



*U.S. DEPARTMENT OF COMMERCE  
Office of Inspector General*

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**NATIONAL OCEANIC AND  
ATMOSPHERIC ADMINISTRATION**

*Travel Card Program at  
National Weather Service Headquarters  
Needs Additional Management Controls*

*Final Audit Report No. BTD-14972/March 2003*

**PUBLIC  
RELEASE**

*Office of Audits*



**UNITED STATES DEPARTMENT OF COMMERCE**  
**The Inspector General**  
Washington, D.C. 20230

MAR 18 2003

**MEMORANDUM FOR:** John J. Kelly, Jr.  
Assistant Administrator for Weather Services

**FROM:** Johnnie E. Frazier

A handwritten signature in black ink, appearing to read "Johnnie E. Frazier".

**SUBJECT:** *Travel Card Program at National Weather Service Headquarters  
Needs Additional Management Controls*  
Final Audit Report No. BTD-14972-3-0001

This is our final report on our audit of the individually billed travel card program at NWS headquarters. NWS officials believe that use of the contractor-issued travel card has made travel more convenient for employees, reduced the associated administrative costs, and enhanced the bureau's ability to fulfill its mission. We concluded that, for the most part, NWS travel cardholders at headquarters used their cards properly. However, we found several instances of misuse and identified several internal control weaknesses. Our findings and recommendations appear on pages 4 through 11.

In responding to our draft report, dated October 24, 2002, NWS concurred with 9 of our 10 recommendations, and described actions planned or taken for the 9 that constitute an acceptable audit action plan as required by Department Administrative Order 213-5, *Audit Resolution and Follow-up*. Hence, a separate audit action plan is not required. The recommendation with which NWS did not concur was that its agency/organization program coordinator and office focal point in each operating unit review cardholders' activities each month using Citibank's monthly reports. Instead, NWS indicated that it preferred to direct its managers to review cardholder activities for improper transactions once Citibank implements an expanded reporting hierarchy that will generate more useful reports. Although we acknowledge that reviewing the monthly Citibank reports as currently configured is labor intensive, we believe that NWS should, at a minimum, perform a limited review (i.e., sample) of monthly cardholder transactions, as well as examine the ATM and cash advance reports to identify improper transactions until revised reports are available from Citibank. We have modified our recommendation accordingly and request that NWS provide us with an audit action plan addressing the recommendation within 60 days of this memorandum. NWS' response is included in its entirety as Attachment 2 to the report.

## INTRODUCTION

The Travel and Transportation Reform Act of 1998 requires federal employees to use a contractor-issued travel card for payment of expenses related to official government travel, unless otherwise exempted. The General Services Administration (GSA) amended the Federal Travel Regulation (FTR) to implement the statute and published related executive branch travel

policies. FTR Amendment 90 made use of the government travel card mandatory for all employees on official travel occurring after February 29, 2000.<sup>1</sup>

The Department of Commerce maintains two types of travel charge card accounts: centrally billed accounts and individually billed accounts. Centrally billed accounts are used by the various Commerce agencies to obtain travel services, such as issuance of airline tickets for individual travelers, from its commercial travel contractor. The government is liable for centrally billed account charges. Individually billed accounts are issued to individual employees, who are responsible for prompt payment of card charges and personally liable for those charges. Employees sign an agreement with the issuing bank prior to activation of their individually billed account card that clearly notes the individual cardholder's full liability for all charges and fees incurred. It also details the purpose of and restrictions on the card; the payment schedule; procedures regarding account delinquency, suspension, and cancellation; and procedures for renewing or reporting lost or stolen cards.

The government-wide travel card program is administered under a master contract between GSA and various banks that issue the cards. Effective November 1998, Commerce selected Citibank as its card issuer and VISA as the card brand, under a 5-year task order, with five 1-year renewal options. The government has negotiated favorable terms for the travel charge contract based on a specific volume of transactions that can result in a rebate to the Department based on volume and payment performance. The actual amount of the quarterly rebate is calculated by following a series of formulas contained in the master contract.

The Department's Chief Financial Officer (CFO) oversees management of the travel card program within Commerce; its Office of Executive Assistance Management develops and issues policies and procedures on travel card use. The CFO has delegated responsibility for managing the travel card program at the operating unit level to each unit's respective CFO, who, in turn, designates an agency/organization program coordinator (A/OPC) to administer and monitor the program for the unit. NWS headquarters has a designated employee, or "focal point," within each of its five operating units who assists the A/OPC with these duties.

To supplement the FTR requirements, Commerce issued its *Policy and Procedures for the Use of the Contractor-Issued Government Travel Charge Card (DOC Travel Handbook)*, which describes the Department's policy for travel card use, as well as the related responsibilities of Commerce offices and employee cardholders. In addition, the National Oceanic and Atmospheric Administration issued the *NOAA Travel Handbook* which incorporates federal and departmental regulations. Both handbooks, as amended, clearly state the purpose of the government's contractor-issued travel cards and the parameters for using them, addressing such key points as the card's mandatory use for official travel, prohibited uses (e.g., for expenses that are personal or are incurred in the vicinity of the employee's official duty station), the

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<sup>1</sup> FTR Amendment 90 exempts employees who have an application pending for the travel card, individuals traveling on invitational travel, and new appointees from the mandatory use of the government contractor-issued travel charge card. This amendment also implements the statutory provision that the head of an agency has the authority to grant exceptions. Commerce's *Departmental Policy Implementing Mandatory Use of the Travel Charge Card* exempts, in addition to those identified in the amendment, those employees that travel only once a year; employees whose travel charge card has been canceled because of delinquency or use for non-official purposes; employees whose cards have been lost, stolen, or damaged and have not yet been replaced, and employees who have a disability that would either limit or prevent them from using the card.

individual's responsibility for making full and timely payment, and the limitation on cash advances.

During December 2001, Citibank reported that 10,275 individually billed account travel cards had been issued to NOAA, with 4,320, or approximately 42 percent, issued to NWS employees. Our estimate of annualized cash advances and travel expenses incurred by NOAA and NWS employees were \$19.5 million and \$6.4 million, respectively.

NWS, the largest component of NOAA, consists of a headquarters operation, five national centers, and six regional offices. NWS headquarters operations employs 800 people in five offices: (1) Office of the Assistant Administrator, (2) Office of Climate, Water, and Weather Services, (3) Office of Hydrologic Development, (4) Office of Science and Technology, and (5) Office of Operational Systems. Although the majority of the 800 employees are located in Silver Spring, Maryland, several work in satellite offices in Kansas City, Missouri; Norman, Oklahoma; Chanhassen, Minnesota; Boise, Idaho; Boulder, Colorado; and Stennis Space Center, Mississippi.

## **OBJECTIVES, SCOPE, AND METHODOLOGY**

We conducted our audit to determine whether individually billed account cardholders in NWS headquarters were complying with the FTR, the *DOC Travel Handbook*, and NOAA-issued travel regulations and policies, and whether NWS' internal controls for the travel card program were both adequate and fully implemented.

During the 13-month period from February 2001 through March 2002, 536 of the approximately 800 personnel at NWS headquarters held travel cards. We selected a sample of cardholders from each of the five headquarters offices, for a total of 73 individuals, and examined all transactions they made during the 13 months. (A breakdown of our sample by individual office is attached to this report.) We also identified NWS headquarters employees who traveled on government business during this period but did not use the Citibank-issued travel card.

In addition, we reviewed applicable regulations, policies, and procedures; examined documentation, management reports, and other records; and interviewed NWS headquarters officials and cardholders, as well as the Department's travel card contracting officer's technical representative. We completed our audit fieldwork in August 2002 and briefed NWS about our findings at an exit conference in September 2002.

In performing our audit, we relied on computer-processed data from Citibank. We tested its accuracy by tracing recorded transactions to NWS travel vouchers and by comparing those transactions to other documents. Based on our tests, we concluded that the data was sufficiently reliable for our purposes.

We conducted our audit in accordance with generally accepted government auditing standards, under authority of the Inspector General Act of 1978, as amended, and Department Organization Order 10-13, dated May 22, 1980, as amended.

## FINDINGS AND RECOMMENDATIONS

As a result of this review, we concluded that most cardholders properly used their travel cards and promptly paid amounts owed to Citibank. However, we found several instances of misuse and we identified internal control weaknesses in NWS' oversight of the program. Employee non-compliance with travel card policies violates federal, departmental and NOAA requirements, affects NWS' costs of administering the program, and may impact rebates the Department receives from Citibank, as well as the terms of future contracts with card issuers.

### A. Cardholders Are Not Fully Complying with Travel Card Policies and Procedures

We identified instances in which employees used their travel card for the following unauthorized purposes: ATM cash advances when not on official travel, excessive cash advances when on official travel, personal expenses, and local travel expenses. We also noted that some users charged items to their travel card that should have been charged to a government purchase card, some did not always use their cards to pay for official travel expenses as is statutorily required, and some did not make timely payments to Citibank.

#### 1. Improper Cash Advances Obtained by Employees

Section A of the *DOC Travel Handbook* notes that use of the card for purposes other than official travel is "strictly forbidden." Eight cardholders in our sample of 73 had withdrawn cash advances when not on official travel. Two of them withdrew significant amounts: one cardholder obtained advances totaling \$20,600, and acknowledged that he routinely took advances as "insurance against potential delays in receiving reimbursement" for his travel vouchers. Another employee had withdrawn \$14,300 in cash advances that were not supported by official travel authorizations or vouchers. The employee's division director confirmed the cash advances were not related to official travel.

While most of these improper advances were routinely paid off by the employees within the billing cycle in which they were incurred, some resulted in account delinquencies. Personal use of cash advances violates the FTR, departmental policies, and the employee's contract with Citibank. Such improper use also increases the risk that the employee will not pay his or her card balance in a timely manner which could negatively impact the rebate calculation as well as future terms of Commerce's contract with its travel card provider.

#### 2. Excessive Cash Advances Obtained for Official Travel

We found four instances in which cardholders exceeded the cash advance limitations for official travel by obtaining more cash than needed for the particular trip. In one instance, the traveler obtained \$1,120 in excess advances. Section D1(b) of the *DOC Travel Handbook* advises that cash advances should not exceed the amounts needed to cover "meals and [the] incidental expense rate" for the travel location of the temporary duty and other cash expenses that are expected to be incurred and cannot be charged. The excessive advance increases the vulnerability of the program to payment delinquency since the excessive advance will not have corresponding reimbursable expenses on the travel voucher. Further, this practice violates the *DOC Travel Handbook*.

### 3. Cards Used for Personal Reasons

Section A of the *DOC Travel Handbook* clearly notes that personal use of the card is not permitted. Fourteen cardholders in our sample of 73 violated this provision. For example, one cardholder charged \$350 for car rentals while on vacation and a second employee charged \$140 in dog kennel fees. Most of the other personal charges were for dining and gasoline. The total of such expenditures was approximately \$6,200.

### 4. Official Local Travel Expenses Improperly Charged to Travel Card

Section A of the *DOC Travel Handbook* strictly forbids use of the card at or in the vicinity of the holder's official duty station or residence. However, we identified two cardholders who charged local travel. For example, for personal convenience, one employee used the card routinely for local travel expenses in metropolitan Washington, D.C. instead of completing a local travel voucher, as required.

### 5. Cards Used for Authorized But Nontravel Purposes

Title 41, Section 301-2.2 of the Code of Federal Regulations states that an agency may pay travelers' transportation costs, a per diem, and *miscellaneous* expenses incidental to travel, such as dry cleaning, phone charges, etc. Eleven cardholders in our sample of 73 used their travel card to pay for items that should be charged to a government purchase card. One employee improperly used the travel card rather than the purchase card to pay \$205 for award materials, while another employee bought \$422 of work-related computer items. Five other travel cardholders used the travel card to pay for registration fees of \$200, \$220, \$390, \$405, and \$410 for training conferences.

These conference fees -- which are office business expenses, not individual travel expenses -- can be paid directly by the government agency using its government purchase card. The Department's Draft *Training Policy Handbook*, issued by the Office of Human Resources Management in July 2002, further clarifies that training should be procured using one of three methods -- government purchase card, Departmental procurement request (CD-435) for requests exceeding \$25,000, or SF-182, Request, Authorization, Agreement and Certification of Training.

Charges to the wrong credit card potentially circumvent internal controls established to ensure proper program administration such as the approvals process required for certain types of expenditures, and prohibits the accurate accounting of the costs and activities associated with each credit card program.

### 6. Frequent Travelers Not Always Using Government Card

Ten cardholders in our sample of 73 did not charge all official travel expenses to the government travel card. Several cardholders stated they did not realize that use of the card was mandatory when traveling on official business.

Since the Department's rebate is based on volume and payment performance, if the minimum charge volume is not met, the government must pay the contractor an additional sum. In

addition, employees' failure to use the card as required affects the amount of the Commerce rebate and could negatively impact future contract negotiations.

#### 7. Payments Are Not Always Timely

Section B5(h)(2) of the *DOC Travel Handbook* requires that cardholders pay their monthly balance in full no later than 25 calendar days from the closing date of the statement. There is no option to pay a minimum amount. The handbook further reinforces that the employee is personally liable for all undisputed charges, regardless of whether they exceed the amount reimbursable under the Department's travel regulations. Failure to make timely payments to Citibank violates not only the travel regulations but also the individual agreements that employees sign with Citibank, and affects the amount rebated to Commerce.

As of October 1, 2000, five of the 536 NWS headquarters accounts were 61 days or more past due in their payments to Citibank, with past due balances totaling \$7,863. Between October 2000 and December 2001, 15 of the NWS headquarters cardholders were 61 days or more past due, in amounts ranging from \$6 to \$3,500. These 15 cardholders provided various reasons for their delinquency, including delays in submitting travel vouchers and extenuating personal circumstances, such as health problems or divorce.

During our review period, we noted that the NWS Chief Financial Officer had significantly reduced the number and dollar amount of delinquent accounts by revising existing procedures for review of delinquent accounts. Prior to December 2000, the NWS A/OPC was solely responsible for reviewing Citibank account suspension and pre-cancellation reports and notifying the employee's supervisor. After December 2000, the various NWS office focal points were responsible for reviewing these Citibank reports and taking appropriate action to ensure cardholders make timely payments. This change significantly reduced the number of accounts 60 days or more past due; however, some cardholders are still not making payments timely.

By December 2001, two NWS accounts were 61 days or more past due for headquarters employees, with a combined past due balance of \$615 -- a significant reduction in delinquent debt from October 1, 2000, at which time five NWS headquarters accounts were in this category with past due balances totaling \$7,863.

Furthermore, only three accounts for NWS headquarters employees were written off by Citibank since the inception of the program. Two employees have since fully repaid these amounts and the remaining employee—who owes \$60—had reported the card lost and disputed the purchase.

#### Recommendations

NWS' chief financial officer should (1) reinforce the importance of adhering to the FTR and the *DOC Travel Handbook* and take necessary steps to ensure that all employees immediately and fully comply with these requirements, (2) ensure travel card policies and procedures are clearly communicated to all employees when cards are initially issued, (3) require cardholders and their supervisors to annually complete, at a minimum, the GSA on-line travel card training and maintain documentation to certify completion, and (4) ensure that appropriate administrative action is taken against employees who abuse or misuse the travel card or do not adhere to travel card regulations and policies.

## NWS Comments

NWS concurred with our four recommendations and issued a memorandum on December 31, 2002, instructing cardholders and their supervisors to follow travel card regulations, including those for new card applications and penalties for travel card misconduct, and to conduct training annually. In addition, NWS noted that the DOC Travel Card Program Remedial Action Plan contained an action item to revise the table of penalties for misuse of the card. NWS intends to require its financial management centers to implement any revised penalty table within 30 days of departmental issuance.

## OIG Response

In light of NWS' described actions taken or planned for the four recommendations, we consider them resolved and, hence, a separate audit action plan is not required. We commend NWS for its timely actions.

### **B. Agency/Office Program Coordinator (A/OPC) Responsibilities Not Fully Performed**

The *DOC Travel Handbook* assigns responsibility for monitoring the use of travel cards to operating unit officials, A/OPCs, the employee's immediate supervisor, and the employee. The A/OPC is responsible for reviewing monthly card activity reports for appropriateness of charges and timeliness of payments and notifying an employee's immediate supervisor of any questionable or inappropriate charges and of payment delinquencies of 60 days or more. Maintenance of a central records file of signed employee agreement forms for all current cardholders is also the A/OPC's responsibility.

We found that the A/OPC or the designated focal points were not performing all of these duties. In some instances government travel cards had not been issued to all eligible travelers, monthly cardholder activity reports were not being reviewed, monthly activity records were not retained, and the A/OPC's program files were missing basic administrative documents.

#### **1. Some Travelers Do Not Have Citibank Cards**

Although Departmental policy requires use of the contractor-issued travel charge card for official travel, we noted three instances in which eligible travelers had neither been issued a card nor been exempted from using one. Since the law currently mandates the use of the contractor-issued travel card, all eligible employees should be issued government travel cards to ensure that the program operates as intended and can attain the activity volume projected under the contract.

#### **2. Monthly Account Activity Reports Not Reviewed**

NWS' current monthly monitoring of the travel card program entails review of delinquent account reports generated by Citibank, but no concurrent analysis of a cardholder's monthly activity. This practice is inadequate and violates the *DOC Travel Handbook*, which requires the A/OPC to review monthly activity reports. Citibank sends the A/OPC monthly activity reports that list the transactions and outstanding balances for each cardholder. The A/OPC informed us that she does not perform a monthly review of individual cardholder account activity because



such a review is impractical, given the data's sheer volume and inadequate organization. For example, the December 2001 Citibank report contained 762 pages of detail for 1,566 accounts and 4,747 purchase/debit and ATM transactions, sorted alphabetically by employee name, but not by Headquarters, Regional, or National Center operating office.

Without reviewing the monthly activity report, NWS cannot identify cases of misuse and prevent future instances of cardholders' noncompliance with travel card policies. At the Department's request, Citibank blocks cardholders' transactions at vendors that are not or do not appear to be directly travel-related, such as department, jewelry, and clothing stores. However, this control does not stop cardholders from making charges at local restaurants, gas stations, and ATM machines; charges that would otherwise be legitimate only for out of town travelers.

Notably, the Department's current remedial action plan for its travel card program, submitted to the Office of Management and Budget on May 31, 2002, strongly encouraged bureaus to expand their reporting hierarchy level so that delinquency and other reports from Citibank can be generated at a useful organization level and be sent directly to the managers responsible for approving travel vouchers for individual employees. This change in reporting will facilitate prompt review of employee spending and payment activities. We understand that NWS is developing an appropriate hierarchy level so it can fully comply with the Department's action plan.

### 3. NWS Central Records Are Incomplete and Outdated

The *DOC Travel Handbook* requires bureau A/OPCs to maintain a central file of the signed employee acknowledgement statement for all current cardholders, along with a copy of the employee's travel card application. Departmental policies note that in the event of misuse, the government will use the acknowledgement statement, as well as an approving official certification statement, as a legal document to support disciplinary action.

The NWS A/OPC central file does not contain copies of all current Citibank cardholder applications and signed employee acknowledgement forms. Several employee files contained documents only from the prior two card contractors. The A/OPC initiated corrective action during our review and requested that these forms be provided. NWS will need these forms to document that the employee agreed to comply with Citibank's and the Department's travel card policies and procedures should administrative or disciplinary actions be necessary against a cardholder.

### Recommendations

NWS' chief financial officer should (1) ensure that all eligible travelers are issued Citibank cards, (2) instruct the NWS A/OPC and focal point in each operating unit to conduct, on a sample basis, monthly reviews of cardholders' activities using Citibank's monthly transactions, ATM, and cash advance reports to identify improper transactions until NWS implements an expanded hierarchy level to capture transactions by the five operating offices, (3) ensure that NWS, through the Department, asks Citibank to expand the reporting hierarchy to the office or region level so reports can be provided directly to managers in those locations for review, and (4) ensure that the NWS A/OPC continues her recently initiated efforts to update the central file to

include current copies of all cardholders' account setup, maintenance, and signed acknowledgement forms.

### **NWS Comments**

NWS concurred with three of the four recommendations contained in our draft report and described actions already taken or planned. The bureau issued a memorandum on December 31, 2002, directing all financial management centers to ensure that employees who travel two or more times a year use a travel card, in accordance with DOC policy. NWS also noted that, as of August 22, 2002, it asked Citibank to expand the reporting hierarchy to the office or region level. Further, NWS noted that its A/OPC began a thorough update of files and reported about 30 percent completion of this task. Final completion is targeted for June 2004, since this work is being done on a "time available" basis.

NWS did not concur with our recommendation that its Agency/Organization Program Coordinator and office focal point in each operating unit conduct monthly reviews of cardholders' activities, using Citibank's monthly reports to identify improper transactions. The bureau stated that, until Citibank expands its reporting hierarchy to capture transactions by the five operating offices, performing such a review would create an unreasonable workload. Lastly, NWS noted that at present, the A/OPC and the focal points review Citibank's reports for overdue accounts and also sample denied transactions.

### **OIG Response**

In view of NWS' described actions taken or planned for the three agreed-to recommendations, we consider them resolved. Hence, a separate audit action plan is not required. We commend NWS for its timely actions.

With respect to the fourth recommendation, although we agree that reviewing the monthly Citibank reports is labor intensive, we believe that NWS should, at a minimum, perform a limited review (i.e., sample) of cardholders' monthly transactions and review ATM and cash advance reports to identify improper transactions until the hierarchy is expanded. We have modified our initial recommendation accordingly, and request that NWS submit an audit action plan addressing this recommendation within 60 days of the date on which this final report was issued.

### **C. Other Matters Needing Attention**

The level of employee noncompliance with travel card policies and procedures that has been identified in this review indicates the need for NWS to strengthen its current management control structure to reduce the risk of misuse and improve administration of the program. In particular, the bureau needs additional management controls for establishing spending/cash advance limits and for taking consistent action against employees who fail to comply with the program's terms.

#### **1. NWS Standard Card Limit Exceeds Needs**

NWS uses the NOAA-established travel card limit of \$10,000 per cardholder, but NWS does not periodically review cardholder accounts to assess whether this limit is reasonable. Our review of

the trips and transactions that occurred during the 13-month time frame we examined revealed that this standard limit exceeds the needs of most NWS headquarters cardholders, and thus, may needlessly increase the risk of misuse, delinquency, or non-payment. For most NWS employees, the limit could be reduced without adversely affecting their travel planning.

## 2. NWS Standard "Cash Advance" Limit Exceeds Needs

NWS uses the NOAA-established ATM limit of \$2,000, which is 20 percent of the standard card limit. We found this limit also exceeds the needs of most NWS headquarters cardholders. In addition, the *DOC Travel Handbook* specifies that cash advances should be limited to the amount needed to cover expenses that cannot be charged to the travel card, as well as meals and the incidental expense rate for the temporary duty location. ATM limits that exceed user's needs increase the risk of misuse, delinquency, or nonpayment.

## 3. Administrative or Disciplinary Actions for Misuse Are Not Consistently Taken

The *DOC Travel Handbook* specifies that an employee's immediate supervisor is responsible for advising employees of any questionable or inappropriate charges and/or delinquencies pertaining to their accounts and for maintaining a record of the notification and the employee's explanation. NWS management does not perform a review to ensure that appropriate administrative and/or disciplinary actions are consistently taken when an employee misuses the travel card or is delinquent in making payments. Neither the travel card program focal point nor the employee's supervisor routinely provides feedback to the A/OPC on what disciplinary or administrative actions, if any, have been taken against such employees.

Without appropriate and decisive action by supervisors, employees may continue to misuse the travel card, and unless supervisors report the actions taken to the A/OPC and other appropriate personnel, NWS has no record against which to ensure that it handles these infractions with consistency and fairness.

We note that the Department's remedial action plan for its travel card program, submitted to OMB on May 31, 2002, and revised December 11, 2002, does address the issues we identified as necessary to strengthen the travel card program -- improve oversight and administration with the objective of zero tolerance for delinquencies and misuse, reduction in travel card dollar limitations, and development of a Department-wide uniform disciplinary policy.

## Recommendations

NWS' chief financial officer should:

- (1) implement procedures that require approving officials and/or supervisors to periodically review cardholder use and
  - (a) establish a standard card limit that meets, but does not exceed, the needs of the majority of cardholders;
  - (b) further reduce authorization limits, deactivate, or cancel cards for employees, as warranted;
  - (c) establish a standard ATM limit that meets, but does not exceed, the needs of the majority of cardholders;

(d) increase card and ATM limits for individual employees from the newly established standard limits only as warranted.

(2) require the office/region focal point or the employee's supervisor to inform or provide documentation to the NWS A/OPC of actions taken on past due accounts or misused cards. In addition, NWS should implement procedures to ensure that administrative and/or disciplinary actions are appropriately and consistently applied within the bureau.

### NWS Comments

NWS concurred with our two recommendations and described its actions taken or planned in response. Specifically, in October 2002, NWS established a lower standard card limit of \$5,000 based on cardholders' monthly averages under normal travel circumstances. This lower monthly limit reduces the total amount available under the standard 20 percent ATM/cash advance limit. NWS agreed to direct supervisors to periodically review and adjust cardholder limits after the expanded reporting hierarchy is implemented. The bureau issued a memorandum on December 31, 2002, reminding its financial management centers of the penalties for travel card misuse and instructing them to advise the A/OPC of actions taken. In addition, NWS plans to notify these centers when the Department revises the table of penalties and require the centers to implement the revised table within 30 days of departmental issuance.

### OIG Response

As a result of NWS' described actions taken or planned for the two recommendations, we consider them resolved. Hence, a separate audit action plan is not required. We commend NWS for its timely actions.

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If you would like to discuss the contents of this report or the audit action plan, please call me at (202) 482-4661 or Michael Sears, Assistant Inspector General for Auditing at (202) 482-1934.

We appreciate the cooperation and courtesies extended by your staff during the audit.

### Attachments

cc: Sonya Stewart, NOAA CFO  
Ted David, NWS, Chief Financial Officer  
Bob Connors, NOAA Audit Liaison  
R. Kugelman, Director, OEBAM  
J. Labbee, Director, Commerce Bankcard Center

**NWS Headquarters Travel Card Transactions**

Summary of Audit Sample  
(Based on December 2001 Data)

<u>Headquarters Office</u>	<u>Employees</u>	<u>Number of Cardholders</u>	<u>Sample Size</u>
Assistant Administrator	91	60	6
Climate, Water, and Weather Services	188	150	25
Hydrologic Development	47	32	6
Science and Technology	130	69	12
Operational Services	<u>378</u>	<u>225</u>	<u>24</u>
Total	<u>834</u>	<u>536</u>	<u>73</u>



**UNITED STATES DEPARTMENT OF COMMERCE**  
**National Oceanic and Atmospheric Administration**  
CHIEF FINANCIAL OFFICER/CHIEF ADMINISTRATIVE OFFICER

DEC 10 2002

MEMORANDUM FOR: Michael Sears  
Assistant Inspector General for Auditing

FROM: Sonya G. Stewart

SUBJECT: Response to the Office of Inspector General (OIG) Draft  
Audit Report: Travel Card Program at National Weather  
Service Headquarters Needs Additional Management  
Controls. Draft Audit Report No. BTD-14972

The National Oceanic and Atmospheric Administration (NOAA) appreciates the opportunity to respond to your draft inspection report. We fully concur with 9 of the 10 recommendations and have provided an action plan for each. We do not concur with one recommendation.

Attachment



National Weather Service Response to  
OIG Draft Audit Report No. BTD-14972-3-XXXX/October 2002,  
Travel Card Program at National Weather Service Headquarters  
Needs Additional Management Controls

Finding A

Recommendations - The NWS Chief Financial Officer should:

1. Reinforce the importance of adhering to the FTR and the DOC Travel Handbook and take necessary steps to ensure all employees immediately and fully comply with these requirements.

NWS Response: NWS concurs. NWS will send a global E-mail reinforcing the importance of following travel card regulations. Once the reporting hierarchy is in place, supervisors will be better able to monitor monthly reports from Citibank. (See response in B.2 below)

Target Date of Completion: December 31, 2002

2. Ensure travel card policies and procedures are clearly communicated to all employees when cards are initially issued.

NWS Response: NWS concurs. NWS will send a memo instructing FMCs to counsel employees when a new application is filled out before submitting to NWS agency/organization program coordinator (A/OPC). NWS will remind supervisors that their signature on the Employee Acknowledgment Statement (required by DOC) denotes that discussion of regulations was conducted and the employee and the supervisor understands all of the regulations.

Target Date of Completion: December 31, 2002

3. Require cardholders and their supervisors to annually complete, at a minimum, the GSA online travel card training and maintain documentation to certify completion.

NWS Response: NWS concurs. NWS will send a memo instructing FMCs to have all cardholders and their supervisors conduct this training annually and maintain the certificates within each FMC.

Target Date of Completion: December 31, 2002

4. Ensure that appropriate administrative action is taken against employees who abuse or misuse the travel card or do not adhere to travel card regulations and policies.

**NWS Response:** NWS concurs: (a) NWS will send a memo to the FMCs reminding them of the penalties for travel card misconduct, as issued by DOC in January 2001; and (b) NWS will notify FMCs when the DOC Travel Card Program Remedial Action Plan, which includes a travel card misconduct table, is officially implemented.

**Target Date of Completion:**

- a. December 31, 2002
- b. 30 days after the DOC Travel Card Program Remedial Action Plan is implemented, which is tentatively scheduled for December 31, 2002.

#### Finding B

**Recommendations - The NWS Chief Financial Officer should:**

1. Ensure all eligible travelers be issued Citibank cards.

**NWS Response:** NWS concurs. NWS will send a memo to FMCs directing them to ensure all employees traveling two or more times a year require a travel card, in accordance with DOC policy.

**Target Date of Completion:** December 31, 2002

2. Instruct the NWS A/OPC and focal point in each operating unit to conduct monthly reviews of cardholders' activities using Citibank's monthly reports to identify improper transactions until NWS implements an expanded hierarchy level to capture transactions by the five operating offices.

**NWS Response:** NWS does not concur. The NWS A/OPC currently reviews Citibank's monthly reports for overdue accounts and works with the focal points in each operating unit to resolve delinquencies. The NWS A/OPC also samples denied transactions and requests the focal points investigate and take appropriate action. These reviews are labor intensive as the monthly report is about 700 pages long. Reviewing 100 percent of transactions for over 4,000 travel cardholders with the current reporting hierarchy would create an unreasonable workload for the A/OPC and the focal points.



NWS has requested an expanded reporting hierarchy which will provide managers with the capability to review their employees' transactions (see response to OIG recommendation B.3). Once the expanded hierarchy is implemented, NWS will direct managers to review cardholder activities for improper transactions.

Target Date of Completion: N/A

3. Ensure that NWS, through the Department, asks Citibank to expand the reporting hierarchy to the office or region level so reports can be provided directly to managers in those locations for review.

NWS Response: NWS concurs and action has been completed.

Target Date of Completion: Completed August 22, 2002

4. Ensure that the NWS A/OPC continues her recently initiated efforts to update central file to include current copies of all cardholders' account setup, maintenance, and signed acknowledgment forms.

NWS Response: NWS Concur. NWS A/OPC has begun a thorough update of files and is about 30 percent completed. This work is done on a "time available" basis.

Target Date of Completion: June 2004

### Finding C

Recommendation - The NWS Chief Financial Officer should:

1. Implement procedures that require approving officials and/or supervisors to periodically review cardholder use and:
  - a. establish a standard card limit that meets, but does not exceed, the needs of the majority of cardholders;
  - b. further reduce authorization limits, deactivate, or cancel cards for employees, as warranted;
  - c. establish a standard ATM limit that meets, but does not exceed, the needs of the majority of cardholders;

- d. increase card and ATM limits for individual employees from the newly established standard limits only as warranted.

**NWS Response:** NWS concurs. NWS will remind supervisors to periodically review cardholder use; however, this will become normal procedure when hierarchy levels change.

- a. NWS has established a limit of \$5,000. This limit is based on monthly averages for cardholders under normal travel circumstances.
- b. NWS will direct supervisors to review and adjust cardholder limits after the hierarchy levels changes are implemented.
- c. Citibank ATM limits are set at 20 percent of the monthly limit. By adjusting the monthly limits, the ATM limits have been modified accordingly.
- d. NWS will direct supervisors to review and adjust (e.g., for employees on PCS travel) cardholder limits after the hierarchy levels changes are implemented.

**Target Date of Completion:**

- a. Completed October 2002
- b. 90 days after implementation of hierarchy level changes
- c. Completed October 2002
- d. 90 days after implementation of hierarchy level changes

2. Require the office/region focal point or the employee's supervisor to inform or provide documentation to the A/OPC of actions taken on past due accounts or misused cards. In addition, NWS should implement procedures to ensure that administrative and/or disciplinary actions are appropriately and consistently applied within the bureau.

**NWS Response:** NWS concurs: (a) NWS will send a memo to the FMCs reminding them of the penalties for travel card misconduct, as issued by DOC in January 2001, and instruct the FMCs to report actions taken to the A/OPC; and (b) when the DOC travel card misconduct table is officially implemented, NWS will direct the FMCs to follow these guidelines.

Target Date of Completion:

- a. December 31, 2002
- b. 30 days after the DOC Travel Card Program Remedial Action Plan is implemented, which is tentatively scheduled for December 31, 2002.