



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

SURVEY REPORT

**FEDERAL GRANT PROGRAM
TRAVEL ACTIVITIES,
DEPARTMENT OF EDUCATION,
GOVERNMENT OF GUAM**

**REPORT NO. 99-I-255
FEBRUARY 1999**



United States Department of the Interior

OFFICE OF INSPECTOR GENERAL
Washington, D.C. 20240

FEB 25 1999

SURVEY REPORT

Ms. Gloria Nelson
Chairperson
Interim Board of Education
Post Office Box DE
Hagatna, Guam 96932

Subject: Survey Report on Federal Grant Program Travel Activities, Department of Education, Government of Guam (No. 99-I-2551)

Dear Ms. Nelson:

This report presents the results of our review of the Department of Education's Federal grant program travel activities. The objective of our review was to determine whether the Department of Education complied with Federal and local laws and regulations and grant agreements applicable to travel expenditures charged to Federal grants.

BACKGROUND

The original (1950) version of the Organic Act of Guam (Title 48, Section 142 1 g(b), of the U.S. Code Annotated) stated, "The Governor [of Guam] shall provide an adequate public educational system of Guam, and to that end shall establish, maintain, and operate public schools according to the laws of Guam." On November 19, 1993, Guam Public Law 23-42 was enacted to repeal and enact a new version of Title 17, Section 3 10 1, of the Guam Code Annotated, which established the Department of Education within the Government of Guam. Section 3 102 of the new version of Title 17 states, "The Department [of Education] shall be administered through the Territorial Board of Education. .. which shall be the governing and policy-making body of the Department." Further, Section 3 102(a) states that the Territorial Board will hire a Director and Deputy Director of Education.

On February 27, 1998, Guam Public Law 24-142 was enacted to divide the Board of Education into four elected District Boards of Education, each with a District Superintendent. In addition, a restructured Department of Education, with the Director appointed by the Governor, was created to provide guidance to and coordinate the activities of the districts and to "serve as the state educational agency for purposes of Federal statutes, policies, grants, programs and regulations." This law also provided for the existing school board to serve on

an interim basis for a 1 -year transition period and for the election, in November 1998, of the members of the four new District Boards of Education.

During fiscal year 1997, the Department of Education had total revenues of \$168.8 million (\$152.6 million from local sources and \$16.2 million from Federal sources) and total expenditures of \$167.2 million (\$150.6 million from local funds and \$16.6 million from Federal funds). During the same fiscal year, the Department had 3,793 employees and administered 36 schools that had a total enrollment of 32,923 students.

On March 30, 1993, the Department of Education adopted the Financial Management System Policies and Procedures Manual, which includes procedures for processing all Departmental travel transactions. In addition, the Policies and Procedures Manual directs Departmental personnel to comply with the travel policies included in the Government of Guam's Travel and Transportation Manual. However, on March 6, 1997, the Director of the Department of Education issued a directive stating that effective for fiscal year 1997, he (rather than the Executive Branch's Bureau of Budget and Management Research) would approve all off-island travel authorizations.

According to Departmental records, the Department, during fiscal years 1996, 1997, and 1998 (through March 31), received appropriations totaling \$1.9 million and expended \$685,696 for travel funded by Federal grants, including \$37,465 for local mileage. The travel funds were received from five different Federal agencies for the Department's 11 separate Federal grant programs, which are controlled through a total of 57 separate accounts as follows:

<u>Federal Agency</u>	<u>Number of Federal Promams</u>	<u>Number of Grant Accounts With Federally Funded Travel</u>
Education*	5	38
Health and Human Services	2	10
Agriculture	2	7
Labor	1	1
Defense**	<u>1</u>	<u>1</u>
Total	<u>11</u>	<u>57</u>

*Travel paid from Federal funds under the Department of Education's Extended Day program was not included in these totals because that program will be audited separately.

**Travel paid from Federal funds under the Department of Education's contracts with the U.S. Department of Defense also was not included in these totals because that program will be audited separately. However, we did review travel for the U.S. Department of Defense's Junior Reserve Officer Training Corps program.

*Expenditures from Federal funds exceeded revenues from Federal sources because the Department had carryover funds from fiscal year 1996 that were available for use during fiscal year 1997.

During fiscal years 1996, 1997, and 1998 (through March 31), the Department issued 201 travel authorizations for Federally funded travel and issued 182 travel purchase orders, totaling \$730,750, to 587 travelers and vendors.²

SCOPE OF SURVEY

The scope of the survey included Federally funded travel (excluding travel funded by the Department of Education's Extended Day program and the Department's contracts with the U.S. Department of Defense, both of which will be audited separately) incurred for off-island travel and local mileage reimbursement claims during fiscal years 1996, 1997, and 1998 (through March 31). We visited the offices of the Department of Education, the Department of Administration, and the Bureau of Budget and Management Research to interview officials and review records pertaining to Federally funded travel activities. In addition, we interviewed program officials from the U.S. Departments of Agriculture, Education, Labor, and Health and Human Services to obtain program information.

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.

As part of the survey, we evaluated the system of internal controls related to the operational and financial management of Federally funded travel. Based on our limited review, we determined that, in general, the Department had adequately managed the processing of travel authorizations and local mileage reimbursement claims. However, we identified internal control weaknesses in the areas of clearing outstanding travel advances and processing and closing travel purchase orders, which are discussed in the Results of Survey section of this report. Our recommendations, if implemented, should improve the internal controls in these areas.

PRIOR AUDIT COVERAGE

During the past 5 years, the U.S. General Accounting Office has not issued any audit reports on travel costs charged to Federal grants by Guam's Department of Education. However, the Office of Inspector General's November 1993 audit report "Travel Practices, Government of Guam" (No. 94-I-106) discussed travel management by 19 different Executive, Legislative, and Judicial entities within the Government of Guam. At the time that the audit was performed, the Department of Administration processed travel authorizations for the Department of Education. However, on March 30, 1993, the Department of Education

²Paragraph 1.10 of the Financial Management System Policies and Procedures Manual section entitled "Travel Authorization Processing" provides that, after travel authorizations are approved, the Division of Supply Management is responsible for issuing travel purchase orders for each approved travel authorization to control the funding certification and payment process. Each travel purchase order designates one traveler or vendor (for airline tickets or training) as the responsible party and can include per diem, airfare, household shipment charges, and other travel costs.

assumed responsibility for processing its own travel authorizations and vouchers and, on March 6, 1997, assumed responsibility for budgetary control over travel funds. The prior audit did not include any findings specifically related to the Department of Education's processing of travel authorizations and vouchers.

An independent public accounting firm issued single audit reports on the Government of Guam, including the Department of Education, for fiscal years 1995 and 1996. However, the reports did not include findings related to the Department's travel operations. Although the Department's single audit for fiscal year 1997 (which began in July 1998) will again be conducted as part of the Government of Guam's single audit, the Department will be audited as an independent component unit instead of a line agency within the Executive Branch.

RESULTS OF SURVEY

The Department of Education needed to improve its control over Federally funded travel. Specifically, we found that the Department did not ensure that (1) travel vouchers were filed in a timely manner and that travel advances were used for authorized purposes, (2) claims for Federal reimbursement of grant-related travel expenditures were submitted timely, (3) documents were retained which identified those travel expenditures submitted for Federal reimbursement, (4) travel expenditures were appropriately charged to Federal grants, and (5) competitive procedures were used to obtain airline services. Procedures pertaining to travel expenditures on Federal grants are contained in the Department's Financial Management System Policies and Procedures Manual and the Common Rules for Federal grant administration issued by the U.S. Office of Management and Budget. However, deficiencies occurred because Departmental officials did not provide adequate oversight of its employees and provide them adequate training. As a result, the Department (1) was owed \$4,055³ for outstanding travel advances, (2) may lose \$4,855⁴ in Federal reimbursements, (3) did not have adequate support for at least \$34,054 in claims for Federal reimbursement, (4) incurred questionable travel costs of \$4,915, and (5) had little assurance that it obtained the best prices for airfares.

Travel Advances

Paragraph 1.2 of the Financial Management System Policies and Procedures Manual section entitled "Travel Authorization Processing" states, "The traveler must submit the Travel Voucher form, Travel Itinerary form, and supporting receipts to Accounting within 15 days of completing travel." Further, subparagraphs 1.2.10 and 1.2.11 require the Department's travel accounting technician to review the file of open travel authorizations for any claims or travel advances outstanding for more than 15 days, to send Uncleared Travel Advances Memoranda to the travelers, and to "take necessary action as indicated in the [Government

³**Outstanding** travel advances totaled \$7,792. However, we reduced this amount to \$4,055 to avoid duplicate counting of the remaining \$3,737, which is included in "Travel Expenses" in this report.

⁴**Unreimbursed** travel costs totaled \$7,121. However, we reduced this amount to \$4,855 to avoid duplicate counting of the remaining \$2,266, which is included in "Travel Expenses" in this report.

of Guam's] Travel and Transportation Manual.” Section 1712.02 of the Travel and Transportation Manual states that “advances not fully recovered by deductions from reimbursement vouchers or voluntary refunds by the traveler within fifteen (15) days following arrival on Guam [will be recovered] by set off of salary due, retirement credit, or otherwise, from the person to whom advanced ... or by such other legal method of recovery as may be necessary.”

We reviewed the processing of 16 travel purchase orders, totaling \$334,484, and identified 3 travel purchase orders, totaling \$4,055, that were open for periods of 7 to 30 months longer than the time by which the travelers were required to file travel vouchers and supporting documents. This condition occurred because Departmental personnel did not comply with existing procedures to obtain outstanding travel vouchers from travelers and did not comply with Departmental procedures in closing purchase orders. As a result, the travelers did not account for travel advances totaling \$4,055, and the Department also did not have the use of \$2,355⁵ because Federal reimbursement could not be requested until one of the three travel purchase orders was closed.

The accounting technician assigned to close travel purchase orders stated that although he had sent only two Uncleared Travel Advances Memoranda to travelers who had outstanding travel vouchers during the period of January 1997 to March 1998, he usually called travelers requesting that they file the delinquent vouchers. He also stated that during this period, the Department, to the best of his knowledge, did not offset or attempt to offset outstanding amounts against the salaries of travelers who had not filed travel vouchers. Further, the accounting technician said that he had not been provided training on closing travel purchase orders or on the effects of not closing travel purchase orders in a timely manner. Also, the accounting technician stated that his backlog of open travel purchase orders (on July 24, 1998, we counted 53 open travel purchase orders) existed because of his “other job responsibilities” and because other staff did not provide information necessary to close out the travel purchase orders. The accounting supervisor stated that the accounting technician had not informed her of the problems related to closing travel purchase orders but that if she had been aware of the problems, she could have assigned someone to assist him. In our opinion, Departmental officials should have monitored the travel administration process more closely to ensure compliance with existing policies and procedures.

Claims for Federal Reimbursement

Paragraph 1.2 of the Financial Management System Policies and Procedures Manual section entitled “Cash Disbursement - Follow Up” states that the Assistant Financial Affairs Administrator is to “ensure that the Federal Government is billed in a timely manner to reimburse the government [of Guam] for expenditures related to Federal Programs.” In addition, Paragraph 2.6 of the Manual section entitled “Travel Authorization Processing” states that the travel accounting technician is to “prepare a journal voucher to reclassify

⁵Of the three travel purchase orders totaling \$4,055, two in the amount of \$1,700 each were from local funds related to the Junior Reserve Officer Training Corps program and therefore were not eligible for Federal reimbursement.

cleared advances from the Travel Advances account to the appropriate expenditure account.” Further, Paragraph 2.9 of that section of the Manual states that, at the end of each month, the travel accounting technician is to “review the travel advances in the Open Purchase Orders Report.” The section further states, “If all travel advances and invoices have been recorded against the Purchase Order, request Supply Management to close the Purchase Order.” Departmental accounting personnel stated that at the end of each month, they prepared requests (based on that month’s recorded travel expenditures) for the Department of Administration to obtain reimbursement from the appropriate Federal grantors.

Of the 16 travel purchase orders reviewed, we found that 6 travel purchase orders were related to the Junior Reserve Officer Training Corps and were not eligible for Federal reimbursement. Therefore, we excluded these travel purchase orders from our tests for Federal reimbursement purposes. Of the remaining 10 travel purchase orders, we identified 3 purchase orders, with travel advances totaling \$4,855, for which Departmental personnel had not prepared or recorded closing journal vouchers for periods of 1 to 7 months after having received all necessary supporting documents. For example, all documents necessary to close a travel purchase order for \$4,561 were filed by March 6, 1998. However, 4 months later, Departmental personnel had not requested Federal reimbursement for \$3,125 of the \$4,561 (a request for \$1,436 appears to have been made). The accounting technician could not provide us with an explanation as to why he had not prepared and processed the required closing journal vouchers for two of the travel purchase orders, but he said that for the third travel purchase order: he had not closed all fiscal year 1998 transactions. As a result, reimbursement for \$4,855 in Federally funded travel had not been requested.

Retention of Records

Subsection REC 3 of the Financial Management System Policies and Procedures Manual section entitled “Record Keeping, Computer Center Operations, Report Frequency” states, “To ensure [the Department of Education] is in accordance with the [U.S. Office of Management and Budget] Common Rule, Section 42, Retention and access requirements for records, all financial and programmatic records, supporting documents, statistical records, and other records of grantees or subgrantees must be maintained for a period of no less than three (3) years after finalization of the year end audit.” Under the claim process established with the Department of Administration, the Department of Education prepared and sent Request for Reimbursement on Federal Grants Expenditures claim forms to the Department of Administration, which requested the drawdowns of grant funds from the appropriate Federal agency.

Of the 10 travel purchase orders reviewed for Federal reimbursement purposes, we identified 8 travel purchase orders that had expenditures totaling about \$34,054.⁶ However, because of missing accounting documents, we could not determine whether the travel expenditures

⁶The Department’s records identified reimbursement claims by program and Federal grants but not by category of expenditures. Therefore, we could not specifically distinguish travel-related claims from personnel and other categories of expenditures. In addition, the Department could not locate summary claim totals for fiscal year 1996 but did provide claim totals for fiscal years 1997 and 1998 (through March 31).

had been forwarded to the Department of Administration for Federal reimbursement. The accounting technician stated that she routinely discarded (within 3 weeks after preparation) the listings of the specific travel expenditures included on reimbursement claims transmitted to the Department of Administration for submission to the Federal grantor agencies because of insufficient filing space to retain the documents and also that she did not believe that it was important to retain these listings. Therefore, we were unable to confirm the exact amount of travel expenditures included in the Department of Education's overall reimbursement claims, and the Department of Education did not have records to support the expenditures claimed. We believe that records of the travel expenditures claimed should be retained for the 3-year period specified in Department of Education and Federal record retention requirements to support whether the expenditures claimed were allowable.

According to the Department of Education's comptroller, the problems identified in his department's process for accounting for and filing claims for Federal reimbursement occurred, in part, because of the shortage of qualified accountants. He stated that, as of July 24, 1998, he was the only employee (of 60 employees in the Department's Business Office) who had a degree in accounting. We believe that the Department should ensure that its accounting personnel have the level of formal and on-the-job training required to satisfactorily perform their accounting duties.

Based on our review, we classified as unsupported \$34,054 of the \$38,909 (the balance of \$4,855 was questioned in the section of this report "Claims for Federal Reimbursement") in travel expenditures apparently claimed for reimbursement during fiscal years 1996, 1997, and 1998 (through March 31).

Travel Expenses

Attachment B, Section 41, of U.S. Office of Management and the Budget Circular A-87, "Cost Principles for State, Local and Indian Tribal Governments," states that "travel costs for officials covered by Section 23 [such as members of councils and school boards], when specifically related to Federal awards, are allowable with prior approval of a grantor agency." In addition, Board Policy No. 363, "Field Trips and Excursions," requires that the adults accompanying students on off-island field trips be employees of the Department of Education. Finally, Title 5, Section 23 104(d), of the Guam Code Annotated states, "If the employee received an excessive advance allowance, he shall reimburse the Government the excessive amount."

We reviewed 16 travel purchase orders, totaling \$334,484, for compliance with Federal and local travel regulations and policies. The 16 travel purchase orders reviewed consisted of 10 purchase orders, totaling \$45,000, funded by Federal grants and 6 purchase orders, totaling \$289,484, funded by local funds. We identified unallowable or uncollected travel expenditures and advances in 3 of the 16 travel purchase orders reviewed as follows:

- A member of the interim Board of Education traveled to Virginia to attend an education conference, and the Department charged the \$3,737 cost of the trip to a Federal grant program. The accounting technician who processed this travel authorization stated

that, at the time, she was not aware that the travel costs of Board of Education members could not be charged to Federal grants without the grantor's prior approval.

- The Department paid \$1,078 from local funds for travel by a chaperon on a student field trip who was not an employee of the Department of Education. The accounting technician said that she did not question the travel because the traveler had been approved by the requesting division, The division's approving official stated that he was aware of the requirement that all travelers should be Department employees but that he approved the travel because both the individual and her spouse (who was a Department employee) were selected for the trip by an **official** who was senior to the approving official.

- A chaperon on **another** student field trip had not returned \$100 in local funds received in advance per diem for a student who decided not to participate. The accounting supervisor stated that she did not question the use of the funds because the funds were used for other expenses during the field trip.

In each instance, as of the time of our review, the Department had not taken actions to recover the funds.

Purchase of Airline Services

The Department of Education did not ensure that airline tickets were acquired in a competitive manner. Section 3-1 1.3.1 of the Department of Education Procurement Regulations states, "Insofar as it is practical for small purchases of supplies or services between \$500 and \$15,000, no less than three (3) businesses shall be solicited to submit written quotations or oral quotations that are recorded and placed in the procurement file." In addition, Section 36(12)(c)(4)(d) of the Common Rules for the administration of Federal grants (as issued in accordance with U.S. Office of Management and Budget Circular A-1 02, "Grants and Cooperative Agreements With State and Local Governments") states, "If small purchase procedures are used for procuring services, supplies, or other property that do not cost more than \$100,000, price or rate quotations shall be obtained from an adequate number of qualified sources."

During the period of October 1, 1995, to March 31, 1998, four Department divisions purchased airline tickets costing a total of \$192,904 without documenting whether more than one quotation was obtained. However, we could not determine whether this practice resulted in unnecessary additional airfare costs because the two primary airlines serving Guam did not retain historical airfare information, which prevented a comparison of actual airfares with potentially available airfares.

Agencies within the U.S. Government issue competitive contracts for travel services to be provided to offices in a specified geographical area, and the winning bidder guarantees the best and lowest rates and provides all travel services needed by the offices. We believe that the Department of Education could issue a similar contract, which should help ensure that the most cost effective rates would be obtained for Departmental travelers. Therefore, in our opinion, the Department should pursue the option of competitively contracting for travel

services and, if not, require quotations from the two primary airlines for all Federally funded air travel to help ensure that it obtains the most economical prices for airline tickets.

Recommendations

We recommend that the Board of Education instruct the Director of the Department of Education to:

1. Develop and implement procedures to require that Departmental accounting and supervisory personnel monitor the filing of travel vouchers to ensure that all travel vouchers are filed in a timely manner.

2. Establish time **frames** for closing travel purchase orders and implement procedures to require that Departmental supervisory personnel ensure that accounting personnel comply with the established time frames.

3. Require that all supporting documents for travel reimbursement claims be retained for the time periods provided in the Government of Guam's records retention policies and applicable Federal grant management regulations.

4. Provide training to ensure that Departmental accounting personnel responsible for processing travel transactions and documents related to Federal grants are knowledgeable of the applicable travel policies and regulations and ensure that accounting and supervisory personnel are accountable for enforcing the travel policies and regulations.

5. Advise the applicable Federal agencies of the questioned costs and either resolve the questioned costs or arrange for their repayment.

6. Take appropriate action to recover the travel costs of \$1,078 related to the nonemployee chaperon and the \$100 in advance per diem related to the student who did not participate in a planned field trip.

7. Enter into a competitively awarded contract for all Departmental travel services or implement procedures to ensure that competitive airfare quotations are obtained and documented for all Federally funded travel from at least the two primary air carriers.

Guam Board of Education Response and Office of Inspector General Reply

In the January 27, 1999, response (Appendix 3) to the draft report from the Chairperson, Interim Board of Education, the Board concurred with Recommendations 1, 2, 4, 6, and 7 and partially concurred with Recommendation 5. Although the Board did not specifically refer to Recommendation 3, we considered the Board's response to Recommendation 2 to also be applicable to Recommendation 3. Based on the response, we requested additional information for all of the recommendations (see Appendix 4).

Recommendation 5. Partial concurrence indicated.

Board of Education Response. The Board stated that the Board member's travel "was justified and reimbursable, [because] the individual is a member of the Goals 2000 commission appointed by the Governor." The Board further stated that the Department of Education is pursuing reimbursement from the Goals 2000 program but that "[s]hould Goals 2000 deem this travel non-reimbursable, the Department will charge all costs associated with this travel against the Board's FY [fiscal year] '99 budget."

In the January 8, 1998, preliminary response, included with the January 27 response (page 6 of Appendix 3), the Director of Education further stated that the Interim Board member "was authorized to travel to Virginia" to attend an education conference and that the Department requested supporting documentation from the Federal Program Administrator to show such authorization.

Office of Inspector General Reply. Office of Management and Budget Circular A-87, "Cost Principles for State, Local and Indian Tribal Governments," Attachment B, Section 4.1, states that "travel costs for officials covered by Section 23 (such as councils, school boards, etc.), when specifically related to Federal awards, are allowable with prior approval of a grantor agency." However, during our review of travel records, we found no documentation that such prior approval had been granted, nor did the response contain such documentation. Further, during the audit, the accounting technician who had processed the travel authorization had contacted, at the auditor's request, the Federal Program Administrator for information regarding this issue. However, the information was not provided to the technician.

The Inspector General Act, Public Law 95-452, Section 5(a)(3), as amended, requires semiannual reporting to the U.S. Congress on all audit reports issued, the monetary impact of audit findings (Appendix 1), actions taken to implement audit recommendations, and identification of each significant recommendation on which corrective action has not been taken.

In view of the above, please provide a response, as required by Public Law 97-357, to this report by March 26, 1999. The response should be addressed to our Pacific Office,

4 15 Chalan San Antonio, Baltej Pavilion - Suite 306, Tamuning, Guam 969 11. The response should provide the information requested in Appendix 4.

We appreciate the assistance of the management and staff of the Department of Education in the conduct of our survey.

Sincerely,

A handwritten signature in black ink, appearing to read "Eljay B. Bowron". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Eljay B. Bowron
Inspector General

cc: Governor of Guam
Director, Department of Education

CLASSIFICATION OF MONETARY AMOUNTS

Finding Area	Unsupported costs	Questioned Costs cost <u>Exceptions</u>
Travel Advances	\$4,055*	
Claims for Federal Reimbursement	4,855**	
Retention of Records	34,054* *	
Travel Expenses	_____	\$4,915***
Totals	\$42,964	\$4,915

*Amount consists of \$2,355 of Federal funds and \$1,700 of local funds.

**Amount represents Federal funds.

***Amount consists of \$3,737 of Federal funds and \$1,178 of local funds.

**FEDERAL PROGRAM TRAVEL AND QUESTIONED COSTS
FOR OCTOBER 1, 1996, TO MARCH 31, 1998**

Grantor Agency and Grant	Total Travel Costs	Federally Reimbursed Travel Costs*	Total Questioned Travel Costs	Questioned Costs	
				Unsupported Costs	cost Exceptions
<u>Education:</u>					
Consolidated Grant	\$103,035	\$103,035	0	0	0
Grants to States for the Education of Children With Disabilities	116,814	116,814	\$28,076	\$28,076	0
Infants and Toddlers With Disabilities	25,229	25,229	10,748	10,748	0
Goals 2000	8,948	8,948	3,737	0	\$3,737
Guam Bilingual Education	3,404	3,404	0	0	0
<u>Health and Human Services:</u>					
Headstart	30,054	30,054	0	0	0
HIV/AIDS	3,156	3,156	0	0	0
<u>Agriculture:</u>					
State Administrative Expense	36,443	36,443	0	0	0
Nutrition Education and Training Program	14,587	14,587	0	0	0
<u>Labor:</u>					
School-To-Work**	45,521	0	2,440	2,440	0
<u>Defense:</u>					
Junior Reserve Officer Training Corps***	298,505	0	2,878	1,700	1,178
Total	<u>\$685,696</u>	<u>\$341,670</u>	<u>\$47,879</u>	<u>\$42,964</u>	<u>\$4,915</u>

*We could not determine the exact amount of Federally reimbursed travel costs because of deficiencies in the Department of Education's accounting and record keeping for travel transactions.

**As of July 24, 1998, the Government of Guam had not requested that the U.S. Department of Labor reimburse the Department of Education for these travel costs.

***As noted in the report, travel costs for the Junior Reserve Office Training Corps program were paid from local funds and were not eligible for Federal reimbursement.



GUAM BOARD OF EDUCATION

DEPARTMENT OF EDUCATION

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January 27, 1999

Mr. Peter J. Scharwark, Jr.
Senior Auditor
Office of the Inspector General
North Pacific Region
238 Archbishop F.C. Flores Street
PDN Building, Suite 807
Agana, Guam 98910

Subject: Response to Federal Grant Program Travel Audit Findings

Hafa Adai Mr. Scharwark;

Gloria B. Nelson
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Roland L.G. Talmanglo
Executive Secretary

This letter serves as: (1) an addendum to the letter sent by the Director of Education to Mr. **Elijay B. Brown** dated January 8, 1999 regarding your audit finding on the travel of the Interim Board of Education member; and (2) an official response to your audit findings and recommendations.

I. FINDINGS:

Auditor's Findings (1):

A member of the Interim Board of Education traveled to **Virginia** to attend an Education conference, and the Department charged the **\$3,737.00** cost of the trip to a Federal grant program. The **accounting technician** who processed this travel authorization stated that, at the time, she was not aware that the travel costs of Board of Education member could not be charged to Federal grants without the grantor's prior approval.

(Please refer to 1/8/99 response)

Auditor's Recommendation:

#5. Advise the applicable Federal agencies of the questioned costs and either resolve the questioned costs or arrange for repayment.

Auditee Response and Corrective Action Plan:

The Board Member's travel was **justified** and reimbursable. the **individual** is a member of the **Goals 2000 commission** appointed by the Governor of Guam. Please note that this **individual's** travel was **initially** charged **against** Goals 2000 and the Department **is pursuing** reimbursement due it **being non-reimbursable**. Should Goals 2000 deem this travel **non-reimbursable**, the Department **will charge all costs associated with this travel against** the Board's FY '99 budget. *(Please refer to 1/8/99 letter on response).*

On a side note: Department of Education will ensure that all travel by all DOE personnel, will be carefully scrutinized, authorization from applicable federal grant

Our Educational Community:

Prepares students for life

Promotes excellence

Provides support

programs will be obtained prior to travel, and will enforce all travel policies and regulations (e.g., OMB A-87, local travel policies, etc.)

Auditor's Findings (2):

The Department paid **\$1,078** from local funds for travel by a chaperon on a student field trip who was not an employee of the Department of **Education**. The **accounting** technician **said** that she **did** not question the travel because the traveler had been approved by the **requesting division**. The **division's** approving **official** stated that he was aware of the requirement that all travelers should be Department employees by that he approved the travel **because** both the **individual** and her spouse (who was a DOE **employee**) were selected for the **trip** by an **official** who was senior to the approving **official**.

Auditor's Recommendation:

#6. Take appropriate action to recover the travel costs of \$1,078 related to the non-employee chaperon and the \$100 in advance per diem related to the student who did not participate in a planned field trip.

Auditee Response and Corrective Action Plan:

The Department concurs with your recommendation and will make every effort to collect this outstanding balance (e.g., holding the Department employee's payroll check, **billing** the chaperon, etc..).

Auditor's Findings (3):

A chaperon on another student field trip had not returned \$100 in local funds received in advance per diem for a student. The **accounting** supervisor stated that she did not question the use of the funds because the funds were used for other expenses during the field trip.

Auditor's Recommendation:

#6. Take appropriate action to recover the travel costs of \$1,078 related to the non-employee chaperon and the \$106 in advance per diem related to the student who did not participate in a planned field trip.

Auditee Response and Corrective Action Plan:

The Department of Education/Board of Education concurs with your recommendations and will make every effort to collect this outstanding balances (e.g., **billing** the chaperon, etc..)

II. RECOMMENDATIONS:

1. Develop and implement procedures to require that Departmental accounting and supervisory personnel monitor the **filings** of travel vouchers to ensure that all travel vouchers are filed in a timely manner.

Auditee Response and Corrective Action Plan:

Our Educational Community:

Prepares students for life

Promotes excellence

Provides support

The Department of **Education/Board** of Education concur **with** your recommendation and will ensure that procedures are **implementd** and enforced.

#2. Establish time **frames** for closing travel purchase orders and Implement procedures to require that Departmental **supervisory** personnel ensure that **accounting** personnel comply **with** established **time frames**.

Auditee Response and Corrective Acton Plan:

The Department of Education/Board of Education concur **with** your **recommendation** and will ensure that claims are retained based on applicable guidelines.

#4. Provide **training** to ensure the department. **accounting** personnel **responsible** for processing travel **transactions** and documents related federal grants are knowledgeable of the applicable travel **policies** and regulations and ensure that **accounting** and supervisory personnel are held accountable for enforcing the travel policies and regulations.

Auditee Response and Corrective Action Plan:

The Department of **Education/Board** of Education concur **with** your recommendation and **will** ensure that current and new personnel are **sufficiently** trained and **monitored**.

#5. Advise the applicable federal agencies of the questioned costs and **either** resolve the questioned costs or arrange for repayment.

Auditee Response and Corrective Action Plan:

see I. FINDINGS section response (above)

#6. Take appropriate action to recover the travel costs of \$1,078 related to the **non-**employee chaperon and the \$100 in advancer per diem related to the student who **did not participate** in a planned field trip.

Auditee Response and Corrective Action Plan:

see I. FINDINGS section response (above).

#7. Enter into a **competitively** awarded contract for all department travel services or **implement** procedures to ensure that competitive **airfare quotations** are **obtained** and documented for all federally funded **travel** from at least the two **primary air** carriers.

Auditee Response and Corrective Action Plan:

The Department of **Education/Board** of Education concur **with** your recommendation and will ensure that competitive travel quotations (i.e.31 will be obtained *from the various local travel agencies*.

Our Educational Community:

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Promotes excellence

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Pg. 4
Mr. Peter Scharwark, Jr.
Senior Auditor
Inspector General

Should you have any **questions** or comments, please do not **hesitate** to contact me at (671) **734-4902/3**.

Thank you.



GLORIA B. NELSON
Chairperson, Interim Board of Education

Attachments:

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DEPARTMENT OF EDUCATION

P.O. Box DE
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Tel: (671) 473-0457
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Roland L.G. Taimanglo
Director of Education

Allie A. Yameschita, Ph.D
Deputy Director of Education

January 8, 1998

Mr. Eljay B. Bowron
Inspector General
Agaña, Guam 86932

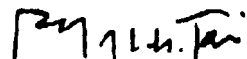
Dear Mr. Bowron:

This letter is in response to the draft audit report pertaining to the expenditure of federal funds.

Regarding the findings relative to the interim Board of Education travel to Virginia and Washington, D.C., the following are conditions in which the travel was authorized:

1. The interim Board member was authorized to travel to Virginia to attend the NASBE meeting given her role as a member of the Guam Goals 2000 Panel and DOE's ongoing effort to implement the Goals 2000 Comprehensive Education Improvement Plan.
2. The administrator of the Goals 2000 funding, Dr. Nerissa Bretania-Shafer, secured permission from the Goals 2000 official, Daisy Greenfield concerning the use of Goals 2000 funding for travel. She was informed that to the extent 90% of Guam's Goals 2000 funds directly supports school initiatives for implementing the CEIP. 10% of the funding can be used for administrative purposes, including travel to meetings and conferences pertaining to the implementation of the Goals 2000 CEIP. Dr. Shafer posed the question via e-mail to Ms. Greenfield, who in turn responded via e-mail. DOE is awaiting a written statement from Ms. Greenfield or an authorized Goals 2000 official. Attached is a memorandum that was sent by Dr. Shafer requesting documentation relative to this issue.
3. While the interim Board's trip was initially scheduled for the duration of the conference in Virginia, the trip to include meeting with Goals 2000 officials and Federal Impact Aid officials. Dr. Shafer was scheduled to travel to Washington D.C. to attend the National Center for Education Statistics (NCES) Winter Forum the last week of January 1998. Dr. Shafer's travel was pre-paid by U.S. DOE given her role as the liaison to the National Forum. Because of a family emergency Dr. Shafer had to cancel her trip. The interim Board member subsequently attended the Winter Forum and meetings with the Goals 2000 officials and Federal Impact Aid officials on behalf of Dr. Shafer.

In short, given the latitude for expending 10% of Goals 2000 funding, the interim Board member's role as an active member of the Guam Education Goals 2000 Panel, and the nature of the meetings she attended during her trip to Washington D.C. and Virginia, the funding of the trip to Virginia is authorized.


ROLAND L.G. TAIMANGLO
Director of Education

attachment



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DEPARTMENT OF EDUCATION

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Roland L.G. Tasmengle
Director of Education
Aline A. Yamashita, Ph.D.
Deputy Director of Education

Nerissa Bretania-Shafer, Ph.D.
Administrator
Research, Planning & Evaluation

January 7, 1999

Fax Memorandum

To: Daisy Greenfield
Goals 2000 Coordinator, Outlying Areas

From: Nerissa Bretania-Shafer
Guam Goals 2000 Contact

Subject: Request Documentation of Allowable Expenditures

Sometime **Fall 1998** I sent an **e-mail** requesting advise on whether travel to conferences **pertaining** to standard setting and **meetings with goals 2000** officials could **be funded** by **Goals 2000** awards, provided **that** it fell **within the 10% administrative** cost. You responded via e-mail indicating **that it** was allowable, provided that Guam allocated 90% of **the total funding for** local education agency reform **initiatives related** to the Comprehensive Education Improvement Plan. Because we **communicated** via e-mail I do not have a copy of your response and am in need for **written** documentation for audit purposes.

If at **all possible**, please fax to me some **type of documentation** that supports the **authorization of travel expenditures** to attend a **performance standards** meeting and a meeting with **Goals 2000** officials in **Washington D.C., January 1998**. If you may recall **the** Board of Education **Chairperson** met with you sometime **during the last** week of January. Prior to **her meeting with** you she met with other **State Board** members in Virginia **relative to development of performance and content standards**. **Her tip was funded by Goals 2000, under 10% administrative allocation.**

If **such** documentation is **not** possible because of the **time** period since we **communicated**, I would **appreciate any** type of **documentation that refers** to allowable **expenditures under the administrative** portion.

Your response to this is appreciated. I **am sorry** for **the** short notice and inconvenience **this might** cause, My **fax number** is (671) 477-3407.


Nerissa Bretania-Shafer



Information Sheet DOE Interscholastic Sports Program

For nearly three decades, the Department of Education has operated and paid for an extensive interscholastic sports program which includes public as well as **private** schools. An honors program for student athletes, the program has grown to include activities at leagues in the following areas:

High School

1. Boys **football**
2. Girls volleyball
3. Boys volleyball
4. Boys **wrestling**
5. Girls soccer
6. Boys **soccer**
7. Boys basketball
- 8 **Girls** basketball
9. Boys **basketball**
10. Girls **Softball**
11. Track and Field
12. Cross-Country
13. Golf
14. Tennis
15. Cheerleading
16. Pom Pom
17. **ROTC**
18. Band
19. Strength training

Middle School

1. **Girls** volleyball
2. Boys volleyball
3. Girls basketball
4. **Boys** basketball
5. Track and Field
6. Girl **soccer**
7. Boys **soccer**
8. **Cheerleading**

- **Of** the 33 **schools in the interscholastic sports program operated** by DOE, 22 are private or non-DOE schools. Only 11 are DOE schools.
- DOE pays the cost of officiating of all games. **whether it involves private schools or public schools.**
- DOE pays for trophies presented to public **and private** schools.
- DOE **pays** for **salaries** or **stipends** for DOE schools' **coaches.**
- Private schools pay for the salaries or stipends of their own **coaches.**
- DOE pays for other **costs** such as the **salary of the person who coordinates** the program, **operating** costs of the office, **upkeep** and maintenance of DOE facilities and utilities of DOE gyms and fields.
- **Until recently**, DOE **paid for** **busing for all interscholastic games (public or private).** That **cost** is currently absorbed by Public Works.

1998-99 Budget, Two Main Areas of Expenses

	<u>Hinh School</u>	<u>Middle School</u>	<u>Totals</u>
1998-99 Coaching Stipends	\$273,906.00	\$191,450.00	\$465,356.00
1998-99 Officiating	\$121,990.00	\$ 78,868.M	\$200,858.00
			\$666,214.00

STATUS OF SURVEY REPORT RECOMMENDATIONS

<u>Finding/Recommendation Reference</u>	<u>status</u>	<u>Action Required</u>
1, 2, 3, 4, 5, 6, and 7	Management concurs; additional information needed.	Provide the target date and title of the official responsible for taking corrective action for each recommendation.

**ILLEGAL OR WASTEFUL ACTIVITIES
SHOULD BE REPORTED TO
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