



**U.S. Department of the Interior
Office of Inspector General**

SURVEY REPORT

**GUAM U.S. PASSPORT OFFICE,
GOVERNMENT OF GUAM**

**REPORT NO. 00-I-332
APRIL 2000**

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EXECUTIVE SUMMARY**Guam U.S. Passport Office,
Government of Guam
Report No. 00-I-332
April 2000****BACKGROUND**

The Office of the Governor of Guam was authorized by the U.S. Department of State to assist in processing passports for U.S. citizens on Guam. Accordingly, the Governor established the Guam U.S. Passport Office to accept application and renewal forms for U.S. passports; review them to ensure that they are completed correctly and have the required supporting documents; and forward them to Honolulu, Hawaii, for final processing by the Honolulu Passport Agency, U.S. Department of State. During the 21-month period reviewed (October 1997 through June 1999), the Passport Office processed 21,895 passport applications and collected related fees totaling \$1,328,334. During the same period, the Passport Office had seven employees, five of whom processed passport applications.

OBJECTIVE

The objective of the survey was to determine whether the Passport Office's internal controls over cash collected for fees were adequate. This survey was performed based on a request from a Senator of the 24th Guam Legislature.

RESULTS IN BRIEF

We concluded that the Passport Office's internal controls provided reasonable assurance that transactions were properly recorded, cash and passports were adequately safeguarded, and fees were properly assessed and collected. However, the Passport Office did not assess and collect execution fees for no-fee passports, as required by the United States Code and U.S. Department of State regulations. An execution fee of \$15 is to be collected upon execution of each passport license regardless of whether a passport fee is applicable. Based on our review, we determined that the Passport Office should have assessed and collected execution fees totaling \$4,350 for 290 no-fee passport applications processed during fiscal years 1998 and 1999 (through June 30, 1999).

RECOMMENDATION

We recommended that the Chief Passport Officer of the Guam Passport Office develop and implement written procedures that are in conformance with the Federal requirements regarding the assessment and collection of execution fees.

AUDITEE COMMENTS AND OIG EVALUATION

In its response to the draft report, the Passport Office concurred with the report's recommendation and stated that a tracking system had been established for execution fees. We considered the recommendation resolved and implemented. Therefore, no further response to the report is required.



United States Department of the Interior

OFFICE OF INSPECTOR GENERAL
Washington, D.C. 20240

APR 14 2000

SURVEY REPORT

Ms. Andrea Finona
Chief Passport Officer
Guam U.S. Passport Office
101-B Street
Tiyan, Guam 96913

Subject: Survey Report on the Guam U.S. Passport Office, Government of Guam
(No. 00-I-332)

Dear Ms. Finona:

This report presents the results of our review of the operations of the Guam U.S. Passport Office. The objective of our survey was to determine whether the internal controls of the Guam U.S. Passport Office over the cash collected for fees were adequate. This survey was performed based on a request from a Senator of the 24th Guam Legislature.

BACKGROUND

The Governor's Office has been authorized by the U.S. Department of State to assist in processing passports for U.S. citizens on Guam. The Governor's Office established the Guam U.S. Passport Office to accept application and renewal forms for U.S. passports; review them to ensure that they are completed correctly and have the required supporting documents; and to forward them to Honolulu, Hawaii, for final processing by the Honolulu Passport Agency, U.S. Department of State. This review process reduces the overall processing time by identifying procedural problems before the forms are sent off-island. The Guam U.S. Passport Office also assesses and collects fees related to the processing of the passport applications.

During the 21-month period reviewed (October 1997 through June 1999), the Passport Office processed 21,895 passport applications and collected related fees totaling \$1,328,334. The passport fees collected are deposited into Guam's General Fund. The U.S. Code Annotated (U.S.C.A.) and Section 30 of the Revised Organic Act of Guam authorize the Government of Guam to retain the passport fees. Specifically, 48 U.S.C.A. §1421h states that "passport [and other] fees collected in Guam shall be covered into the treasury of Guam and held in account for the government of Guam, and should be expended for the benefit of the government of Guam in accordance with the annual budgets; except that nothing in this chapter shall be construed to apply to any tax imposed by chapter 2 or 21 of Title 26 of the Internal Revenue Code . . ."

Passport Office operations are funded by Guam's General Fund. The Passport Office received appropriations of \$248,966 for fiscal year 1998 and \$250,966 for fiscal year 1999 and had expenditures of \$240,088 for fiscal year 1998 and \$170,026 for fiscal year 1999 (though June 30, 1999). During the 21 months reviewed, the Passport Office had seven employees, five of whom processed passport applications.

SCOPE OF SURVEY

The scope of our survey included a review of the internal controls at the Passport Office relating to the processing of passport applications and the assessment and collection of passport fees during fiscal years 1998 and 1999 (through June 30, 1999) and the safeguarding of cash and passports. Our review was performed at Guam's U.S. Passport Office in Tiyan, Guam. To accomplish the survey objective, we reviewed selected transmittal forms, deposit slips, and supporting documentation; interviewed employees who processed passport applications; and discussed our finding with management to determine whether procedures were adequate. We also interviewed the Treasurer of Guam, Department of Administration, regarding collection requirements.

Our review was made, as applicable, in accordance with the "Government Auditing Standards," issued by the Comptroller General of the United States. Accordingly, we included such tests of records and other auditing procedures that were considered necessary under the circumstances.

Based on our review, we identified an internal control weakness related to assessing and collecting execution fees. This internal control weakness is discussed in the Results of Survey section of this report. Our recommendation, if implemented, should improve the internal controls in this area.

PRIOR AUDIT COVERAGE

During the past 5 years, neither the U.S. General Accounting Office nor the Office of Inspector General has issued any audit reports on the internal controls over passport fees assessed and collected by the Guam U.S. Passport Office.

RESULTS OF SURVEY

We determined that the Guam U.S. Passport Office's internal controls provided reasonable assurance that transactions were properly recorded, cash and passports were adequately safeguarded, and fees were properly assessed and collected. Although the Passport Office had adequate controls over its operations, the Office did not assess and collect all required fees. Specifically, the Passport Office did not assess and collect execution fees for no-fee passports. The requirements for assessing and collecting execution fees are contained in the U.S. Code Annotated, the Code of Federal Regulations (CFR), and the U.S. Department of State's "Passport Agent's Reference Guide, Passport Services." The deficiency occurred because management had not established written procedures for processing passport

applications and collecting the fees. As a result, the Passport Office did not collect execution fees of \$4,350 (see Appendix 1).

Execution Fees

According to 22 U.S.C.A. § 214, "[T]here shall be collected . . . a fee, prescribed by the Secretary of State by regulation, for each passport issued and a fee, prescribed by the Secretary of State by regulation, for executing each application for a passport." Additionally, according to 22 CFR § 51, "Fees, including execution fees, shall be collected for the following passport services in the amounts prescribed in the Schedule of Fees for Consular Services." Further, the "Passport Agent's Reference Guide" states that "the Passport Agent collects the required fees when the application is executed. The passport fee for a DSP-11 Passport Application is \$25 for passports issued to persons under 16 years of age and \$45 for passports issued to persons 16 years old or older. The execution fee is \$15 for both minors and adults." The Guide also states, "State, county or municipal officials collect the execution fee for executing both fee and no-fee passport applications."

Based on these requirements, we reviewed the fee collection process for passport applications included on 532 transmittal forms processed in January, February, and March 1999 and in July, August, and September 1998. We identified 5,738 passport applications, with fees totaling \$341,120, and found that the Passport Office did not assess and collect execution fees for no-fee passport applications. The transmittal forms were used to list the names of applicants and various fees (such as passport fee, execution fee, expedite fee, and special postal service fee) paid by the applicants. We compared information concerning the number of passport applications processed and the amount of fees collected and deposited as shown on the transmittal forms with the information shown on the Passport Office's summary worksheets and found no discrepancies. Therefore, using the summary worksheets, we determined that 290 no-fee passport applications had been processed: 165 during fiscal year 1998 and 125 during fiscal year 1999 (through June 30, 1999). Based on the stated execution fee of \$15, the Passport Office should have assessed and collected execution fees totaling \$4,350 for the 290 no-fee applications.

The Deputy Chief responsible for overseeing the collection of passport fees told us that she was not aware that execution fees were required for no-fee passports. The Deputy Chief contacted the Director, Honolulu Passport Office, by telephone concerning the execution fee for no-fee passports. The Customer Service Manager of the Honolulu Passport Office wrote a memorandum, dated September 23, 1999, instructing the Guam U.S. Passport Office to "accept and execute applications for no-fee passports if you are not already accepting them." The memorandum further stated, "Upon execution of the application for a no-fee passport . . . Your office will be entitled to collect and retain the \$15 execution fee."

Recommendation

We recommend that the Chief Passport Officer of the Guam U.S. Passport Office develop and implement written procedures that are in conformance with Federal requirements/guidance regarding the assessment and collection of execution fees.

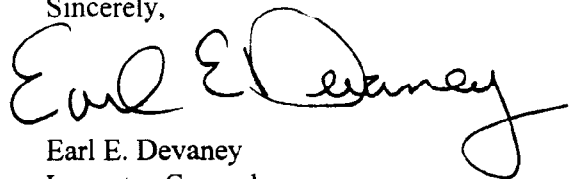
Guam U.S. Passport Office Response and Office of Inspector General Reply

In its February 8, 2000, response (Appendix 2) to the draft report, the Passport Office stated that it had "been assessing the execution fee for no-fee passports since September 27, 1999." In a March 8, 2000, supplemental response (Appendix 3), the Passport Office stated that it had established "a tracking system for execution fees." Based on the responses, we consider the recommendation resolved and implemented.

Since the report's recommendation is considered resolved and implemented, no further response to this report is required (see Appendix 4).

Section 5(a)(3) of the Inspector General Act (5 U.S.C. app 3) requires the Office of Inspector General to list this report in its semiannual report to the Congress. In addition, the Office of Inspector General provides audit reports to the Congress.

Sincerely,

A handwritten signature in black ink, appearing to read "Earl E. Devaney", written in a cursive style.

Earl E. Devaney
Inspector General

cc: Governor of Guam

CLASSIFICATION OF MONETARY AMOUNTS

<u>Finding Area</u>	<u>Unrealized Revenues</u>
Execution fees	\$4,350



Carl T.C. Gutierrez
GOVERNOR OF GUAM

Madeleine Z. Bordallo
LT. GOVERNOR OF GUAM

U.S. PASSPORT OFFICE GUAM

ESTADOS UNIDOS UFISINAN PASAPOTTE GUÅHAN



Vicente B. Calvo
CHIEF PASSPORT OFFICER

Andrea M. Finona
ASSISTANT CHIEF OFFICER

February 8, 2000

Mr. Robert J. Williams
Assistant Inspector General for Audits
Office of the Inspector General, Pacific Office
U.S. Department of the Interior
415 Chalan San Antonio, Suite 306
Tamuning, Guam 96911

Dear Mr. Williams,

To begin, let me express my appreciation for the efforts your office and staff expended performing the review of the operations of the Guam U.S. Passport Office. As the Acting Chief Passport Officer for Guam, I welcome any review from which may be drawn constructive ideas and practices to render our service more effective and efficient for all.

Relative to the review findings that the Guam Passport Office had not implemented execution fees for Fiscal Year 1998 and 1999, the Office of the Governor was informed of the requirement for the assessment of an execution fee for no-fee passports as established under Federal statutes (22 U.S.C.A §51 & §214). As a result of the correspondence from the Honolulu Passport Agency, the Guam Passport Office has been assessing the execution fee for no-fee passports since September 27, 1999. The operational review covered the period October 1997 to June 1999, thus, this assessment was not yet in place when Agency records were reviewed. Prior to September, 1999, and since no-fee passports are those authorized for federal officials, applications were accepted and processed. without charge

If there are any further questions regarding this matter, or any other points raised in the operational review, please feel free to call me at 477-8974.

Sincerely yours,

Andrea M. Finona
Acting Chief Passport Officer

cc: The Governor
The Governor's Chief of Staff





U.S. PASSPORT OFFICE GUAM

ESTADOS UNIDOS UFISINAN PASAPOTTE GUÅHAN



Carl T.C. Gutierrez
GOVERNOR OF GUAM

Madeleine Z. Bordallo
LT. GOVERNOR OF GUAM

Vicente B. Calvo
CHIEF PASSPORT OFFICER

Andrea M. Finona
ASSISTANT CHIEF OFFICER

March 8, 2000

Mr. Robert J. Williams
Assistant Inspector General for Audits
Office of the Inspector General, Pacific Office
U.S. Department of the Interior
415 Chalan San Antonio, Suite 306
Tamuning, Guam 96911

Dear Mr. Williams,

In response to your letter regarding the assessment of the execution fee for no-fee passports as established under federal statutes, the Guam Passport Office has implemented this process. As a result of this, our office has garnered additional responsibilities, which includes the establishment of a tracking system for execution fees.

To date, this management tool has worked well with our system and my staff has adapted well to the process. We continue to work harmoniously with the wonderful staff in the Honolulu Passport Agency, whose direction and experience enhances our local Passport Office.

Please feel free to contact me for further discussions regarding this matter. I may be contacted at 477-8974.

Sincerely,

Andrea M. Finona
Chief Passport Officer

cc: Governor Carl T. C. Gutierrez



STATUS OF SURVEY REPORT RECOMMENDATION

<u>Findings/Recommendation Reference</u>	<u>Status</u>	<u>Action Required</u>
1	Implemented	No further action is required.

**ILLEGAL OR WASTEFUL ACTIVITIES
SHOULD BE REPORTED TO
THE OFFICE OF INSPECTOR GENERAL**

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http://www.oig.doi.gov/hotline_form.html

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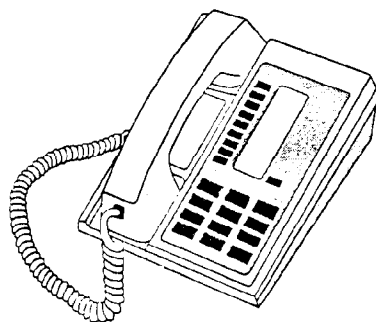
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HOTLINE

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