

**Audit of Travel Practices at  
Commonwealth Ports Authority  
October 1, 2004 to March 31, 2008**



**Audit Report**  
AR-11-01



# Office of the Public Auditor

Commonwealth of the Northern Mariana Islands

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March 23, 2011

Edward M. Deleon Guerrero  
Executive Director  
Commonwealth Ports Authority  
P.O. Box 501055  
Saipan, MP 96950

Re: Final Report on the Audit of the Commonwealth Ports Authority's Travel Practices from October 1, 2004 thru March 31, 2008

Dear Mr. Guerrero:

The enclosed report presents the results of our audit of the Commonwealth Ports Authority's (CPA) Travel Practices from October 1, 2004 to March 31, 2008. The objectives of the audit were to determine (1) CPA's compliance with applicable laws and regulations, and (2) if travel costs were properly recorded and documented.

Our audit showed that CPA (1) did not comply with travel regulations. Specifically, our review of 40 trips selected for detailed audit showed that (a) travel costs were not adequately supported, (b) travel vouchers were not submitted timely, (c) outstanding travel advances were not tracked, (d) travelers with outstanding travel obligations were not denied subsequent travel advances, (v) payroll deduction was not initiated for employees with outstanding travel obligations, and (e) unearned per diem was uncollected from traveler. Our audit also showed that CPA's (2) travel records and documentation were not properly maintained. For example, (a) receipt of travel vouchers was not always documented, (b) travel advances in the books were not always timely liquidated, and (c) employee receivables were poorly tracked. In addition, CPA (3) adopted policies and procedures that contributed to higher travel costs. These include (a) higher per diem rates, (b) per diem advanced at 100 percent, and (c) per diem paid for flight time. In addition, OPA found one instance where reimbursement was claimed for a nonrevenue airline ticket and may be questionable.

OPA issued nine recommendations. Recommendation nos. 1, 2, 3, 5, 6, 7, & 8 are considered closed, and no. 4 & 9 are considered resolved.

OPA has implemented an audit recommendation tracking system. All audit recommendations will be included in the tracking system as open or resolved until we have received evidence that the recommendations have been implemented. An open recommendation is one where no action or plan of action has been made by the client (department or agency). A resolved recommendation is one which the auditors are satisfied that the client cannot take immediate action, but has established a reasonable plan and time frame of action. A closed recommendation is one in which the client has taken sufficient action to meet the intent of the recommendation or we have withdrawn it.

Mr. Edward M. Deleon Guerrero

March 23, 2011

Re: Final Report on the Audit of the Commonwealth Ports Authority's Travel Practices from October 1, 2004 thru  
March 31, 2008

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For recommendations considered resolved, please provide us the same status of recommendation implementation within 30 days along with documentation showing the specific actions taken. If corrective actions will take longer than 30 days, please provide us additional information every 60 days until we notify you that the recommendation has been closed.

An electronic copy of this report is available and may be downloaded from OPA's website at [www.opacnmi.com](http://www.opacnmi.com).

Sincerely,

A handwritten signature in black ink that reads "Mike Pai". The signature is written in a cursive, flowing style.

Michael Pai, CPA  
Public Auditor

Enclosure

cc: Governor

Lt. Governor

Senate President

House Speaker

House Minority Leader

Secretary of Finance

Special Assistant for Management and Budget

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# Introduction

This report presents the results of the Office of the Public Auditor's (OPA) audit of Commonwealth Ports Authority's (CPA) travel practices from October 1, 2004 through March 31, 2008. Our audit objectives were to determine (1) CPA's compliance with applicable laws and regulations, and 2) if travel costs were properly recorded and documented. The audit sample is comprised of travel performed from October 1, 2004 and March 31, 2008 by CPA board of directors and those in management positions, including those in acting capacities.

In October 2006, the former Executive Director requested OPA to conduct an audit or audits on CPA's various operations. In early 2008, OPA commenced a review of CPA's travel practices. However, when the review started, CPA was without its key financial managers. Before the appointments of a new Executive Director in November 2008 and a Comptroller in February 2009, the two positions were vacant or occupied by individuals in acting capacities for about two years since the resignations of the former comptroller in February 2007 and the former executive director in May 2007. In the interim, CPA had appointed two acting executive directors and two acting comptrollers. Due to a high turnover in management at CPA and other duties assigned to the auditor-in-charge, OPA was not able to complete the audit as scheduled.

See scope and methodology in **Appendix 1**.

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## Background

The CPA, a public corporation, was established by Public Law 2-48 on October 8, 1981. CPA is responsible for the operations, maintenance, and improvements of all "ports" in the Commonwealth of the Northern Mariana Islands. The "ports" include the airports and seaports in Saipan, Rota and Tinian.

CPA is run by a seven member Board of Directors (Board) appointed by the Governor with the advice and consent of the Senate. The Board serves staggered terms of four years, subject to reappointment, or until their successors have been appointed and qualified. An Executive Director is appointed as chief executive officer, who shall serve at the pleasure of and compensated by the Board. The Executive Director, along with its other duties enumerated in 1 CMC §2127, has the authority to ensure that all rules and regulations of the authority are enforced.

### ***CPA Travel Regulations***

CPA adopted travel policies and procedures in August 8, 2002 as outlined in Section 3.08 of the CPA Personnel Rules and Regulations and codified in Section 40-40-235 of the Northern Mariana Islands Administrative Code.

All official travel is authorized through an approved travel authorization (TA) form. TA's shall be approved by the Executive Director for travel within the CNMI, and by the Board Chairman for travel outside the CNMI. A memorandum signed by the Executive Director, Deputy Director, or designated staff that states the purpose of travel, time frame, destination, and car rental costs must be attached to the TA. Car rental cost shall not be allowed if such expense is not stated in the memorandum. Although not stated in the policies but adopted in practice, travel by the Executive Director is approved by the Board.

In January 2006, CPA increased the per diem rates to certain destinations. The justification was to use similar rates established by the Federal Aviation Administration (FAA). Prior to that, CPA used the same per diem rates adopted by the CNMI Executive Branch. However, CPA's per diem rates only apply to CPA employees. The per diem rates established by under official CNMI travel policies apply to all members of Boards within the CNMI government, including the CPA Board of Directors. Although not indicated in the CPA travel regulations, CPA provides travelers \$45 per day for car rental expenses as indicated in the travel authorization, whereas official CNMI travel policies provide an allowance of \$70 per day for car rental expenses.

Prior to the trip, a travel advance check to cover per diem and other travel cost is issued to the traveler. Contrast with official CNMI travel policies, per diem is advanced at 80 percent with the net of 20 percent reimbursed to traveler upon return. Within 15 days after the trip is completed, the traveler is required to submit a travel voucher (TV) form to liquidate the travel advance. The TV has to be supported by a detailed trip report, the airline ticket, boarding passes, and any other receipts for other travel related expense incurred. If an employee returns earlier than scheduled and the travel advance is more than the actual travel costs, any excess is to be returned to the agency. If the traveler does not return the excess immediately, payroll deduction will follow.

In section 40-40-235 (h) of CPA's travel regulations, the Accounting Department, headed by a comptroller, is responsible for internal controls over the submission of a travel voucher such as: (1) the travel voucher is filled in completely, (2) supporting documents are attached, (3) the traveler is in compliance with CNMI laws, and (4) additional travel advances (for subsequent trips) are not paid to travelers who did not submit travel vouchers within the required time. In addition, the accounting department is responsible for maintaining travelers' sub-ledgers for the monthly monitoring of outstanding travel advances. The monthly review has to be reviewed and concurred by the comptroller. This review allows the Accounting Department to provide proper notices to those with outstanding travel advances like a notice to file a travel voucher, a notice for payroll deduction, and a notice that future travel advances will be denied.

## ***Recording Travel Costs and Obligations***

CPA follows an accrual-based accounting system, wherein revenues are recognized when earned and expenses are recorded when incurred. By law, CPA is required to segregate airport-related revenue and expenses from seaport-related revenue and expenses. Therefore, CPA maintains two sets of chart of accounts (Airport and Seaport) and uses accounting software to manage its accounts.

When a check is prepared for an employee's travel advance, a disbursement voucher is also prepared by one of the accountants, reviewed by the deputy comptroller and approved by the comptroller. A disbursement voucher identifies the check recipient, check number, check amount, a description of payment request (also the TA number), and the appropriate journal entries to be made. CPA does not track travel advances that have been disbursed. To identify which TA's have not closed, a reconciliation of the Travel Advance account is performed.

To liquidate a travel advance in the books, a journal voucher (JV) is prepared, usually at the end of each month, for those TV's that have been submitted. The JV identifies what journal entries are performed. The amount liquidated and reimbursed, not including excess or unearned per diem, is recorded as an expense in the appropriate account. Any excess or unearned portion of the travel advance is recorded as a receivable until payment is remitted or payroll deduction is made.

# Findings and Recommendations

## A. CPA did not comply with travel regulations

CPA travel regulations require travelers to submit a TV within 15 days after completion of government travel. The TV must be supported by detailed trip reports, original boarding passes, and expense receipts, and is used to liquidate outstanding travel advances in the accounting records. TV's are approved by the Executive Director and certified as correct by the Comptroller.

The accounting department is required to maintain sub-ledgers for each traveler to be reviewed monthly to ensure that TV's are submitted and outstanding travel advances are liquidated in compliance with CNMI laws. An employee who has failed to file a TV shall not receive subsequent travel advances until he/she has filed the appropriate travel documents. Further, if an employee returns earlier than is shown on his itinerary, unearned per diem is to be returned to the agency. If an employee has failed to submit a TV or cannot pay the unearned portion of the travel advance, pay shall be deducted to recover unsupported travel costs and/or excess travel advance.

CPA did not comply with travel laws and regulations in that:

- *Travel Costs Were Not Adequately Supported.* Ninety-three percent (or about \$179K) of trips reviewed were not adequately supported. Of the 40 samples reviewed, 37 were not supported by one or more of the following: complete boarding passes, trip report, and expense receipts. For instance, a total of 32 (80 percent) TV's were not supported by boarding passes to validate actual per diem earned. In addition, CPA certified 5 (12 percent) TV's despite the submission of blank trip report forms. At the least, only the traveler's signature appeared on 2 of 5 blank trip reports submitted. See Appendix 3 for more details on unsupported TV's.
- *Travel Vouchers Were Not Submitted Timely.* In 27 (67.5 percent) of the 40 TV's and supporting document reviewed, CPA did not document the date and time TV's and supporting documents are submitted, and therefore, OPA could not determine if submission was timely. Of the remaining 13 (32.5 percent) of 40 TV's that were stamped received, all 13 were submitted untimely. On average, TV's were submitted 215 days after the deadline. See Appendix 4 for more details on untimely TV's.
- *Outstanding Travel Advances Were Not Tracked.* CPA did not maintain sub-ledgers for each traveler to track outstanding travel advances. Employee receivables were maintained by the accounting staff through Excel spreadsheets. However, at the time of review, the Accounts Clerk could not locate the spreadsheet, as files were not properly turned over from former employees.



- *Travelers With Outstanding Travel Obligations Were Not Denied Subsequent Travel Advances.* Because CPA did not document the date TV's were submitted in 27 of the samples and because there were no sub-ledgers, OPA's review was limited to those TV's in the sample where travelers were authorized subsequent travel advances despite an outstanding travel obligation.

For example, CPA repeatedly authorized subsequent trips for an employee who failed to submit travel documents. In our sample pulled for FY 2006, an employee failed to submit proper travel documents, but was authorized to travel in October 2007. The employee again failed to submit proper travel documents, but was authorized to travel in January 2008. During our fieldwork, employee submitted a memorandum, dated May 18, 2008, and attached TV's and trip reports for prior trips performed in April 2006, May 2006 and October 2007.

- *Payroll Deduction Was Not Initiated for Employees With Outstanding Travel Obligations.* Former CPA Comptrollers, as well as the former Acting Comptroller, did not initiate payroll deduction for employees with outstanding balances. In May 2008, former Acting Comptroller issued two memorandums to address timely submission of travel documents and payroll deduction of outstanding receivables. Despite these notices, unearned per diem for two trips performed in January 2008 by CPA's former Acting Comptroller and former board member, remained uncollected as of May 7, 2009.
- *Unearned Per Diem Uncollected From Traveler.* Of the 40 trips reviewed, eight were adequately supported by boarding passes. Limited to the 8 trips, OPA's review shows that an employee was paid excess per diem. In one sample, an employee was authorized to take a trip to Kosrae and Majuro from October 5-20 in 2007 to conduct training. At \$200 per day, total per diem advanced to traveler was \$3,140. Boarding passes showed that traveler left Saipan on October 7 at 9:30pm, more than 2 days (or 65.5 hours) later than the start of the trip, and returned on October 21 at 8:50pm, one day (or 24 hours) later than scheduled in the TA. Although the TV was approved and certified correct by the acting Executive Director and acting Comptroller, the TV did not show the actual travel dates and a calculation was not done to determine actual per diem earned. Using CPA's calculation method, OPA computation shows an overpayment of 41.5 hours or \$346 in excess per diem that should have been collected and returned.

Noncompliance with travel policy and procedures occurred because CPA officials (1) did not adequately review travel documents for accuracy and completeness, (2) failed to implement strict and proper procedures to recoup unearned travel advances, (3) failed to implement procedures to monitor outstanding travel advances, and (4) did not strictly enforce the agency's policies and procedures.

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## B. CPA's travel records and documentation were not properly maintained

Good internal controls require timely recording and adequate documentation through the entire cycle of a transaction to ensure accuracy and completeness of financial and/or accounting records. The review showed that travel records and documentation were not properly maintained. For example:

- *Receipt of Travel Vouchers Was Not Always Documented.* When TV's and required documents (boarding passes, expense receipts, and trip reports) were submitted, the dates of submission were not written on the TV's or in a log book that could have been maintained for that purpose. As shown in Finding A, documents submitted for 27 out of 40 travel vouchers were not dated and/or recorded. The failure to indicate or record the dates did not provide reviewers with the information needed to enforce the policies related to timely submission.
- *Travel Advances in the Books Were Not Always Timely Liquidated.* The travel advance (per diem) is not yet considered an expense until the traveler has completed the trip and submitted a travel voucher and supporting documents. From what was submitted, the actual travel cost is calculated, after which the travel advance is liquidated or charged to expense in the books. As shown in Finding A, TV's were not submitted on time resulting in unliquidated travel advances. When outstanding travel advances were reviewed as of the end of each fiscal year, OPA found that some balances were for completed trips and therefore, should have been classified as expense for the year. For example, at the end of fiscal year 2007, three travel advances totaling \$7,560 were still outstanding although travel vouchers had been submitted. The failure to timely liquidate the balances resulted in understated travel cost for the fiscal year.
- *Employee Receivables Were Poorly Tracked.* When travelers returned earlier than scheduled, excess per diem was not immediately returned and remained outstanding until the total amounts were recouped through lump sum or periodic payments. OPA found that the accounting system, as of the period of the review, did not have subsidiary ledgers to track the amounts still owed. The books only showed the total receivable account (for travel advances) balance. OPA was informed that former accounting office employees maintained a separate spreadsheet showing the outstanding balances from travelers. However, at the conclusion of fieldwork in May 2009, CPA still had not provided the spreadsheet and OPA was then told the spreadsheet was not turned over to the current accounting staff. The inability to track outstanding receivables from individuals prevented management from collecting all monies due to the agency. OPA's review showed outstanding receivables from a former employee and former board members.

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## C. CPA adopted policies and procedures contributed to higher travel costs

CPA adopted policies that contributed to higher travel costs for the agency. For example:

- *CPA Adopted Higher Per Diem Rates.* In 2002, CPA adopted the per diem rates established for the CNMI Government. In January 2006, CPA adopted higher per diem rates for all destinations except the 50 U.S. states. The per diem rates by destination for CPA and CNMI vary from \$25-100. See **Appendix 5** for a comparison of CNMI's and CPA's per diem schedule.
- *Per Diem Allowances Were Advanced at 100 Percent.* Not only are CPA's rates higher, CPA travel policies allow per diem to be advanced at 100 percent compared to 80 percent under CNMI travel regulations. Under the latter, the remaining 20 percent is held until submission of the TV, at which time the Department of Finance (DOF) will review and compute actual per diem and other expenses allowed. If total expense is greater than the travel advance, then a check is issued to the traveler for the difference. If the total expense is less, then the traveler must return the difference. Limiting travel advance to 80 percent further compels traveler to liquidate travel advances on time. In addition, DOF requires each department to submit an Application and Account for Advance of Funds form, signed by the traveler and approving officer. This form authorizes DOF to initiate payroll deduction if the TV is not submitted within 30 days of completion of travel.
- *CPA Paid Per Diem For Flight Time.* Under CNMI travel policies, per diem is not paid for any time that the airline provides lodging and subsistence. At the most, travelers may receive a stipend of up to \$6 for flight time. CPA's travel policy and procedures do not address per diem during the time in-flight and in transit. At CPA, a full per diem is calculated from the time of departure to the time of return including the time the traveler is in the air. In one sample reviewed for a trip to Kosrae and Majuro, OPA calculated flight and transit time at about 25 hours based on the travel itinerary provided. Per diem for Kosrae and Majuro is set at \$200 per day. In another sample reviewed for a trip to Honolulu where per diem is set at \$250 per day, the flight and transit time totaled about 31 hours.

OPA estimates that savings of about \$200 to \$250 per off-island trip could have been realized if flight and transit time had been excluded in the per diem calculation. OPA's review covered a sample 39 off-island trips where an estimated \$7,800 could have been saved.

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## D. Other Matters

OPA noted an instance of a travel expense reimbursement that was not covered by any policy.

Official travel was approved for the purpose of attending the 2005 Pacific Aviation Director's Workshop in Honolulu, Hawaii from April 3-10 of 2005. The TA showed no amount authorized for transportation expenses. However, when the traveler returned, she claimed, through her travel voucher, a reimbursement of \$987.60 for a one-way airfare expense. It was not stated in the travel voucher if the one-way fare was for the outbound or inbound trip. The travel voucher was approved by the former Board Chairman and certified by the former Comptroller. Traveler was reimbursed on April 15, 2005.

The traveler did not submit the required boarding passes and airline tickets to support the reimbursement claim. The only support for the airfare was a printed airline reservation which stated that the passenger had a reservation as a nonrevenue passenger. A nonrevenue passenger refers to an airline employee or family member of an airline employee, who is utilizing the travel benefit to fly on a standby basis at no cost, or at a substantially reduced cost.

Because the passenger had flown on a nonrevenue basis, the reimbursement claim is questionable. First, there was no prior written authorization for the described travel arrangement. Second, the required boarding passes and airline tickets were not submitted. And third, the special arrangement may be construed as a scheme to convert an airline benefit entitlement into cash.

Airlines prohibit earned mileage or travel benefits from being sold or bartered for cash. OPA did not conduct further research, but Federal Grantor agencies may also question such transactions (applying Federal Regulations) in case that specific transaction is selected for review.

Due to the length of time that has lapsed since events occurred and because recovery by legal means may be deemed costlier, OPA will leave the decision to CPA management to decide on the issue. However, OPA recommends that CPA adopt a supplemental policy or guideline regarding the use of nonrevenue airline tickets for official travel. We suggest that the CPA Comptroller consult with the regulations of Federal Grantor agencies like the FAA regarding use of nonrevenue tickets for reimbursement.

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## Conclusion and Recommendations

CPA management and board did not adhere to the agency's travel policies and procedures and did not maintain complete records and documentation. These occurred because CPA did not adequately review travel documents, implement

proper internal control procedures to track and recoup outstanding travel obligations, and enforce the agencies' travel policies.

The impact of these events, if not corrected, is a loss of potential savings and opportunity cost for the agency. In addition, if CPA management and Board should continue to be noncompliant with regulations, employee morale and the "tone at the top" could be affected. Given the CNMI's current fiscal and economic conditions, it is necessary that cost cutting measures be adopted to meet current obligations and ensure the upkeep of its facilities and operations. For this reason, potential savings should be derived where possible, including keeping travel costs at a minimum.

To reduce travel costs, ensure adequate record-keeping and documentation, and ensure compliance with policies and procedures, OPA recommends the following below.

In a response received on December 20, 2010, CPA generally concurred with OPA's findings and recommendations except for Recommendation No. 4 with regard to the exclusion of flight time in the calculation of per diem and Recommendation No. 8 with regard to travel advance disbursed at 80 percent of total per diem. With respect to the latter, CPA will adopt a policy that requires travelers to sign a Payroll Deduction Agreement authorizing automatic payroll deduction if the travel voucher is not submitted within 15 days after completion of travel. Each recommendation is followed by the agency's response and the status of each recommendation.

1. Resolve any outstanding travel advances to date that have exceeded the 15 days from the time travel was completed.
2. Document the date of submission of TV and supporting documents.
3. Require travelers to prepare travel vouchers and attach all receipts, boarding passes, trip reports, etc.

**CPA Response to Recommendations No. 1-3:** The Board of Directors issued a memorandum, dated October 18, 2010, requiring employees to submit all travel documents within 15 days after completion of travel. Memorandum also indicates that failure to comply will result in automatic payroll deduction and employee will not be authorized to travel unless all outstanding travel advances have been cleared.

**Status:** Closed.

4. Exclude flight time from the calculation of per diem and adopt a per diem schedule similar to that of the CNMI Government. This will require amendment to the travel voucher form to include all departure and arrival information to and from all destinations.

**CPA Response:** CPA will not exclude flight time from per diem calculation, however, CPA will comply, through the issuance of a memorandum, with 1 CMC §7407 (e) and §8247 (b) by adopting a per diem rate consistent with the central government's rate.

**Status:** Resolved. OPA will close recommendation pending a copy of the memorandum with regard to the changes. Moreover, CPA should consider updating the travel regulations to reflect the new per diem rates. In addition, OPA hopes that CPA will reconsider their decision not to adopt a policy that excludes flight time from per diem calculation.

5. Adequately review travel documents such as boarding passes and expense receipts to ensure actual per diem was earned and recoup any excess or unearned per diem through immediate cash payment or payroll deduction.

**CPA Response:** CPA will review all travel documents to ensure actual per diem is earned and any excess per diem will be recovered through automatic payroll deduction pursuant to the Payroll Deduction Agreement.

**Status:** Closed.

6. Adopt a policy that requires employees to sign a statement authorizing CPA to initiate payroll deduction if travel voucher is not submitted within 30 days from completion of travel. In the case of board members, collect cash payment and/or stop compensation of future board meetings.

**CPA Response:** CPA will adopt a policy requiring a traveler to sign a statement authorizing automatic payroll deduction if the travel voucher is not submitted within 15 days after the travel is completed.

**Status:** Closed.

7. Create sub-ledgers for each traveler to track travel advances issued, liquidated and outstanding. Sub-ledgers should be reviewed periodically and each time a TA is prepared to ensure that outstanding travel advances are cleared before subsequent advances are paid to traveler.

**CPA Response:** CPA has sub-ledgers in place which are reviewed prior to the approval and issuance of travel. CPA will ensure that the sub-ledgers are maintained and utilized.

**Status:** Closed.

8. Amend policies to allow the disbursement of travel advance at no more than 80 percent of total per diem, with the remaining 20 percent disbursed at liquidation.

**CPA Response:** CPA will maintain its current practice of disbursing travel advance at 100 percent of estimated total per diem. The implementation of the new procedures will ensure that all unearned per diem will be recovered.

**Status:** Closed.

9. Adopt a supplemental policy or guideline regarding the use of nonrevenue airline tickets for official travel.

**CPA Response:** CPA will adopt a policy where nonrevenue airline tickets will not be reimbursed should an employee volunteer to use his/her travel benefits or rewards.

**Status:** Resolved. OPA will close the recommendation pending final adoption of such policy.

\* \* \*

Recommendations 1, 2, 3, 5, 6, 7, & 8 are considered closed, and recommendations nos. 4 and 9 are considered resolved. Within 30 days of this report, CPA must provide OPA with an update on the status on the resolved recommendation and provide documentation showing the specific actions taken.

## Appendix A

# Objectives, Scope and Methodology

The objectives of this audit were to determine (1) whether travel costs were in compliance with applicable laws and regulations, and 2) whether travel costs were properly recorded and documented. The scope of our review covered 40 (or 10 per fiscal year) trips performed from October 1, 2004 to March 31, 2008 (FYs 2005, 2006, 2007 and 2008). To accomplish our objective, we completed the following:

- Gained an understanding of applicable laws and regulations including:
  - Public Law 2-48, CPA's enabling legislation
  - 1 CMC § 7407, Restrictions Upon Government Paid Travel Outside of the Commonwealth
  - CPA Personnel Rules and Regulations (Travel Policy and Procedures) and travel-related amendments
  - CNMI Travel and Transportation Policy
- Gained an understanding of the accounting process, including the accounts used and staff assigned to record travel obligations and expenses.
- Interviewed CPA accountants and Acting Comptroller regarding the travel process from travel authorization to liquidation, and illustrated the process in a flowchart.
- Performed a judgmental sample of travel performed within the audit scope. Specifically, we:
  - Obtained the airport and seaport travel log for CPA employees and CPA board members from FY 2005 through the 2nd Quarter of FY 2008.
  - Consolidated the travel logs to one travel log for CPA employees and CPA board members.
  - Summed the total travel expenditures (per diem and estimated airfare costs) and sorted by CPA board members and by CPA management staff (Executive Director, Comptroller, Seaport Manager, etc.)
  - Selected the 5 costliest trips performed by CPA board members and the 5 costliest trips performed by CPA management staff (total of 10 per fiscal year).
  - Obtained the travel documents, such as the travel authorization (TA), travel voucher (TV), etc., for review and tested against the attributes outlined in the audit program.
- Summarized audit findings.

We performed our audit in accordance with Government Auditing Standards (GAGAS) published by the Comptroller General of the United States.



Appendix B

## Unsupported Travel Vouchers

Traveler	FY	Purpose of Travel	Adequately Supported	Boarding Passes	Car Rental Receipts	Trip Report
# 8	2008	To conduct training for their new fire truck from Oshkosh through FAA (airfare and per diem to be reimbursed through the Oshkosh Truck contract).	✓	✓	N/A	✓
# 9	2008	Cali: To attend the Airport Paving Workshop hosted by the FAA from 10/23 to 10/25/07; Hawaii: To meet with Carissa and Gordon Wong in regards to our AIP grants. (To be reimbursed through AIP Grants under all the paving projects that are ongoing.)	✗	✗	✗	✓
# 5	2008	To attend the FAA/State Aviation Directors' Workshop.	✗	✗	✗	Blank
# 9	2008	To attend the workshop to speak on Construction Progress & Inspection Reporting for the FAA AIP Program Certification Workshop in Palau on January 21-24, 2008.	✗	✗	N/A	✓
# 6	2008	To attend the FAA AIP Program Certification Workshop in Palau January 21-24, 2008. She will be making a presentation on Audits, Reimbursements, and prompt payment and record keeping.	✓	✓	✓	✓
# 17	2008	To attend the FAA AIP Program Certification Workshop in Palau from January 21-24, 2008. He will be presenting for the Oshkosh ARFF Vehicle update, Airport Emergency Plans and ARFF Training update PRATC schedule 2008.	✗	Incomplete	✓	✓
# 13	2008	To meet with the Airport Facilities Committee Meeting to address the Tinian ILS, the old PIA Hanger, Freedom Air's Fuel storage facility and other pending items. And to attend the Board of Directors regular Board meeting on Friday February 29, 2008 at 10:00 am at the Port of Saipan Conference Room.	✗	✗	N/A	✗
# 1	2008	To attend the Association of Pacific Ports Mid-Year Conference.	✗	✗	✗	✓
# 11	2008	To attend the Association of Pacific Ports Mid-Year Conference.	✗	✓	✗	✓
# 5	2008	To attend the Association of Pacific Ports Mid-Year Conference.	✗	✗	✗	✓

Traveler	FY	Purpose of Travel	Adequately Supported	Boarding Passes	Car Rental Receipts	Trip Report
# 4	2007	Phoenix: To attend the Airport and Car rental workshop; Honolulu: To attend the DOI 2006 Island Business Opportunities Conference and to meet with US Army Corps of Engineers regarding Breakwater, Small Marina, and projects in review. Mr. Norita will also be meeting with FAA, Mr. Ron Simpson and Mr. Gordon Wong regarding AIP projects.	✓	✓	✓	✓
# 12	2007	To attend the Bronsfield Conference re: Grant Writing for CPA's potential environment contaminant areas.	✗	✗	✗	Blank
# 14	2007	To attend the Passenger Terminal Expo 2006.	✗	✗	✗	✓
# 4	2007	Cali: To conduct a four day site visit of the Fire and Law Enforcement Training Facilities in preparation for the ARFF Station and Training Center upgrade and the Police Shooting Range. In conjunction with the site visit, Director will be meeting with FAA Officials. Japan: To meet with Chairman Rex Palacios and Mr. Shigeyoshi Kato, Special Advisor on Foreign Investment Development.	✗	✗	N/A	✓
# 15	2007	To attend the FAA Western Pacific Region 3rd Annual Airports Conference and to stop over in Honolulu to meet with FAA Official, Mr. Ron Simpson.	✗	✗	N/A	Blank
# 17	2007	To attend the FAA Western Pacific Region 3rd Annual Airports Conference and to stop over in Honolulu to meet with FAA Official, Mr. Ron Simpson.	✗	✗	✗	Blank
# 2	2007	To attend the FAA Western Pacific Region 3rd Annual Airports Conference and to stop over in Honolulu to meet with FAA Official, Mr. Ron Simpson.	✗	✗	N/A	✓
#5	2007	To attend the FAA Western Pacific Region 3rd Annual Airports Conference and to stop over in Honolulu to meet with FAA Official, Mr. Ron Simpson.	✗	✗	N/A	✓
# 1	2007	To attend the Fly-In Fly-Out Seminar on October 24, and October 26, meeting with representatives of the Port of Oakland to discuss the Container Yard Paving Project and on November 30, meeting with Matson Navigation in Honolulu, Hawaii.	✗	✗	N/A	✓

<b>Traveler</b>	<b>FY</b>	<b>Purpose of Travel</b>	<b>Adequately Supported</b>	<b>Boarding Passes</b>	<b>Car Rental Receipts</b>	<b>Trip Report</b>
# 2	2007	To attend the Fly-In Fly-Out Seminar on October 24, at Portland OR, and on October 30, meeting with Matson Navigation at Honolulu, Hi.	×	×	N/A	✓
# 7	2006	To attend the AAAE Certification/Accreditation Academy in Texas and meet with firms in Los Angeles and San Francisco regarding long-term bond investments accounts.	×	×	×	✓
# 3	2006	To meet with the Federal Aviation Administration	×	×	×	✓
# 2	2006	To meet with the Federal Aviation Administration	×	×	N/A	Blank
# 17	2006	To conduct an inspection of the recently purchased Rapid Intervention Vehicle for the Pacific Region ARFF Training Center, meet with Mr. Ron Simpson FAA, Mr. Barry Brayer FAA and Ms. Michelle Clark, University of Hawaii Pacific Business Center on the ARFF Training Center business plan.	×	Incomplete	Incomplete	✓
# 2	2006	To attend the FAA Western-Pacific Region 2nd Annual Airport Conference.	×	×	N/A	×
# 16	2006	To attend the FAA Western-Pacific Region 2nd Annual Airport Conference.	×	×	N/A	✓
# 3	2006	To attend the FAA Western-Pacific Region 2nd Annual Airport Conference in Los Angeles, California and meet with Mr. Ron Simpson of the FAA in Honolulu to discuss airport projects. (To be reimbursed under AIP Grants)	×	×	N/A	✓
# 9	2006	To attend the FAA Western-Pacific Region 2nd Annual Airport Conference in Los Angeles, California and meet with Mr. Ron Simpson of the FAA in Honolulu to discuss airport projects. (To be reimbursed under AIP Grants)	×	×	×	✓
# 16	2006	To attend the 2006 APP Mid-Year meeting in Oxnard, California.	×	×	×	×
# 1	2006	To attend the 2006 APP Mid-Year meeting.	×	×	×	✓
# 3	2005	To meet with Mr. Mike Moody and the London Underwriters. The purpose of their meeting is to address pressing insurance matters regarding the airports and seaports.	×	×	×	✓

<b>Traveler</b>	<b>FY</b>	<b>Purpose of Travel</b>	<b>Adequately Supported</b>	<b>Boarding Passes</b>	<b>Car Rental Receipts</b>	<b>Trip Report</b>
# 17	2005	To meet with Mr. Mike Moody and the London Underwriters. The purpose of their meeting is to address pressing insurance matters regarding the airports and seaports.	×	✓	✓	×
# 10	2005	To conduct an inspection with the contractor for the Passenger Lift Devices for Saipan, Rota and Tinian.	×	×	✓	✓
# 17	2005	Maui - To attend the Annual Hawaii State Fire Chief's Conference; Honolulu - To meet with FAA regarding Pacific Islands ARFF vehicle specifications; L.A. - To meet with Barry Brayer on CPA/FAA training grant program; Florida - To attend the Annual Pro-Board Advisory Committee Conference.	×	Incomplete	✓	✓
# 1	2005	To meet with the Bond Holders and Bond Rating Company	×	×	N/A	✓
# 2	2005	To attend the 2005 Pacific Aviation Directors Workshop	×	×	N/A	✓
# 1	2005	ATOSCOM Palau	×	×	N/A	✓
# 16	2005	ATOSCOM Palau	×	×	N/A	×
# 3	2005	S.F. - meeting with Alan Altura and Roger Davis Bond Consultant; L.A. - meeting with William Withycombe FAA; and Seattle - to attend the APP Conference.	×	×	✓	×
# 1	2005	To attend APP Conference	×	×	×	×

Appendix C

## Untimely Travel Vouchers

Travel Voucher No.	Traveler	Days lapse between completion of travel and submission of TV	No. of days late
1833-05	# 3	500	485
2196-06	# 9	718	703
2195-06	# 3	152	137
2194-06	# 16	703	688
2080-06	# 17	21	6
2078-06	# 2	41	26
2362-07	# 4	33	18
2534-07	# 15	258	243
2536-07	# 2	39	24
5304-07	# 1	162	147
2614-08	# 9	202	187
2714-08	# 6	98	83
2759-08	# 13	60	45
		Total days late	2,792
		Average days late	215

Appendix D

## Comparison of CNMI's and CPA's Per Diem Rates

Destination	CPA Rate Prior to 2006	CPA Rate Effective 2006 – present	Increase	CNMI Rate Effective 1996 - present	Difference Between CNMI & CPA
1) Within the CNMI:					
Saipan	\$175	\$175	-	\$175	-
Rota	\$125	\$175	\$50	\$125	\$50
Tinian	\$100	\$175	\$75	\$100	\$75
2) Guam	\$175	\$200	\$25	\$175	\$25
3) U.S. Mainland (excluding Hawaii, California, New York & Washington D.C.)	\$200	same	-	\$200	-
4) Hawaii, California, New York & Washington D.C.)	\$250	same	-	\$250	-
5) Far East and Southeast Asia	\$200	\$300	\$100	\$200	\$100
6) Japan	\$275	\$300	\$25	\$275	\$25
7) FSM, Palau, and Marshall Islands	\$125	\$200	\$75	\$150	\$50

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Office of the Public Auditor's reports may be downloaded at [www.opacnmi.com](http://www.opacnmi.com). To report fraud, waste or abuse, call the OPA Hotline at 670-235-3937 or use the online Hotline Report form at OPA's website.

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