

**REVIEW OF MANAGEMENT CONTROLS
OVER GSA'S CENTRALLY BILLED
TRAVEL CARD ACCOUNT
REPORT NUMBER A040172/B/A/F05015**

DECEMBER 29, 2004



U.S. GENERAL SERVICES ADMINISTRATION
Office of Inspector General

Date: December 29, 2004

Reply to
Attn of: Audit Manager, Acquisition Programs Audit Office (JA-A)

Subject: Review of Management Controls Over GSA's Centrally Billed Travel Card Account - Report Number A040172/B/A/F05015

To: Kathleen M. Turco
Chief Financial Officer (B)

The Acquisition Programs Audit Office conducted a review of Management Controls Over GSA's Centrally Billed Travel Card Account. The audit was included in the Office of Inspector General's Fiscal Year 2004 Annual Audit Plan. Appendix A of the report consists of a copy of a PowerPoint presentation made to management by the Office of Inspector General to senior officials in the Office of the Chief Financial Officer (OCFO).

Background

The General Services Administration (GSA) Travel Charge Card is a convenient method for federal agencies and their employees to make payments for official government travel and travel-related expenses. The Travel Charge Card was offered under the GSA SmartPay[®] program, with the most recent contracts awarded in 1998 to five banks. GSA awarded its task order to Citibank. There are two types of accounts available under the GSA SmartPay[®] contracts - individually billed and centrally billed.

Individually billed cards are issued to employees to pay for official travel and travel-related expenses. The government reimburses employees for authorized expenses and the employee is responsible for making payment to the bank. Centrally billed accounts are established to pay for official travel expenses and are paid directly by the government to the bank. The focus of this review was on the Centrally Billed Travel Charge Card Account (CBA).

Effective February 24, 2004, GSA awarded its contract to ADTRAV for its Travel Agent Services under the Travel Services Solution (TSS) Solicitation Number FBGT-VH-030001-B - SIN 599-2, Task Order Number TO-04-001, Contract Number GS-33F-0003P. As per the Task Order, ADTRAV has a contractual obligation to perform automated reconciliation of transportation billings charged through the CBA. ADTRAV must match Citibank's transaction file data against its own transactional data and

provide GSA with reconciled charges. Upon receipt of the reconciliation, GSA pays Citibank for all reconciled charges.

In the current environment, GSA associates use either a manual process or FedDesk – Travel and Miscellaneous Reimbursement System (TMR)¹ and FedTrip² to request travel arrangements and reimbursement for travel-related expenses. However, with the release and award of the GSA Solicitation – FBGT-CD-030001-N for eTravel Service, travel planning and administration will be made through the eTravel Service (eTS) provider. eTS integrates travel planning and cost estimating; travel authorization; reservations; fulfillment services; filing, processing, and approving official travel claims; travel reimbursement data; and reporting and data exchange. In December 2004, GSA placed a task order for eTS with CW Government Travel. The base period for the task order runs through November 11, 2006, with three option periods extending until November 11, 2013.

Objectives, Scope and Methodology

The objectives of our audit were to answer the following questions: ***Are there controls over both the systems and the management of the CBA to ensure charges and related payments are for authorized travel only?***

Specifically, we determined whether:

- *Internal controls are effective to prevent the Travel Management Center (TMC) from issuing tickets without proper authorization;*
- *GSA improperly reimburses travelers for the cost of airline tickets paid using the CBA;*
- *Other control weaknesses led to the CBA being compromised and fraudulently used;*
- *The TMC reconciles all CBA charges to its accounting system; and*
- *GSA's Finance Office is reconciling the travel authorization, travel voucher, and billing prior to payment.*

¹ FedDesk was developed by the Finance Center in 1994, and is described as a launching platform providing easy online access for important administrative functions. FedDesk began with the Electronic Time and Attendance Management System (ETAMS), and the Finance Center added Travel and Miscellaneous Reimbursement System (TMR) to FedDesk in 1997.

² FedTrip - a self-service online booking reservation system was developed for the Department of Transportation by Atlanta-based TRX, Inc. to provide federal travelers with convenient 24-hour access to reservations, profiles and itineraries.

To make our assessment we:

- Reviewed Federal Travel Regulations, GSA Internal Travel Regulations, GSA orders and policies, System Documentation, and related GSA-OIG and Government Accountability Office (GAO) audit reports;
- Interviewed cognizant Federal Supply Service (FSS) officials, Region 6 Finance Office, Office of the Chief Financial Officer, and ADTRAV officials;
- Reviewed the Travel Services Solution (TSS) multiple award schedule solicitation and the eTravel Service (eTS) solicitation.

Our audit work was performed during the period April 2004 through July 2004. The survey phase of the audit involved performing a “walkthrough” of 23 randomly selected transactions charged to the CBA by FSS Central Office associates during the month of March 2004. The charges were reviewed to obtain an understanding of the management and system controls and the related payment and reconciliation processes. In view of the observations we made during the survey phase of this review and the imminent award and implementation of eTS, we decided to report out of the survey phase and forgo actual fieldwork that would have involved detailed substantive test work. We discussed this decision with officials in the Office of the Chief Financial Officer and they concur with the decision to forgo additional testwork. The audit was conducted in accordance with generally accepted government auditing standards.

Results of Review

Our limited review of 23 transactions charged to the CBA during March 2004 did not disclose any significant irregularities in the use of the CBA. We commend the Office of the Chief Financial Officer for having controls in place pertaining to system access and security; authorization and voucher linkage in FedDesk - TMR; and contractual reconciliation requirements for the TMC. However, we did identify areas for strengthening the current and future control environment. Specifically:

- The travel authorization and voucher self-approval process – As per GSA’s Internal Travel Regulations, CHAPTER 2. AUTHORIZATION AND APPROVAL OF OFFICIAL TRAVEL - PART 1. DELEGATIONS OF TRAVEL AUTHORITY (2a), “authority to authorize and approve their own temporary duty travel is delegated to the Chief Financial Officer, Associate Administrators, Heads of Services and Staff Offices and Regional Administrators”. The current control environment does not flag other approving officials who have the ability to approve their own authorizations and/or vouchers.
- The system’s ability to ensure completion of a voucher for every ticket charged to the CBA.

- The ability to terminate a Blanket Authorization, when applicable – Currently, blanket authorizations are only terminated at the end of a fiscal year leaving it vulnerable to unauthorized use.
- The travel system's ability to prevent travelers from being reimbursed for transportation costs that were Direct Billed to GSA's CBA – The current environment will allow reimbursement to an associate for transportation costs paid on the CBA.
- GSA's process for ensuring that CBA charges are authorized – Currently, GSA relies solely on ADTRAV's reconciliation without independently reviewing the charges.

Our review of 23 charges illustrated two of the control weaknesses stated above. One traveler had not completed a travel voucher for a CBA charge, and another traveler was reimbursed for transportation costs that were paid for on the CBA. Upon notification by the Office of Inspector General, the voucher was completed and GSA was reimbursed, both five months after the dates of travel.

Recommendations

As GSA moves into a new and challenging eTS environment, we believe controls over the CBA can be strengthened. Therefore, we recommend that the Chief Financial Officer:

1. Establish a system control to limit approving officials from having the ability to approve their own authorizations/vouchers.
2. Provide for system-generated series of notices when travel vouchers are not completed.
3. Establish a process to terminate blanket authorizations, when applicable.
4. Establish a system control requiring travelers to justify transportation costs that are not designated as Direct Billed on travel vouchers.
5. Recognizing that an independent review of all CBA charges may not be feasible, establish an alternative control. Creating an interface between the travel authorization, ticket issuance, and travel vouchers would assist GSA in detecting unauthorized charges.

Management Comments

Management generally concurs with the recommendations and will implement them into the new software solution, eTravel. See Appendix B for management's detailed response.

Internal Controls

As discussed in the objective, our focus was on the controls over both the systems and the management of the CBA to ensure charges and related payments are for authorized travel only. As outlined in this report, the internal controls over the payment of the CBA charges should be strengthened.

We wish to thank you and your staff for the courtesies extended to the auditors during this review. Should you or your staff have any questions concerning this review, please contact me at (703) 603-0189.



CAROLYN PRESLEY-DOSS

Audit Manager

Acquisition Programs Audit Office (JA-A)

APPENDICES

Management Controls Over GSA's Centrally Billed Travel Card Account

**Report Number
A040172/B/A/F05015**

U.S. General Services
Administration
Office of Inspector General
Acquisition Programs Audit Office
(JA-A)

- **Kenneth Crompton** – Regional Inspector General for Auditing
- **Carolyn Presley-Doss** – Audit Manager
- **Kevin Gallagher** – Auditor
- **Janine Parker** – IT Specialist
- **Lindsay Smith** – Management Analyst

Audit Objective

Are there controls over both the system and the management of the Centrally Billed Account (CBA) travel card to ensure charges and related payments are for authorized travel only?

Specifically, we determined whether:

- ▲ Internal controls are effective to prevent the Travel Management Center (TMC) from issuing tickets without proper authorization;
- ▲ General Services Administration (GSA) improperly reimburses travelers for the cost of airline tickets paid using the CBA;
- ▲ Other control weaknesses led to the CBA being compromised and fraudulently used;
- ▲ The TMC reconciles all CBA charges to its accounting system; and
- ▲ GSA's Finance Office is reconciling the travel authorization, travel voucher, and billing prior to payment.

Background

1. Travel Charge Card - Centrally Billed Account
2. FedDesk
3. Travel Authorizations
4. FedTrip
5. Travel Vouchers
6. Travel Approving Officials
7. Travel Services Solution (TSS)
8. CBA Reconciliation
9. eTravel Services (eTS)

Background

1. Travel Charge Card – Centrally Billed Account

- ▲ In 1998, five banks were awarded contracts as part of the GSA SmartPay[®] program - GSA's managed government-wide federal charge card program.
- ▲ The Travel Charge Card is offered under the GSA SmartPay[®] program.
- ▲ GSA awarded its task order to Citibank with a performance period of 11/30/98 to 11/29/00, with three one (1) year options to renew and five one (1) year options to renew which are contingent upon exercising of the master contract option periods.
- ▲ GSA expended approximately \$10.5M on the Centrally Billed Travel Card for the first three quarters of fiscal year 2004.

Background

1. Travel Charge Card – Centrally Billed Account

- ✦ Travel cards may be either Government liability (*centrally billed*) or employee liability (*individually billed*).
- ✦ Centrally billed accounts were established to pay for official travel expenses. Centrally billed accounts are paid by the government to the bank.

Background

2. FedDesk

- Developed by the Finance Center in 1994 to provide easy online access for important administrative functions.
- Began with Electronic Time and Attendance Management System (ETAMS) and added Travel and Miscellaneous Reimbursement System (TMR) in 1997.

Background

3. Travel Authorizations

- ▲ There are two types of travel authorizations:
 - ▲ Single Trip
 - ▲ Blanket
- ▲ Per GSA Internal Travel Regulations, blanket travel authorizations should be used whenever possible since they save time and reduce paperwork.
- ▲ Travel authorizations may be obtained electronically (FedDesk) or manually (Form 87).

Background

4. FedTrip

- ▶ Developed for the Department of Transportation by Atlanta-based TRX, Inc. to provide federal travelers with convenient 24-hour access to reservations, profiles and itineraries
- ▶ A self-service online booking reservation system
- ▶ Laid the foundation for how the Federal Government will use E-Government tools to improve its travel operations

Background

5. Travel Vouchers

Per GSA Internal Travel Regulations:

- ✦ Travel vouchers must be submitted promptly within five (5) workdays after the travel is completed.
- ✦ Each travel voucher must be supported by a properly executed travel authorization before it can be paid.
- ✦ All travel vouchers must be forwarded to the voucher approving official to determine that travel was performed in accordance with the authorization, travel regulations and internal procedures.

Background

6. Travel Approving Officials

Per GSA's Approving Official's Responsibility Memorandum:

- ▲ Travel Approving Officials are responsible for:
 - ✓ Determining that authorized travel is required in the interest of the Government, is in accordance with the overall plans of the organizational unit, and is in accordance with GSA Internal Travel Regulations.
 - ✓ Ensuring that the travel voucher is submitted for approval within 5 workdays from the completion of the travel action.
- ▲ Voucher approving officials must also ensure that all common carrier tickets charged to the GSA Centrally Billed Travel Card Account have been accounted for and that any unused ticket legs have been returned to the Travel Management Center for credit.
- ▲ This review is done to ensure that all travel on the voucher was performed for official purposes and any personal side trips and time in leave status are adequately reflected on the travel voucher.

Background

7. Travel Services Solution

- ✦ The Travel Services Solution Solicitation schedule was posted in February 2003 and provides one-stop shopping for all travel management needs.
- ✦ TSS was developed to offer travel agency services and travel consulting services to meet agency's unique travel management requirements.
- ✦ GSA awarded the contract to Adventure Travel (ADTRAV) for its Travel Agent Services under the TSS. The contract period covers a base year of 3/1/04 to 2/28/05, with four (4) one year option periods.

Background

8. CBA Reconciliation

Per the Task Order, Statement of Work, Section C:

- ▲ ADTRAV has a contractual obligation to perform automated reconciliations of transportation billings charged through the CBA.
- ▲ ADTRAV must match Citibank's transaction file data against its own and provide GSA with reconciled charges within five working days from receipt of a transaction file.

Background

9. The Future - eTravel

- ▲ eTravel is a part of the President's E-Government initiative to employ the latest technology to create a more efficient, citizen-centered Federal Government.
- ▲ eTravel is an automated and integrated approach to managing Federal Government travel functions.
 - ▲ eTS integrates travel planning; travel authorization; reservations; fulfillment services' filing, processing and approving of travel claims; travel reimbursement data; and reporting.

Background

9. The Future - eTravel

- ▲ eTravel Services provides a web-based, end-to-end travel management service for Executive Branch departments and agencies of the Federal Government.
- ▲ Once eTravel is implemented, GSA will no longer use FedDesk-TMR or FedTrip.
- ▲ In December 2004, GSA selected CW Government Travel for its eTravel services.
- ▲ The projected date for full implementation of eTravel is September 2005.

Scope and Methodology

- ✦ Met with GSA's Office of the Chief Financial Officer (OCFO) and Federal Supply Service (FSS) officials, Kansas City Finance Office, and ADTRAV representatives
- ✦ Reviewed Federal Travel Regulations, GSA Internal Travel Regulations, GSA Policies, System Documentation, and related GSA and Government Accountability Office (GAO) audits

Scope and Methodology

- Reviewed a random sample of 23 CBA charges of FSS Central Office associates during the period of March 3 through March 31, 2004
- Reviewed the travel authorization and the voucher for each charge
- Traced the CBA and voucher payments in the Financial Management Information System
- Reviewed system functionality and system security
- Reviewed systems for compliance with Joint Financial Management Improvement Program (JFMIP) Travel System Requirements

Scope and Methodology

Attributes Reviewed

- ▲ Were all travel authorizations and vouchers approved by an authorized approving official?
- ▲ Did every charge to the CBA have an accompanying travel voucher?
- ▲ Did travelers record airfare costs as Direct Billed on the voucher?
- ▲ Did travelers record the ADTRAV service fee as Direct Billed on the voucher?
- ▲ Did the travelers' itinerary on the Citibank bill match the itinerary on the travel voucher?
- ▲ Did the airfare amount on the Citibank bill match the airfare amount on the travel voucher?
- ▲ Did the CBA charge appear on the ADTRAV matched report?

Internal Controls

As outlined in the Audit Objective, our focus was on the adequacy of the system and management controls over the travel authorization, travel voucher, and subsequent payment of the Centrally Billed Travel Card Account. As outlined in this report, the internal controls over the payment of the CBA charges should be strengthened.

Overview

Lifecycle of a Transaction

<u>Ticket Activity</u>	<u>Systems Involved/Manual</u>
Travel Authorization	FedDesk/Form 87
Approval	FedDesk/Form 87
Reservation	FedTrip/Phone, Fax, Email
Ticketing	ADTRAV – Worldspan
Trip	

The following flow chart has been modified from the original PowerPoint presentation to allow conversion for Section 508 compliance.

Overview

Lifecycle of a Transaction

<u>Ticket Activity</u>	<u>Systems Involved/Manual</u>	<u>CBA Payment Process</u>
Voucher Preparation	FedDesk/Manual	
Audit	FedDesk/Manual	
Approval	FedDesk/Manual	Electronic Citibank Statement Received
	TRAMS	Reconciliation

The following flow chart has been modified from the original PowerPoint presentation to allow conversion for Section 508 compliance.

Overview

Lifecycle of a Transaction

<u>Ticket Activity</u>	<u>Systems Involved/Manual</u>
Settlement	Kansas City
General Ledger	Pegasys
Report Generation	Pegasys, TRAMS

The following flow chart has been modified from the original PowerPoint presentation to allow conversion for Section 508 compliance.

Control Observations

Controls needed to strengthen the current environment:

- ✦ System controls to prevent authorized approvers the ability to self-approve travel authorizations and vouchers
- ✦ System controls to ensure that vouchers are completed
- ✦ System controls and/or operational processes to terminate Blanket Authorizations, when applicable
- ✦ System controls to prevent travelers from receiving reimbursement for transportation costs that were Direct Billed to the CBA
- ✦ A reconciliation of travel authorization, vouchers, and tickets done by GSA prior to payment of the CBA

Control Observations

System controls to prevent authorized approvers the ability to self-approve travel authorizations and vouchers

According to the JFMIP Travel System Requirements, travel systems must maintain separation of duties.

Current Environment:

- ✦ FedDesk-TMR does not have a system control in place to prevent an approving official from approving their own authorizations and vouchers.

Potential Exposure:

- ✦ A single individual has the ability to authorize, book, and voucher airfare.
- ✦ Unauthorized charges to the CBA may go undetected.

Control Observations

System controls to ensure that vouchers are completed

Per GSA's CFO office, it should be the responsibility of individual offices to review travel expenditures, ensure that authorizations and vouchers are completed, and that only authorized travel is taken.

Current Environment:

- ✦ There is no GSA order that clearly defines roles and responsibilities.
- ✦ The FedDesk-TMR does not generate system notices when voucher is not completed.

Potential Exposure:

- ✦ Unauthorized charges to the CBA may go undetected.

Control Observations

System controls and/or operational processes to terminate Blanket Authorizations, when applicable

Per the GSA Internal Travel Regulations, travelers are encouraged to use Blanket Travel Authorizations whenever possible because they save time and reduce the number of paper documents that GSA organizations have to prepare.

Current Environment:

- ▲ There is no process in place to terminate a Blanket Authorization, when applicable.

Potential Exposure:

- ▲ Unauthorized (personal) travel can be charged to GSA without detection.

Control Observations

System controls to prevent travelers from receiving reimbursement for transportation costs that were Direct Billed to the CBA

Transportation costs (air/rail fare) are Direct Billed to GSA's Centrally Billed Account. Therefore, travelers should not request reimbursement for transportation charges on their travel vouchers.

Current Environment:

- ▲ FedDesk's TMR system allows for travelers to request reimbursement for tickets purchased using the CBA.
- ▲ GSA relies on approving official review of travel vouchers as a compensating control to prevent travelers from claiming reimbursement for tickets purchased using the CBA.

Potential Exposure:

- ▲ Travelers can receive reimbursement for transportation costs purchased with the CBA.

Control Observations

A reconciliation of travel authorization, vouchers, and tickets done by GSA prior to payment of the CBA

Currently there are no directives or orders in place requiring GSA to reconcile charges to the CBA to travel authorizations and/or vouchers.

Current Environment:

- ▲ ADTRAV reconciles the charges on the Citibank bill to their accounting system and GSA pays the Citibank bill without reviewing these charges.
 - CBA charges are not matched with a travel authorization and/or a travel voucher by GSA.

Potential Exposure:

- ▲ GSA is vulnerable to paying for unauthorized charges on the CBA

Detailed Findings

- ✦ One traveler had not completed a travel voucher for a CBA charge. After OIG notification, the voucher was completed and submitted five months after date of travel.
- ✦ One traveler was reimbursed for the ADTRAV service fee that was paid for on the CBA. After OIG notification, the traveler reimbursed GSA for the incorrect payment five months after date of travel.

Recommendations

- ✦ Establish a system control to limit approving officials from having the ability to approve their own authorizations/vouchers
- ✦ Provide for system-generated series of notices when travel vouchers are not completed
- ✦ Establish a process to terminate blanket authorizations, when applicable
- ✦ Establish a system control requiring travelers to justify transportation costs that are not designated as Direct Billed on travel vouchers
- ✦ Create an interface between the travel authorization, ticket issuance, and travel voucher systems



NOV 24 2004

MEMORANDUM FOR KENNETH L. CROMPTON
REGIONAL INSPECTOR GENERAL FOR AUDITING –
ACQUISITION PROGRAMS AUDIT OFFICE (JA-A)

FROM:

KATHLEEN M. TURCO 
CHIEF FINANCIAL OFFICER (B)

SUBJECT:

Review of Management Controls Over GSA's Centrally
Billed Travel Card Account – Report Number A040172

We have reviewed the recommendations contained in the above-mentioned report and concur with your findings as well as the need for additional controls. Currently, GSA is in the process of selecting a new software solution for Travel Management that we believe will eliminate most, if not all, these issues in the near future. As a result of the imminent award of a task order to one of three vendors providing end-to-end travel systems, referred to as eTravel, we feel it is in the best interest of the Agency to dedicate our future resources to the awardee thus insuring these recommendations are fulfilled.

Adoption of the recommendations will be incorporated into the eTravel System (eTS) as indicated below.

- 1 Establish a system control to limit approving officials from having the ability to approve their own authorizations/vouchers. In the new eTS, each employee will be mapped to an employee(s) who can approve his/her authorization and or voucher. Although we cannot talk specifics with the vendor until the task order is issued, everyone at GSA associated with the electronic Travel System (eTS) will have a profile. One of the data fields in the profile will be an SSN that will specifically identify each person. If a person tries to set themselves up as their own approving official, the system will set off a flag and prevent this from occurring. It can only be overridden by one of the system administrators.
- 2 Provide for system-generated series of notices when travel vouchers are not completed.

The eTS will automatically send an email to the traveler reminding him/her that it has been 5 business days since he returned from travel (based upon the travel dates included in the approved itinerary) and that a travel voucher has not been filed. The system is also capable of sending one or more

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subsequent email reminders at prescribed intervals to the traveler and approving official after the initial reminder if the traveler still hasn't filed a voucher after a certain number of days. It will also provide a report of those travelers who have not filed a voucher within the five working days and the number of days since their return date to the system administrators for subsequent follow-up by the system administrators or his/her designees.

3. Establish a process to terminate blanket authorizations, when applicable. eTS will match a file received from the National Payroll Center of active employees by SSN to the file of blanket travel authorizations. For those that do not match, the blanket authorization will be cancelled. We will mark the records as "inactive" so as to maintain an audit trail rather than having them removed entirely from the eTS.
4. Establish a system control requiring travelers to justify transportation costs that are not designated as Direct Billed on travel vouchers. In eTS, the employee's profile will designate how the employee's air or rail travel is paid. In almost all instances, the travel would be obtained through AdTrav and charged to the Corporate Account. If the employee includes an air or rail ticket for reimbursement, it will be flagged and require a justification to the approving official. The system will require that the approving official approve the justification or return the voucher to the traveler as not justified. Since this is a customization that will vary from agency to agency, we cannot test this control until it is established by the vendor per our specific requirements. We cannot provide those specific instructions until the vendor receives the task order.
5. Creating an interface between the travel authorization, ticket issuance, and travel vouchers would assist GSA in detecting unauthorized charges. The eTS requires that a voucher be created even when the only expense is an air or rail ticket charged to the Corporate Account. If this situation occurs and no voucher is processed within five working days after the traveler has returned, an email will be sent to the traveler informing him that a voucher has not been sent. Please refer to the response under #2 as the same process applies.

We thank you for your recommendations. They will assist us in strengthening the controls in our new travel system. If you have any questions or comments, please call Vince Spagnola on (202) 501-0070.

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OVER GSA'S CENTRALLY BILLED TRAVEL CARD ACCOUNT
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