit card, regardless of a zero balance or no activity for the month. c. Ensure all credit card transactions are properly and adequately supported before payment, and maintain all original receipts and supporting documentation.	OPEN	Provide a corrective action plan with responsible official and timeline of implementation
2	GHURA Management	Regularly train all cardholders, approving officials, and employees responsible for overseeing the credit card use and procurement process to ensure they understand their roles and responsibilities to implement the credit card program effectively.	OPEN	Provide a corrective action plan with responsible official and timeline of implementation
3	GHURA Management	Review and update its credit card policy and procedures to integrate its actual processes and address circumstances that may cause GHURA to deviate from its policy and procedures, including: a. Controls over the closure of credit card accounts, including documentation, monitoring, and enforcement. The documentation should consist of the following: name of the individual who received the employee's credit card, date the card was turned in, date the card was physically destroyed, and date the account closure was confirmed by the Bank. The policy and procedure should include monitoring by the appropriate personnel and appropriate disciplinary actions for non-compliance. b. Specify the supporting documentation required to accompany the billing statement before payment. c. Clearly define the use of credit cards for emergency purchases in its credit card policy. GHURA must also ensure that it adheres to its Procurement policy, the Guam and Federal laws and regulations for all emergency procurements regardless of whether the credit card is used.	OPEN	Provide a corrective action plan with responsible official and timeline of implementation
4	GHURA Management	Implement an effective records management system and consider whether an electronic form of recordkeeping will enhance efficiency, productivity, and accessibility.	OPEN	Provide a corrective action plan with responsible official and timeline of implementation
5	GHURA Management	Enforce its Procurement Policy and: a. Ensure that a cost comparison or price analysis is prepared for all small purchases. GHURA should ensure that it maintains documentation sufficient to prove the reasonableness of the price for all small purchases if a reasonable number of quotations cannot be obtained. b. GHURA's Procurement Division should ensure that: i. All procurement documents are completed before the execution of the purchase order and using the credit card. ii. Adhere to the purchase order process before using the credit card. c. Consider implementing controls to ensure that transactions and funds are committed only to the extent that funds are available and certified under an approved PO or BPO before making a purchase. d. Ensure that contract clauses required under Guam and Federal laws and regulations are incorporated in all purchase orders and contracts. The HUD Handbook 7460.8 REV-2 provides acceptable methods of incorporation into contracts. e. Review a random number of BPA files at least annually to ensure that authorized procedures are being followed as required under Guam Procurement Regulations. f. Review the effectiveness and efficiency of its use of BPAs and GHURA's current process of generating numerous purchase orders.	OPEN	Provide a corrective action plan with responsible official and timeline of implementation
6	GHURA Management	Provide an opportunity for the GHURA personnel tasked with procuring goods or services to attend the mandated Guam Community College Procurement Program.	OPEN	Provide a corrective action plan with responsible official and timeline of implementation
7	GHURA Management	Periodically review its credit card agreements and conduct market research to compare and evaluate credit card options/products with better benefits, rewards, terms, and conditions.	OPEN	Provide a corrective action plan with responsible official and timeline of implementation

**GOVERNMENT-WIDE CREDIT/DEBIT CARD USE SERIES, PART III
GUAM HOUSING AND URBAN RENEWAL AUTHORITY
OPA Report No. 24-02, February 2024**

ACKNOWLEDGEMENTS

Key contributions to this report were made by:

Thomas Quichocho, Audit Staff
Joy B. Esperanza, CGFM, Auditor-in-Charge
Maryann J.A. Manglona, CPA, Auditor-in-Charge
Vincent Duenas, Audit Supervisor
Benjamin J.F. Cruz, Public Auditor

Additional Credits

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MISSION STATEMENT

We independently conduct audits and administer procurement appeals to safeguard public trust and promote good governance for the people of Guam.

VISION

The Government of Guam is the standard of public trust and good governance.

CORE VALUES

Objective

To have an independent and impartial mind.

Professional

To adhere to ethical and professional standards.

Accountable

To be responsible and transparent in our actions.

REPORTING FRAUD, WASTE, AND ABUSE

- Call our HOTLINE at 671-47AUDIT (671-472-8348)
- Visit our website at 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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