

**Additional Travel Reimbursement and
Accounting System Computer Program
Controls Would Enhance Travel Voucher
Processing and Program Administration**

November 2003

Reference Number: 2004-20-014

This report has cleared the Treasury Inspector General For Tax Administration disclosure review process and information determined to be restricted from public release has been redacted from this document.



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

INSPECTOR GENERAL
for TAX
ADMINISTRATION

November 19, 2003

MEMORANDUM FOR DEPUTY COMMISSIONER FOR OPERATIONS SUPPORT

Gordon C. Milbourn III

FROM: Gordon C. Milbourn III
Assistant Inspector General for Audit (Small Business and
Corporate Programs)

SUBJECT: Final Audit Report – Additional Travel Reimbursement and
Accounting System Computer Program Controls Would Enhance
Travel Voucher Processing and Program Administration
(Audit # 200220045)

This report presents the results of our review of the Travel Reimbursement and Accounting System (TRAS).¹ The overall objective of this review was to determine whether the TRAS has sufficient controls to ensure management can effectively administer travel expenses and travel advances. The Internal Revenue Service (IRS) budget for travel and transportation of persons was approximately \$192 million in Fiscal Year 2003. The Chief Financial Officer (CFO), Chief Information Officer (CIO), and Chief, Agency-Wide Shared Services (AWSS), are responsible for administering the travel reimbursement program.

In summary, the TRAS does an adequate job processing travel vouchers and travel advances. However, the TRAS does not comply with 6 of the 21 travel system requirements established by the Joint Financial Management Improvement Program (JFMIP).² For example, the TRAS does not process amended vouchers. As a result, the IRS implemented less efficient manual procedures to process amended vouchers.

We reviewed TRAS travel voucher data for 159,494 vouchers totaling \$151,545,232 approved between August 27, 2001, and September 30, 2002, and identified several

¹ The TRAS is an automated web-based computer program that enables travelers to enter requests for travel expense reimbursements and travel advances.

² The JFMIP is a joint and cooperative undertaking of the Department of the Treasury, the General Accounting Office, the Office of Management and Budget, and the Office of Personnel Management working to improve financial management practices in Government.

computer program and program administration controls that need improvement. For example, 261 vouchers containing duplicate subsistence expenses totaling \$25,047 were paid to employees. The IRS corrected the computer program problems, but has not yet implemented a debt collection process³ to collect the overpayments because of union negotiations.

In addition, long-term taxable travel expenses were not always identified on vouchers. Our travel voucher review determined that 13 of 24 employees that traveled for more than 1 year did not report any of the long-term travel expense as taxable, as required. The inaccurate reporting of long-term taxable travel resulted in the employees potentially underreporting income totaling \$595,658 and Federal taxes estimated at \$180,485.

Travel vouchers were also not always submitted within 5 workdays after the completion of travel, as required. Our review determined that 45,869 vouchers were submitted from 8 to 387 days after the last day of travel. We also determined that 24,057 travel vouchers were not approved within 7 calendar days after the employee signed the voucher, as required. When travel vouchers are not submitted and approved timely, the IRS risks overspending travel budgets and incorrectly reporting travel expenses on financial statements.

In June 2002, the Beckley Finance Center (BFC) began researching outstanding advances to determine the actions to be taken (e.g., pursue collection, write-off). The BFC's research identified 214 advances over 6 years old, totaling \$350,381, at risk of being uncollectible because there was no documentation with which to initiate collection action against the employee. The BFC obtained approval from the IRS General Legal Services to write-off 62 of the 214 advances, totaling \$254,702. The remaining 152 advances, totaling \$95,679, continue to be at risk of being uncollectible because a debt collection process has not been implemented. Furthermore, travel advances may be for amounts larger than necessary because the TRAS computer program does not consider whether the advance applicant has a Government credit card, the temporary post of duty, or the length of travel. Without effective travel advance application controls and a debt collection process, the IRS is at risk of having excessive amounts of advances outstanding that may not be recoverable.

Finally, our analysis of the database of 68,891 authorized users with access to the TRAS as of September 26, 2002, determined that 2,795 of the users were former employees that should have been removed from the system. By not effectively maintaining the TRAS user database, the IRS increases the risk of unauthorized access to the system and the potential filing of unauthorized travel vouchers.

We recommended that the CFO coordinate with the General Services Administration's (GSA) e-Travel initiative to ensure the IRS' travel voucher processing system meets all JFMIP requirements; use the planned TRAS long-term travel authorization

³ A process for recovering travel-related debts owed by an employee. Methods for recovery include deducting the debt from the employee's salary or from other monies owed to the employee.

enhancements to assure managers are periodically reassessing employee travel plans and ensuring compliance with long-term taxable travel requirements; reemphasize to employees the requirements for timely filing travel vouchers; and monitor the timeliness of travel advance settlement to identify travel vouchers that have not been filed. The CFO should also coordinate with the Chief, AWSS, and the CIO to ensure the TRAS sends an e-mail to managers advising of vouchers needing approval and stating that receipts should be obtained and reviewed prior to approval. The CFO should also ensure that the Travel Handbook or Interim Travel Handbook is modified to be consistent with the Federal Travel Regulation (FTR); the TRAS limits the advance amount as required; a debt collection process is implemented; and the TRAS database is periodically reviewed for accuracy. The Chief, AWSS, should ensure former employees are removed from the TRAS user database.

Management's Response: Management concurred with six of our recommendations, partially agreed with two recommendations, and disagreed with the remaining two recommendations. IRS management plans to take the following actions: coordinate with the GSA to ensure that the e-Travel product meets IRS operational requirements; complete an optimization study regarding the responsibility for oversight of long-term taxable travel; reemphasize to employees the importance of timely filing vouchers; and develop a per-trip authorization and travel advance liquidation process. IRS management also plans to complete union negotiations and issue a new Internal Revenue Manual in accordance with the FTR; implement TRAS computer application limits for the amount of travel advance based on travel conditions cited in the FTR; and conduct periodic reviews of the authorized user database.

IRS management also completed the following actions: commenced use of the TRAS e-mail notification feature advising managers that a voucher awaits approval; reached an agreement with the union on a debt collection process; and removed separated employees from the TRAS user database. Management's complete response to the draft report is included as Appendix VI.

Office of Audit Comment: Management disagreed with our recommendation that the CFO should coordinate with the GSA e-Travel initiative to ensure the IRS' travel voucher processing system meets all JFMIP requirements. They stated that the GSA is selecting a JFMIP compliant product. However, we believe the IRS should incorporate the JFMIP requirements into its operational requirements when working with the GSA and the Department of the Treasury to implement the e-Travel system. For the three remaining recommendations with which IRS management disagreed or partially agreed, their alternative corrective actions will address the recommendations.

While we still believe our recommendation with which management did not concur is worthwhile, we do not intend to elevate our disagreement concerning it to the Department of the Treasury for resolution.

Copies of this report are also being sent to the IRS managers who are affected by the report recommendations. Please contact me at (202) 622-6510 if you have questions or

Margaret E. Begg, Assistant Inspector General for Audit (Information Systems Programs), at (202) 622-8510.

**Additional Travel Reimbursement and Accounting System
Computer Program Controls Would Enhance Travel
Voucher Processing and Program Administration**

Table of Contents

Background	Page 1
The Travel Reimbursement and Accounting System Does an Adequate Job Processing Travel Vouchers and Travel Advances, but Additional System Requirements Need to Be Met.....	Page 3
<u>Recommendation 1:</u>	Page 4
Additional Computer Program Controls and Operating Procedures Would Improve Travel Voucher Processing	Page 5
<u>Recommendations 2 and 3:</u>	Page 12
<u>Recommendations 4 through 6:</u>	Page 13
Travel Advances Are Not Effectively Administered.....	Page 14
<u>Recommendations 7 and 8:</u>	Page 16
Former Employees Are Included in the Travel Reimbursement and Accounting System User List.....	Page 16
<u>Recommendation 9:</u>	Page 17
<u>Recommendation 10:</u>	Page 18
Appendix I – Detailed Objective, Scope, and Methodology	Page 19
Appendix II – Major Contributors to This Report.....	Page 21
Appendix III – Report Distribution List	Page 22
Appendix IV – Outcome Measures	Page 23
Appendix V – Mandatory Joint Financial Management Improvement Program Requirements Not Included in the Travel Reimbursement and Accounting System.....	Page 26
Appendix VI – Management’s Response to the Draft Report	Page 27

**Additional Travel Reimbursement and Accounting System
Computer Program Controls Would Enhance Travel
Voucher Processing and Program Administration**

Background

Employee travel and transportation spending is a significant expense in the Internal Revenue Service (IRS). The IRS budget for travel and transportation of persons was approximately \$192 million in Fiscal Year (FY) 2003. The Chief Financial Officer's (CFO) Office of Policies and Procedures (OPP) and the Beckley Finance Center (BFC); the Chief Information Officer's (CIO) Charlotte Development Center (CDC); and the Chief, Agency-Wide Shared Services' (AWSS) Office of Customer Support are responsible for administering the travel reimbursement program.

The OPP's responsibilities include overseeing the Travel Reimbursement and Accounting System (TRAS),¹ providing assistance to IRS employees on travel, developing and maintaining directives on travel, and reviewing and interpreting Government travel regulations.

The BFC's responsibilities include accurately and timely processing all Government administrative accounts payable, accounts receivable and collections, manual travel and relocation vouchers; preparing reports and reconciliations for general ledger accounts, the Department of the Treasury, and IRS Headquarters; and ensuring the integrity of IRS financial statements by coordinating the fiscal and calendar year-end audits.

The CDC's responsibilities include maintaining the TRAS computer program and resolving TRAS systemic problems.

The Office of Customer Support's responsibilities include providing guidance to personnel regarding travel policies and guidelines; authorizing, administering, and removing TRAS users; performing the TRAS administrative duties; and providing technical assistance to end users.

As of July 31, 2003, the TRAS had 66,865 active users. According to the IRS, all travel regulations, rules, limitations, and computations are automated into the

¹ The TRAS is an automated web-based computer program that enables travelers to enter requests for travel expense reimbursements and travel advances.

Additional Travel Reimbursement and Accounting System Computer Program Controls Would Enhance Travel Voucher Processing and Program Administration

process. Vouchers and advances are signed and approved through computer access. Approved vouchers and advances are electronically transmitted daily to the Automated Financial System (AFS)² for processing and disbursement. As of January 31, 2003, the IRS had 2,841 travel advances outstanding, totaling \$2.58 million.

The IRS is currently developing the Integrated Financial System (IFS) to replace the AFS. The IFS implementation has been rescheduled to begin in early 2004. The IFS development relating to travel reimbursement and advances includes the interface between the IFS and the TRAS.

In addition, the General Services Administration (GSA) is developing the e-Travel initiative. The new system will provide a Government-wide, web-based, end-to-end travel management system for Federal employees. The system aims to automate and consolidate travel processes from planning to reimbursement and reconciliation across agencies. The GSA's proposed amendment to the Federal Travel Regulation (FTR) for use of the e-Travel system would require agencies to submit migration plans by March 31, 2004, begin implementing the e-Travel Service no later than December 31, 2004, and complete migration for full agency-wide use by September 30, 2006. IRS management advised us that during FY 2005 they plan to implement the e-Travel initiative, which will replace the TRAS. On August 15, 2003, the GSA selected two contractors to develop the e-Travel Service. However, the contract award is currently being protested.

Audit work was performed from January through August 2003 at the CFO offices in Bethesda, Maryland, and Beckley, West Virginia. The audit was conducted in accordance with *Government Auditing Standards*. Detailed information on our audit objective, scope, and methodology

² The AFS is an integrated accounting and budgeting system designed to provide administrative funds control, along with the ability to access accurate information on a timely basis. Travel vouchers and advances processed through the TRAS are sent to the AFS for additional processing and the issuance of funds to the employee. The AFS also updates the TRAS with advance balance information.

**Additional Travel Reimbursement and Accounting System
Computer Program Controls Would Enhance Travel
Voucher Processing and Program Administration**

The Travel Reimbursement and Accounting System Does an Adequate Job Processing Travel Vouchers and Travel Advances, but Additional System Requirements Need to Be Met

is presented in Appendix I. Major contributors to the report are listed in Appendix II.

The Joint Financial Management Improvement Program (JFMIP)³ established travel system requirements for Government agencies. The IRS complies with most of the mandatory travel voucher and travel advance requirements (summarized in Table 1).

**Table 1: Summary of Compliance With JFMIP
Travel Voucher and Travel Advance Requirements**

JFMIP Requirements Met		
Yes ⁴	No ⁵	Partial ⁶
13	6	2

Source: JFMIP Travel System Requirements, IRS documentation, and the TRAS.

For example, the TRAS provides the capability to:

- Calculate authorized mileage allowances and per diem amounts (including reduced per diem rates) based on temporary duty location and other related information.
- Display defined messages to the user regarding required receipts for lodging and authorized expenses incurred costing \$75 or more.
- Record the departure and arrival dates to and from the official duty station or any other place when travel begins, ends, or requires overnight lodging.
- Set, change, and apply established limits on travel advances.

³ The JFMIP is a joint and cooperative undertaking of the Department of the Treasury, the General Accounting Office, the Office of Management and Budget, and the Office of Personnel Management working to improve financial management practices in Government.

⁴ The TRAS controls met 11 requirements and the AFS controls met 2 requirements.

⁵ See Appendix V for a list of the requirements not met.

⁶ The TRAS met some of the elements of the requirement but not all of the elements.

Additional Travel Reimbursement and Accounting System Computer Program Controls Would Enhance Travel Voucher Processing and Program Administration

- Liquidate an advance by deducting it from a travel voucher claim prior to the issuance of a payment to the traveler.

We tested and confirmed the TRAS' ability to meet the requirements by entering incorrect travel voucher and advance information into the system and analyzing the results. The system properly identified the incorrect information and returned various error messages to the user.

However, the IRS does not comply with 6 of the 21 mandatory requirements. For example, the TRAS does not process amended vouchers. As a result, the IRS implemented less efficient manual processes for processing amended or supplemental travel vouchers. The JFMIP requirements have not been met because the TRAS was implemented prior to the requirements being established and management did not intend for TRAS to be JFMIP compliant. In addition, with the foreseeable implementation of the GSA e-Travel initiative, only limited enhancements to the TRAS (e.g., IFS interface development) will be funded.

Recommendation

1. The CFO should coordinate with the GSA e-Travel initiative to ensure the IRS' travel voucher processing system meets all JFMIP requirements.

Management's Response: Management disagreed with the recommendation. They stated that the GSA is selecting the e-Travel system, which will replace the IRS' travel voucher processing system. The GSA can only acquire a Commercial Off-The Shelf product that has a valid JFMIP certificate. The IRS will work with the GSA and the Department of the Treasury to ensure the GSA product meets the IRS operational requirements.

Office of Audit Comment: We acknowledge that the IRS is not responsible for the selection of the GSA product. The GSA is responsible for the selection of a JFMIP compliant product. However, the IRS should incorporate the JFMIP requirements into its operational requirements when

Additional Travel Reimbursement and Accounting System Computer Program Controls Would Enhance Travel Voucher Processing and Program Administration

Additional Computer Program Controls and Operating Procedures Would Improve Travel Voucher Processing

working with the GSA and the Department of the Treasury to implement the e-Travel system.

We reviewed TRAS travel voucher data for 159,494 vouchers, totaling \$151,545,232, approved between August 27, 2001, and September 30, 2002.⁷ Our analysis identified several computer program and program administration controls that need improvement.

Duplicate travel expenses have been paid to employees and have not been recovered

The Office of Management and Budget Circular A-127, *Financial Management Systems*, indicates that financial information on Federal Government operations should:

- Be complete, reliable, consistent, timely, and useful to enable management to carry out their fiduciary responsibilities.
- Deter fraud, waste, and abuse of Federal Government resources.
- Facilitate efficient and effective delivery of programs through relating financial consequences to program performance.

The IRS Interim Travel Handbook (ITH) provides the travel regulations and procedures for employees who perform official travel. For example, the ITH provides instructions for preparing travel/reimbursement vouchers and submitting vouchers with required documents and receipts attached. It is also for supervisory and administrative personnel who authorize, direct, or review such travel, or certify payments in reimbursement of travel-related expenses. Supervisory responsibilities include informing employees of travel policies and procedures by providing them with the ITH, answering employee questions, and determining allowable travel expenses.

Our travel voucher review identified 268 travel vouchers containing \$29,175 in duplicate claims of subsistence

⁷ See Appendix I for the data analysis methodology.

**Additional Travel Reimbursement and Accounting System
Computer Program Controls Would Enhance Travel
Voucher Processing and Program Administration**

expenses (e.g., multiple trips, multiple lodging, and/or Meals and Incidental Expenses [M&IE] claimed on the same day). Management advised us that 7 of the vouchers with duplicate claims for \$4,128 were caused by a computer program problem that occurred in calendar year 2001 with the implementation of the TRAS. The computer program was recording duplicate expenditures on the travel voucher when multiple copies of the TRAS program were open via multiple web browsers. The duplicate expense claims on these vouchers were researched and adjustments to correct the vouchers were identified by the BFC. However, the duplicate subsistence expense claims of \$25,047 on the remaining 261 vouchers that were paid to the employees occurred because management's review and inadequate computer program controls did not identify the duplicate claims.

In April 2002, management began working on a TRAS update that was implemented on May 18, 2003. After the update was implemented, we tested the TRAS controls by attempting to submit travel vouchers that contained invalid information. The TRAS correctly responded with error messages based on the information entered into the system. Our TRAS tests determined that the computer program control weaknesses initially identified during our travel voucher review had been corrected.

In addition, the IRS does not have a debt collection process⁸ in place to collect the overpayments of travel expenses from employees. Although the Department of the Treasury Directive 34-01 authorized the IRS to collect the overpayments from employees, implementation of the process has been in negotiations with the National Treasury Employee's Union (NTEU) since October 2002.

Without effective management review and approval of travel expense claims to disallow the entry of inappropriate travel expenses, the IRS cannot ensure reimbursed travel

⁸ A process for recovering travel-related debts owed by an employee. Methods for recovery include deducting the debt from the employee's salary or from other monies owed to the employee.

Additional Travel Reimbursement and Accounting System Computer Program Controls Would Enhance Travel Voucher Processing and Program Administration

expenses are proper and accurate. Also, without implementing an effective overpayment recovery process, the IRS cannot ensure improper payments are recovered.

Two employees approved their own travel voucher

Delegation Order Number 95 in the Internal Revenue Manual (IRM) provides that the Commissioner of Internal Revenue delegated to certain IRS officials the authority to approve vouchers claiming reimbursement for travel; however, it further states that the officials may not approve their own vouchers. The officials in the next higher-level position will approve the travel vouchers.

Our travel voucher review identified two employees who entered vouchers for travel expenses and then signed and approved their own vouchers. One of the 2 employees edited the self-approved voucher totaling \$749.88 and another manager subsequently approved the voucher before being paid.

The second employee signed and approved 2 of his own vouchers totaling \$157.52. Management advised us that the vouchers were actually approved by the employee's secretary using the employee's password. We researched the IRS active directory and determined the second individual is no longer an IRS employee. Permitting employees to approve their own vouchers increases the risk that unauthorized expenses are approved. Management stated that they had identified, fixed, and tested this control weakness with a TRAS update in October 2002. Management also stated that they had reviewed the TRAS data through June 2003 and found that problems with the approval process had not recurred.

Long-term taxable travel expenses are not always identified on vouchers

Internal Revenue Ruling 99-7 provides that if employment at a work location is realistically expected to last for more than 1 year or there is no realistic expectation that the employment will last for 1 year or less, the employment is not temporary, regardless of whether it actually exceeds 1 year. The expense reimbursements paid by employers to

**Additional Travel Reimbursement and Accounting System
Computer Program Controls Would Enhance Travel
Voucher Processing and Program Administration**

employees for assignments lasting more than 1 year are wages subject to income tax. The ITH states that all travel reimbursements for assignments lasting more than 1 year are considered to be taxable income.

IRS employees are not always identifying travel expenses as long-term taxable travel. This issue was previously reported in the Treasury Inspector General for Tax Administration audit report, *Controls Need to Be Strengthened Over the Internal Revenue Service's Taxable Travel Reporting* (Reference Number 2002-10-107, dated June 2002). Our travel voucher review identified 24 employees who continuously traveled to a single location for more than 1 year. Although 11 of the employees reported their travel expense as taxable and received a Wage and Tax Statement (Form W-2) for the taxable travel, 13 of the employees did not report any of the travel expense as taxable. Therefore, the 13 employees did not receive a Form W-2 for taxable travel. The inaccurate reporting of long-term taxable travel resulted in the employees potentially underreporting income totaling \$595,658 and Federal income, Federal Insurance Contribution Act,⁹ and Medicare taxes estimated at \$180,485.¹⁰

Long-term travel is not being properly reported as taxable because management is not enforcing long-term taxable travel requirements. Also, the TRAS does not have any computer program controls to advise management that an employee's travel history indicates that they may be in a long-term taxable travel situation. In addition, long-term travel authorization processing is currently performed manually, and management plans to add this processing to the TRAS in a future enhancement.

In March 2003, the CFO issued a memorandum to the Heads of Office asking them to ensure that all employees and managers are familiar with long-term taxable requirements. Also, the User Guide located on the TRAS

⁹ 26 USC, Section 3101.

¹⁰ See Appendix IV for the calculation of estimated underreported income tax.

Additional Travel Reimbursement and Accounting System Computer Program Controls Would Enhance Travel Voucher Processing and Program Administration

Help screen contains further guidance on long-term taxable travel.

Without automated periodic assessments and management review of employee travel activities, the IRS cannot ensure employees properly report their income and Federal taxes.

Travel vouchers are not timely submitted

The FTR requires vouchers to be submitted within 5 workdays after a traveler completes a trip or period of travel, or every 30 days if the traveler is in continuous travel status, unless an agency administratively requires the travel voucher to be filed within a shorter time period. The ITH states that vouchers must be submitted promptly at the end of the month or within 15 workdays after the completion of travel. Travelers may submit vouchers earlier if there is reasonable certainty that there will be no additional travel during the travel period. It further states that prompt submission of vouchers is in the best interest of the employees. The NTEU National Agreement requires a non-recurring traveler to submit a travel voucher and liquidate the entire outstanding advance within either 15 calendar days after the completion of a trip or by the end of the voucher period.

Our review of the travel vouchers determined that 45,869 of 159,494 travel vouchers were not submitted within 5 workdays¹¹ of the completion of travel as required. These travel vouchers were submitted from 8 to 387 days after the last day of travel listed on the travel voucher. In addition, we could not identify the travelers that were in a continuous travel status to test whether vouchers were submitted every 30 days as required. Alternatively, we identified 10,361 vouchers with travel periods ranging from 32 days to 365 days. These travel vouchers were not timely submitted since the travel period exceeded the required 30-day period for submitting a voucher (e.g., a 365 day travel period means only 1 voucher was submitted for the

¹¹ We could not convert the days in our data to workdays; therefore, we assessed timely submission of travel vouchers by using 7 calendar days which allowed 2 days for weekends.

**Additional Travel Reimbursement and Accounting System
Computer Program Controls Would Enhance Travel
Voucher Processing and Program Administration**

entire year). Table 2 provides information on the timeliness of travel voucher submissions.

Table 2: Travel Voucher Submission Timeliness

Number of Days in the Voucher Period	Number of Vouchers
> 31 Days and ≤ 46 Days	5,418
> 46 Days and ≤ 92 Days	3,982
> 92 Days and ≤ 183 Days	802
>183 Days and ≤ 273 Days	113
> 273 Days	46
TOTAL	10,361

Source: TRAS data for travel vouchers approved between August 27, 2001, and September 30, 2002.

Travel vouchers are not being timely submitted because management is not effectively monitoring employee travel to ensure vouchers are timely submitted. In addition, the timeliness of travel voucher submission is not reviewed to identify instances of untimely submission, and the TRAS computer program controls do not identify untimely submitted vouchers. As a result of travel vouchers not being timely submitted, the IRS risks overspending travel budgets and incorrectly reporting travel expense on financial statements. Employees also risk losing receipts required for reimbursement.

Travel vouchers are not timely approved and paid

The FTR allows the approving official 7 workdays for notifying an employee that his or her travel expense claim is not proper. It also requires agencies to reimburse an employee within 30 days after the employee submits a proper travel voucher to the approving official or pay a late payment fee. The IRS began paying late payment fees on October 1, 2002.

The IRS further restricted the notification period from 7 workdays to 7 calendar days. Our review of travel vouchers, based on the IRS requirement, determined that

**Additional Travel Reimbursement and Accounting System
Computer Program Controls Would Enhance Travel
Voucher Processing and Program Administration**

85 percent of employee travel vouchers were approved within 7 calendar days. Table 3 provides information on the timeliness of travel voucher approvals.

Table 3: Travel Voucher Approval Timeliness

Number of Days to Approve Voucher	Number of Vouchers	Percent Approved
≤ 7 Days	135,437	85 percent
8 – 30 Days	22,971	14 percent
> 30 Days	1,086	1 percent
TOTAL	159,494	100 percent

Source: TRAS data for travel vouchers approved between August 27, 2001, and September 30, 2002.

BFC management provided information reporting that \$869 in late payment fees (\$700 for TRAS vouchers and \$169 for manual vouchers) had been paid to employees on 291 travel vouchers through July 23, 2003. Late payment fees were paid for various reasons, but primarily for delayed approval. Travel vouchers are not being timely paid because there is a delay in approving the vouchers, the payments are reissued, or there is a delay in sending the voucher to the BFC. The TRAS has the capability to send an e-mail to the employee’s manager advising him or her that a travel voucher is awaiting approval. However, the e-mail reminder capability was turned off because of AWSS concerns that the manager will interpret the e-mail as instructions to approve the travel voucher without reviewing the appropriate expense receipts.

When travel vouchers are not timely approved and paid, the IRS risks overspending travel budgets, incorrectly reporting travel expenses on financial statements, and unnecessarily paying late payment fees to employees.

**Additional Travel Reimbursement and Accounting System
Computer Program Controls Would Enhance Travel
Voucher Processing and Program Administration**

Recommendations

The CFO should:

2. Use the planned TRAS long-term travel authorization processing enhancements to assure that managers are periodically (e.g., semi-annually) reassessing employee travel plans and ensuring compliance with long-term taxable travel requirements.

Management's Response: Management partially agreed with the recommendation. The CFO has issued previous guidance on the importance of classifying long-term travel accurately; however establishing travel authorizations/obligations on a per trip basis is the only effective means of controlling travel expenditures and taxable classifications. The ongoing Optimization Study may consolidate the responsibility for oversight of this area in the AWSS. Once the Optimization Study is finished and the IFS is implemented, the IRS will determine the best avenue for periodically assessing compliance.

Office of Audit Comment: The TRAS long-term travel authorization processing enhancements are being coordinated with the IFS development and implementation. The IFS implementation plus the additional actions by management should address the issue to monitor/review compliance with long-term taxable travel requirements.

3. Reemphasize to employees the requirements for timely filing travel vouchers.

Management's Response: Management agreed with the recommendation as a stop-gap measure only. The current voucher processing system can only indicate which vouchers are not processed timely – it cannot tell which vouchers have not been filed at all. The more permanent solution for this problem is to institute per-trip travel authorizations, which the IRS plans to do concurrent with the implementation of the IFS.

**Additional Travel Reimbursement and Accounting System
Computer Program Controls Would Enhance Travel
Voucher Processing and Program Administration**

4. Monitor the timeliness of travel advance settlements to identify travel vouchers that have not been filed.

Management's Response: Management disagreed with the recommendation because travel advances are currently pooled and do not represent separate advances for separate trips. Through the implementation of the IFS, all advances will be associated with an individual travel authorization. In addition, all advances will be liquidated each time a travel voucher is filed. Collection activities will commence on travel advances unpaid within 30 days. The processes have already been programmed into the version of TRAS that will go into production with the IFS.

Office of Audit Comment: While IRS management disagreed with the recommendation, the corrective actions they plan to take will address the recommendation.

5. Modify the Travel Handbook or ITH to require vouchers to be filed within 5 workdays of completing a trip or every 30 days if in continuous travel status, as required by the FTR.

Management's Response: Management partially agreed with the recommendation. Management has chosen to focus on publishing a new IRM, which will replace the ITH. The FTR provisions are incorporated into the new travel IRM currently being negotiated with the NTEU.

Office of Audit Comment: While this action will address the recommendation, the completion of NTEU negotiations and implementation of the new IRM are projected for January 15, 2005, which seems to be an extraordinarily lengthy period for the IRS to operate without current travel guidelines.

6. Coordinate with the Chief, AWSS, and CIO to ensure the TRAS e-mail reminder feature advising managers that a travel voucher is awaiting their approval is turned on and includes a reminder in the e-mail that receipts should be obtained and reviewed before approving the voucher.

**Additional Travel Reimbursement and Accounting System
Computer Program Controls Would Enhance Travel
Voucher Processing and Program Administration**

Management's Response: Effective October 1, 2003, the TRAS e-mail notification feature was turned on for all IRS employees. The e-mail advises managers that a voucher awaits their approval and that receipts should be reviewed prior to approval.

**Travel Advances Are Not
Effectively Administered**

The JFMIP Travel System Requirements state that the travel advance function must provide for entry, processing, approval, tracking, aging, payment, and liquidation of travel advances. The FTR states that for travelers with a Government charge card, the maximum amount an agency may advance for travel is limited to the estimated amount of the travelers' cash transaction expenses (e.g., M&IE and miscellaneous transportation expense). The IRS ITH states that the traveler should base the amount of the advance on such factors as the nature and duration of the planned travel and whether the employee has the Government charge card.

Travelers may request travel advances manually, electronically through the TRAS, or from the small cash (imprest) funds. The supervisor who reviews the application for an advance must determine that the amount requested is not greater than the amount required to perform the planned travel. The TRAS User Guide states that individual advances are limited to \$5,000 and the total outstanding advance balance, including the advance requested, may not exceed \$10,000.

Once an employee receives an advance, it is tracked and aged by the AFS. When an employee with a travel advance does not travel for 60 days, the AFS will generate a letter to the employee advising that the advance must be returned or it will become taxable. The notice issued after no travel for 120 days advises the employee that the travel advance has become taxable but still must be returned to the IRS.

In June 2002, the BFC began researching outstanding advances to determine the actions to be taken (e.g., pursue collection, write-off). Our review of the AFS Outstanding Travel Advance Report identified 49 outstanding advances over 10 years old. The BFC's review of the outstanding travel advances identified 214 advances over 6 years old totaling \$350,381 at risk of being uncollectible because

**Additional Travel Reimbursement and Accounting System
Computer Program Controls Would Enhance Travel
Voucher Processing and Program Administration**

there was no documentation to initiate collection action against the employee. The BFC obtained approval from the IRS General Legal Services to write-off 62 of these 214 advances, totaling \$254,702, because there was no supporting documentation. The remaining 152 advances, totaling \$95,679, continue to be at risk of being uncollectible. Management advised us that in 1998 the travel management program was centralized in the CFO office, but the documentation for the advances was not received from the former regional headquarters offices.

The Department of the Treasury Directive 34-01 authorized the IRS to collect the outstanding advances from employees. Management advised that a draft debt collection policy has been prepared but not yet implemented because it has been negotiating the issue with the NTEU since October 2002.

In addition, the TRAS computer program does not consider whether the advance applicant has a Government credit card, the temporary post of duty, or the length of travel. Therefore, advances may be for amounts larger than necessary.

We also identified 2 advances over \$10,000. Our review of the TRAS advance application determined that users could not request an advance greater than the IRS \$5,000 limit or have total advances greater than the IRS \$10,000 limit if all of the advances are requested electronically. However, advances requested manually are processed through the AFS and are not immediately updated in TRAS, thus allowing employees to obtain advances higher than the established limit.

Without effective travel advance application controls and a recovery process, the IRS is at risk of having excessive amounts of advances outstanding that may not be recoverable.

**Additional Travel Reimbursement and Accounting System
Computer Program Controls Would Enhance Travel
Voucher Processing and Program Administration**

Recommendations

The CFO should:

7. Ensure the travel advance computer program limits the amount of the advance based on the stated travel conditions, as required by the FTR.

Management's Response: The TRAS version 10.0 has been modified to include travel advance limitations and will go into production with the implementation of the IFS.

8. Ensure a debt collection process is implemented to recover the overpayment of travel expenses and delinquent advances.

Management's Response: The IRS has been negotiating with the NTEU regarding collecting debts owed by bargaining unit employees since June 2002. The IRS has reached agreement with the NTEU and is in the process of signing a letter of agreement. Upon finalization, the IRS will pursue collection of employee debts and the subsequent referral to the Department of the Treasury Offset Program.

**Former Employees Are
Included in the Travel
Reimbursement and Accounting
System User List**

The General Accounting Office *Standards for Internal Control in the Federal Government* require that security access controls protect systems from inappropriate access and unauthorized use by hackers or inappropriate use by agency personnel. Specific control activities include the deactivation of former employees' passwords. The IRM requires that managers of system users provide prompt notification to a system's security administrator of changes in employee status (e.g., employee changes assignments and/or manager, leaves the IRS) and requires the security administrator to take prompt and appropriate action to change the employee's access profile and/or remove the employee from the system.

The original TRAS, which used five separate databases (one for each of the five IRS regions), was converted to a consolidated database during the period August 2001 to December 2001. Prior to consolidation, users were

Additional Travel Reimbursement and Accounting System Computer Program Controls Would Enhance Travel Voucher Processing and Program Administration

supposed to be added or removed from each TRAS when they changed regions. However, some users were not removed from the system when they changed regions. Therefore, even though the employees were removed from their new regional system when they separated from the IRS, they were still active in their former regional system. As a result, when the regional TRAS databases were consolidated, the separated employees with active user accounts were added to the consolidated TRAS with all the other active users.

We analyzed the database of 68,891 authorized users with access to the TRAS, as of September 26, 2002, and determined that 2,795 of the users were former employees (i.e., were on the Treasury Integrated Management Information System (TIMIS)¹² separation database) that should have been removed from the system. We reviewed the TIMIS information and verified that these authorized users with access to the TRAS have separated from the IRS.

Management advised us that in November 2002 they started using the TIMIS database to update the TRAS authorized user database with personnel changes each pay period. However, the complete TRAS authorized user database has not been compared to the TIMIS. The TIMIS update appears to be working effectively for current personnel changes because all of the former employees we identified separated from the IRS before the TIMIS updates began.

By not effectively maintaining the TRAS user database, the IRS increases the risk of unauthorized access to the system and the potential filing of unauthorized travel vouchers.

Recommendations

9. The Chief, AWSS, should ensure the identified former employees are removed from the TRAS authorized user database.

¹² The official automated personnel and payroll system for storing and tracking all employee personnel and payroll data.

**Additional Travel Reimbursement and Accounting System
Computer Program Controls Would Enhance Travel
Voucher Processing and Program Administration**

Management's Response: The former employees have been removed from the user database and the current process that is in place to remove separated employees from the user database is effective for current personnel changes.

10. The CFO should conduct periodic (e.g., annual) reviews of the authorized user database to ensure only authorized individuals have access to the TRAS.

Management's Response: The CFO will develop and implement procedures to conduct periodic reviews of the authorized user database.

**Additional Travel Reimbursement and Accounting System
Computer Program Controls Would Enhance Travel
Voucher Processing and Program Administration**

Appendix I

Detailed Objective, Scope, and Methodology

The overall objective of this audit was to determine whether the Travel Reimbursement and Accounting System (TRAS)¹ has sufficient controls to ensure management can effectively administer travel expenses and travel advances. To accomplish this objective, we:

- I. Determined if adequate policies, procedures, and application controls were in place to ensure that travel expenses were valid and did not exceed established limitations.
 - A. Assessed the existing management controls and guidance used to develop controls for processing travel vouchers through the TRAS by interviewing managers and reviewing authoritative documentation.
 - B. Determined how the Internal Revenue Service (IRS) prevented and detected duplicate claims and identified and resolved inappropriate expenses.
- II. Determined if the existing TRAS application controls were valid and did not exceed the limits established in the Federal Travel Regulation (FTR), the Internal Revenue Manual, and the Interim Travel Handbook.
 - A. Reviewed the system requirements documentation and evaluated the process and frequency through which the TRAS information was updated.
 - B. Evaluated the process through which access to the TRAS was granted and revoked. Compared the TRAS user list to the Treasury Integrated Management Information System to identify the TRAS users that were not IRS employees.
- III. Obtained and analyzed the TRAS data for non-local travel vouchers approved between August 27, 2001, and September 30, 2002.
 - A. Performed system tests to determine whether the TRAS ensured accurate, timely preparation, approval, and processing of travel vouchers.
 - B. Completed analyses to determine whether duplicate travel expenses had been submitted and paid.
 - C. Determined whether employees appropriately identified their travel as long-term taxable travel. For the cases in which the employee should have identified the travel as long-term taxable travel and did not do so, we calculated the potential underreported taxable income using the 15 percent tax rate for Federal income tax, 12.4 percent for

¹ The TRAS is an automated web-based computer program that enables travelers to enter requests for travel expense reimbursements and travel advances.

**Additional Travel Reimbursement and Accounting System
Computer Program Controls Would Enhance Travel
Voucher Processing and Program Administration**

the Federal Insurance Contribution Act (FICA)² tax, and 2.9 percent for the Medicare tax.

- IV. Determined if adequate policies, procedures, and application controls were in place to ensure that travel advances were properly issued and recovered by interviewing management and performing the following tests.
 - A. Assessed the management controls used to ensure that travel advances were appropriate, properly approved, timely recovered, and in accordance with the FTR. Management controls included the Automated Financial System reports used to monitor outstanding travel advances and the collection thereof.
 - B. Determined and tested application controls to ensure that the TRAS travel advances were valid, accurately prepared, and properly processed, and did not exceed established limitations.

² 26 USC, Section 3101.

**Additional Travel Reimbursement and Accounting System
Computer Program Controls Would Enhance Travel
Voucher Processing and Program Administration**

Appendix II

Major Contributors to This Report

Margaret E. Begg, Assistant Inspector General for Audit (Information Systems Programs)
Gary Hinkle, Director
Danny Verneuille, Audit Manager
Christopher Funke, Senior Auditor
Frank Greene, Senior Auditor
Tina Wong, Senior Auditor
Linda Screws, Auditor
Layne Powell, Information Technology Specialist

**Additional Travel Reimbursement and Accounting System
Computer Program Controls Would Enhance Travel
Voucher Processing and Program Administration**

Appendix III

Report Distribution List

Commissioner C
Office of the Commissioner – Attn: Chief of Staff C
Chief Financial Officer OS:CFO
Chief Information Officer OS:CIO
Chief, Agency-Wide Shared Services OS:A
Chief, Information Technology Services OS:CIO:I
Director, Business Systems Development OS:CIO:I:B
Director, Customer Support OS:A:CS
Associate Chief Financial Officer for Internal Financial Management OS:CFO:I
Acting Director, Portfolio Management OS:CIO:R:PM
Chief Counsel CC
National Taxpayer Advocate TA
Director, Office of Legislative Affairs CL:LA
Director, Office of Program Evaluation and Risk Analysis RAS:O
Office of Management Controls OS:CFO:AR:M
Audit Liaisons
 Chief, Agency-Wide Shared Services OS:A
 Chief Financial Officer OS:CFO
 Manager, Program Oversight and Coordination OS:CIO:R:PM:PO

**Additional Travel Reimbursement and Accounting System
Computer Program Controls Would Enhance Travel
Voucher Processing and Program Administration**

Appendix IV

Outcome Measures

This appendix presents detailed information on the measurable impact that our recommended corrective actions will have on tax administration. These benefits will be incorporated into our Semiannual Report to the Congress.

Type and Value of Outcome Measure:

- Cost Savings – Questioned Costs - Actual; \$25,047 (see page 5).

Methodology Used to Measure the Reported Benefit:

We reviewed Travel Reimbursement and Accounting System (TRAS)¹ travel voucher data for 159,494 vouchers totaling \$151,545,232 approved between August 27, 2001, and September 30, 2002. We identified 268 travel vouchers containing \$29,175 in duplicate claims of subsistence expenses (i.e., meals and lodging). Management advised us that 7 of the duplicate claims for \$4,128 were caused by a computer program problem that occurred in 2001 with the implementation of the TRAS. These duplicate expense claims were researched and adjustments to correct the vouchers were identified by the Beckley Finance Center (BFC). However, the duplicate expense claims for \$25,047 on the remaining 261 vouchers were caused by inadequate management review and computer program controls.

Type and Value of Outcome Measure:

- Increased Revenue – Potential; \$180,485 (see page 5).

Methodology Used to Measure the Reported Benefit:

We reviewed TRAS travel voucher data for 159,494 vouchers, totaling \$151,545,232, approved between August 27, 2001, and September 30, 2002. Our analysis identified 24 employees who continuously traveled to the same location for more than 1 year, 13 of whom did not report any of the travel expense as taxable. The inaccurate reporting of long-term taxable travel resulted in the employees potentially underreporting income totaling \$595,658 and Federal income, Federal Insurance Contributions Act,² and Medicare taxes estimated at \$180,485.

¹ The TRAS is an automated web-based computer program that enables travelers to enter requests for travel expense reimbursements and travel advances.

² 26 USC, Section 3101.

**Additional Travel Reimbursement and Accounting System
Computer Program Controls Would Enhance Travel
Voucher Processing and Program Administration**

Table 1: Estimated Underreported Taxes

Potentially Underreported Income	Type of Tax	Tax Rate	Potentially Underreported Tax
\$595,658	Federal Income	15 percent ³	\$89,349
\$595,658	FICA	12.4 percent	\$73,862
\$595,658	Medicare	2.9 percent	\$17,274
TOTAL			\$180,485

Source: 2001 and 2002 IRS Publication 17, Your Federal Income Tax For Individuals, and the FICA and Medicare tax rates obtained from the Social Security web site.

Type and Value of Outcome Measure:

- Inefficient Use of Resources – Actual; \$869 (see page 5).

Methodology Used to Measure the Reported Benefit:

In October 2002, the Internal Revenue Service (IRS) began paying late payment fees to employees when travel vouchers were not paid within 30 days. Management advised that as of July 23, 2003, \$869 in late payment fees (\$700 for TRAS vouchers and \$169 for manual vouchers) have been paid to employees on 291 travel vouchers.

Type and Value of Outcome Measure:

- Inefficient Use of Resources – Actual; \$254,702 (see page 14).

Methodology Used to Measure the Reported Benefit:

The BFC analyzed the outstanding advances over 6 years old and determined that documentation to substantiate the advances does not exist. Therefore, the IRS could not initiate collection action against the employees, resulting in IRS General Legal Services approving 62 travel advances, totaling \$254,702, being written-off.

Type and Value of Outcome Measure:

- Cost Savings – Questioned Costs – Potential; \$95,679 (see page 14).

³ We calculated the income tax using the 15 percent tax rate.

**Additional Travel Reimbursement and Accounting System
Computer Program Controls Would Enhance Travel
Voucher Processing and Program Administration**

Methodology Used to Measure the Reported Benefit:

During our audit, the BFC identified 152 advances over 6 years old, totaling \$95,679, that are at risk of being uncollectible because there is no supporting documentation, and the IRS has not implemented a debt collection process.

**Additional Travel Reimbursement and Accounting System
Computer Program Controls Would Enhance Travel
Voucher Processing and Program Administration**

Appendix V

**Mandatory Joint Financial Management Improvement Program Requirements
Not Included in the Travel Reimbursement and Accounting System**

Travel Vouchers:

- Process partial/interim vouchers against a travel authorization to expedite liquidation related to travel obligations.
- Process amended vouchers with appropriate reviewing and approving controls and provide the capability to update related systems/modules.
- Provide for system generated series of notices when information has not been submitted timely in accordance with internal policies and procedures established by the agency.
- Allow for offset of funds to indebtedness through salary offset, a retirement credit, or other amount owed the employee.
- Provide for matching of travel vouchers with the travel authorizations and/or centrally issued passenger tickets and provide for audit of the claim.

Travel Advances:

Provide for limiting the allowed advance based upon the transportation method, subsistence rates, miscellaneous expenses, and possession of a charge card.

Additional Travel Reimbursement and Accounting System
Computer Program Controls Would Enhance Travel
Voucher Processing and Program Administration

Appendix VI

Management's Response to the Draft Report



CHIEF FINANCIAL OFFICER

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224



November 5, 2003

MEMORANDUM FOR TREASURY INSPECTOR GENERAL FOR
TAX ADMINISTRATION

FROM:

Eileen T. Powell
Eileen T. Powell
Chief Financial Officer

SUBJECT:

Draft Audit Report # 2002-20-045, "Additional Travel
Reimbursement and Accounting System Computer Program
Controls Would Enhance Travel Voucher Processing and
Program Administration"

Thank you for the opportunity to comment on your recent review of Internal Revenue Service's Travel Reimbursement and Accounting System (TRAS) computer program controls. We were pleased to find that your review did not uncover new issues in TRAS and that the policies, procedures, and systems changes we have in progress or have recently completed will cover the concerns you express in your report.

I have attached a detailed response to each recommendation along with management corrective actions, proposed implementation dates, and responsible officials as applicable. As my staff expressed in previous meetings, we are non-concurring with some recommendations because the actions recommended are not feasible.

In order to avoid future delays in completing audit activity, I request that audit entrance conferences be held prior to the start of significant field work. As you are aware, the field work on this audit was started in January 2003, while the audit entrance conference was not held until June 2003.

If you have any questions, please contact me at 202.622.6400, or have a member of your staff contact Angela Cook, Director, Policies and Procedures at 301.492.5606.

Attachment

cc: Chief, AWSS
Chief Information Officer

**Additional Travel Reimbursement and Accounting System
Computer Program Controls Would Enhance Travel
Voucher Processing and Program Administration**

ATTACHMENT 1

RECOMMENDATION 1

The CFO should coordinate with the General Service Administration's (GSA) e-Travel initiative to ensure the IRS' travel voucher processing system meets all JFMIP requirements.

CORRECTIVE ACTION

Management non-concurs with this recommendation because IRS will not be selecting the e-Travel product.

GSA is selecting the e-Travel system which will replace the IRS' travel voucher processing system. GSA can only acquire a Commercial-Off-The-Shelf product that has a valid JFMIP certificate. IRS will work with GSA and Treasury to ensure the GSA product meets IRS operational requirements.

IMPLEMENTATION DATE

Not Applicable

RESPONSIBLE OFFICIAL

Not Applicable

CORRECTIVE ACTION MONITORING PLAN

Not Applicable

RECOMMENDATION 2

The CFO should use the planned TRAS long-term travel authorization processing enhancements to assure that managers are periodically (e.g., semi-annually) reassessing employee travel plans and ensuring compliance with long-term taxable travel requirements.

CORRECTIVE ACTION

Management partially concurs with this recommendation.

The CFO has issued previous guidance on the importance of classifying long term travel accurately; however establishing travel authorizations/obligations on a per trip basis is the only effective means of controlling travel expenditures and taxable classifications. The ongoing Optimization Study may consolidate the responsibility for oversight of this area in AWSS. Once the Optimization Study is finished and IFS is implemented, we will determine the best avenue for periodically assessing compliance.

IMPLEMENTATION DATE

Concurrent with IFS implementation, projected for January 15, 2005

Additional Travel Reimbursement and Accounting System Computer Program Controls Would Enhance Travel Voucher Processing and Program Administration

2

RESPONSIBLE OFFICIAL

CFO, IFM

CORRECTIVE ACTION MONITORING PLAN

To be determined upon implementation of IFS.

RECOMMENDATION 3

The CFO should re-emphasize to employees the requirements for timely filing travel vouchers.

CORRECTIVE ACTION

Management concurs with this recommendation as a stop-gap measure only.

The current voucher processing system can only indicate which vouchers are not processed timely – it cannot tell you which vouchers have not been filed at all. Because the current system does not include travel authorizations/obligations, the IRS has no automated means by which to determine which employees have outstanding travel entitlements that have not been filed. The more permanent solution for this problem is to institute per-trip travel authorizations, which we plan to do concurrent with the implementation of IFS.

IMPLEMENTATION DATE

Proposed Completion Date for re-emphasis of requirements: January 15, 2004

RESPONSIBLE OFFICIAL

CFO, IFM, Director, Policies and Procedures

CORRECTIVE ACTION MONITORING PLAN

To be determined upon implementation of IFS.

RECOMMENDATION 4

The CFO should monitor the timeliness of travel advance settlements to identify travel vouchers that have not been filed.

CORRECTIVE ACTION

Management non-concurs with this recommendation because currently IRS travel advances are pooled and do not represent separate advances for separate trips. Therefore, travel advance settlements cannot be used to determine when vouchers have not been filed because the advances are not linked to the voucher.

IRS plans to implement a new accounting system, IFS. Once the new accounting system is implemented, all advances will need to be associated with an individual travel authorization. In addition, all advances will be liquidated each time a travel voucher is filed. If an employee has a balance outstanding they will be instructed to send a check to the Beckley Finance Center. If the employee does not repay or liquidate the balance

Additional Travel Reimbursement and Accounting System Computer Program Controls Would Enhance Travel Voucher Processing and Program Administration

3

within 30 days, the balance will become a debt and referred to the debt collection unit to begin salary offset procedures. These processes have already been programmed into the version of TRAS that will go into production with IFS.

IMPLEMENTATION DATE

Not Applicable

RESPONSIBLE OFFICIAL

Not Applicable

CORRECTIVE ACTION MONITORING PLAN

Not Applicable

RECOMMENDATION 5

The CFO should modify the Travel Handbook or ITH to require vouchers to be filed within 5 workdays of completing a trip or every 30 days if in a continuing travel status, as required by the FTR.

CORRECTIVE ACTION

Management non-concurs with parts of this recommendation.

As discussed with the auditors, the Interim Travel Handbook cannot be changed because changing it would require the same lengthy NTEU negotiations process as producing the new travel IRM. We have chosen to focus on publishing the new IRM, which will completely replace the ITH. The ITH already stipulates if travelers are in a continuous travel status they must submit travel vouchers at the end of each month. The 5 day provision and the 30 day provision were already incorporated into the new travel IRM draft prior to the start of this audit. The draft IRM is being reviewed by NTEU.

IMPLEMENTATION DATE

Upon completion of NTEU negotiations, projected for January 15, 2005

RESPONSIBLE OFFICIAL

CFO, IFM, Office of Policies and Procedures

CORRECTIVE ACTION MONITORING PLAN

Will send a copy of the regulation to the auditors once published.

RECOMMENDATION 6

The CFO should coordinate with the Chief, AWSS, and CIO to ensure the TRAS e-mail reminder feature advising managers that a travel voucher is awaiting their approval is turned on and includes a reminder in the e-mail that receipts should be obtained and reviewed before approving the voucher.

**Additional Travel Reimbursement and Accounting System
Computer Program Controls Would Enhance Travel
Voucher Processing and Program Administration**

4

CORRECTIVE ACTION

Management concurs with this recommendation. Effective October 1, 2003, the TRAS email notification feature was turned on for all IRS employees. The e-mail notification advises managers that a travel voucher is awaiting their approval and includes a reminder in the e-mail that receipts should be obtained and reviewed before approving the voucher.

IMPLEMENTATION DATE

Completed October 1, 2003

RESPONSIBLE OFFICIAL

Director, Policies and Procedures

CORRECTIVE ACTION MONITORING PLAN

Not necessary as action is already implemented.

RECOMMENDATION 7

The CFO should ensure the travel advance computer program limits the amount of the advance based on the stated travel conditions, as required by the FTR.

CORRECTIVE ACTION

Management concurs with this recommendation and action to address this issue was in process before this audit was started.

TRAS version 10.0 has already been modified to include this requirement. When IRS implements IFS, TRAS version 10.0 will go into production. In this version of TRAS, all travelers with a government credit card may request an advance, but the amount will be limited to the total obligated M&IE plus \$75.00 for miscellaneous expenses.

IMPLEMENTATION DATE

Concurrent with IFS implementation, projected for January 15, 2005

RESPONSIBLE OFFICIAL

CFO, IFM, Office of Policies and Procedures

CORRECTIVE ACTION MONITORING PLAN

TRAS version 10.0 systems testing.

RECOMMENDATION 8

The CFO should ensure a debt collection process is implemented to recover the overpayment of travel expenses and delinquent advances.

CORRECTIVE ACTION

Management concurs with this recommendation and actions to address this issue were in process before this audit.

**Additional Travel Reimbursement and Accounting System
Computer Program Controls Would Enhance Travel
Voucher Processing and Program Administration**

5

IRS has been negotiating with NTEU regarding collecting debts owed by bargaining unit employees since June 2002. IRS has reached an agreement with NTEU and we are in the process of finalizing a letter of agreement. Once the letter of agreement is finalized, IRS will pursue collection of debts owed by IRS employees including, if appropriate, referral to Treasury Offset Program.

IMPLEMENTATION DATE

Upon completion of required training and notification, projected for January 15, 2005

RESPONSIBLE OFFICIAL

CFO, IFM, Office of Policies and Procedures and Beckley Finance Center

CORRECTIVE ACTION MONITORING PLAN

None Required

RECOMMENDATION 9

The Chief, AWSS should ensure the identified former employees are removed from the TRAS authorized user database.

CORRECTIVE ACTION

Management concurs with this recommendation and actions have already been completed.

Former employees have been removed from the TRAS authorized user database. The TIGTA report indicates that as of September 26, 2002, there were 2,795 employees active on TRAS but had separated from the Service. TIGTA provided AWSS with a report of these separated employees in July 2003. AWSS reviewed the report and noted that approximately 2,000 of these 2,795 employees had already been inactivated with the current procedures we have in place. The remaining 800 employees have since been inactivated prior to TIGTA issuing this draft report. The current process that we have in place to remove separated employees, as noted by TIGTA in this report, is effective for current personnel changes.

IMPLEMENTATION DATE

Completed July 31, 2003

RESPONSIBLE OFFICIAL

Not Applicable

CORRECTIVE ACTION MONITORING PLAN

Not Applicable

**Additional Travel Reimbursement and Accounting System
Computer Program Controls Would Enhance Travel
Voucher Processing and Program Administration**

6

RECOMMENDATION 10

The CFO should conduct periodic (e.g., annual) reviews of the authorized user database to ensure only authorized individuals have access to the TRAS.

CORRECTIVE ACTION

Management concurs with this recommendation. As employees leave the Service, they are removed from the LAN. Once separated employees are removed from the LAN they are no longer able to access the TRAS system. However, the CFO will develop and implement procedures to conduct periodic reviews of the authorized user database.

IMPLEMENTATION DATE

Projected Completion Date: July 15, 2004

RESPONSIBLE OFFICIAL

Director, Beckley Finance Center

CORRECTIVE ACTION MONITORING PLAN

We will review progress on an annual basis.