

# Final Audit Report

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**Subject:**

**AUDIT OF  
THE OFFICE OF PERSONNEL MANAGEMENT'S  
TRAVEL CARD TRANSACTIONS**

**Prepared By:**

**OFFICE OF AUDITS**

**Report No. 4A-CF-00-01-103**

**Date: April 8, 2002**

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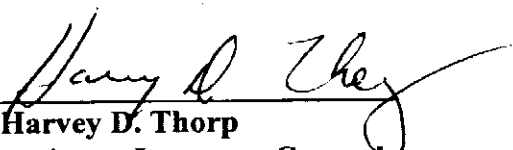
UNITED STATES  
OFFICE OF PERSONNEL MANAGEMENT  
WASHINGTON, DC 20415-1100

AUDIT REPORT

AUDIT OF  
THE OFFICE OF PERSONNEL MANAGEMENT'S  
TRAVEL CARD TRANSACTIONS

Report No. 4A-CF-00-01-103

Date: April 8, 2002

  
Harvey D. Thorp  
Assistant Inspector General  
for Audits

## EXECUTIVE SUMMARY

### AUDIT OF THE OFFICE OF PERSONNEL MANAGEMENT'S TRAVEL CARD TRANSACTIONS

Report No. 4A-CF-00-01-103

Date: April 8, 2002

The Office of the Inspector General has completed a performance audit of travel transactions made by the Office of Personnel Management travel cardholders and payments made by the travel office to reimburse travelers for their travel expenses. Our audit was limited to testing transactions. We obtained an understanding on internal controls over the travel card program last year and reported our results in report number 4A-CF-00-01-102, dated November 15, 2001.

Following is a brief summary of the types of issues we identified in our tests of transactions:

- Transactions, including automated teller machine withdrawals, made without official travel orders or travel authorization;
- Erroneous reimbursement to employee; and
- Duplicate travel reimbursements made to travelers.

## TABLE OF CONTENTS

	EXECUTIVE SUMMARY.....	i
I.	INTRODUCTION AND BACKGROUND.....	1
II.	OBJECTIVES, SCOPE, AND METHODOLOGY.....	2
III.	AUDIT FINDINGS AND RECOMMENDATIONS.....	4
IV.	MAJOR CONTRIBUTORS TO THIS REPORT.....	10
	APPENDIX I – (OPM's reply, dated March 6, 2002 to our draft report)	

## **I. INTRODUCTION AND BACKGROUND**

### **Introduction**

This final report details findings, conclusions and recommendations from our audit of the Office of Personnel Management's (OPM) travel card transactions. Our audit was conducted at OPM located in Washington, D.C. The fieldwork was conducted from August 16, 2001 through February 21, 2002.

This performance audit was performed by the OPM's Office of the Inspector General, as established by the Inspector General Act of 1978, as amended.

### **Background**

In 1998, General Services Administration (GSA) awarded contracts to four banks to provide travel card services. Bank of America is currently under contract to provide travel charge card services to OPM and OPM employees. The contract with Bank of America began November 30, 1998 and will continue until November 29, 2003 with five one-year options to renew through fiscal year 2008.

Responsibility for OPM's Travel Card Program resides with the Office of Chief Financial Officer (OCFO). The OCFO is OPM's Agency/Organization Program Coordinator (A/OPC) and is responsible for administering and managing the Travel Card Program at OPM. The A/OPC serves as the intermediary between the cardholder, the bank, and agency management.

The individual cardholder, not OPM, is held personally liable for all payments, including those that are delinquent. By signing the cardholder agreement, the employee has made a contractual agreement with Bank of America to pay for charges incurred and to use the government travel card for official travel and official travel related expenses.

Due to control weaknesses we found during our audit of internal controls over OPM's Travel Card Program (Report No. 4A-CF-00-01-102, issued November 15, 2001), we assessed a high level of risk associated with travel card transactions and determined testing transactions were necessary.

The initial results of our audit were reported in a draft audit report issued on February 11, 2002. The OCFO's response to the draft report was considered for this final report and is included as Appendix I to this report.

## **II. OBJECTIVES, SCOPE, AND METHODOLOGY**

### **Objectives:**

Our audit objectives were to determine:

- The extent of the misuse and abuse occurring with travel cards; and
- Whether transactions were for authorized travel expenses.

### **Scope and Methodology:**

Our audit was limited to testing travel transactions and reimbursements for travel related expenses for the time period between June 2000 and June 2001. We also reviewed a Bank of America report showing dollars charged-off since the beginning of the contract with OPM, on November 30, 1998.

As of July 2001, 1467 OPM employees had travel cards. Between June 2000 and June 2001, the travel transaction file included over 23,600 transactions totaling over \$3.7 million. Samples selected in this audit were selected on a judgmental basis.

To accomplish the objectives noted above, we performed the audit procedures listed below at OPM in Washington D.C.:

- We interviewed representatives of the OCFO and the travel office.
- We judgmentally selected travel vouchers maintained in the OCFO. We reviewed travel vouchers to determine if reimbursements were made according to the Federal Travel Regulations (FTRs). We also tested travel reimbursement payments to determine if there were any duplicate reimbursements.
- We also conducted test work on reports generated using EAGLS (Electronic Account Government Ledger System), Bank of America's web-based system showing travel transactions and payments made by travel cardholders.

We accessed various systems to test controls and transactions. Those systems include EAGLS (Bank of America's electronic account government ledger system), OPM's Travel Information Processing System, and OPM's Financial Management Information System.

This is our second audit of OPM's travel card activities. We recently issued a final report on November 15, 2001, on OPM's controls over the Travel Card Program. Management concurred with all of the recommendations. We followed up on that audit by auditing travel card transactions.

In planning and performing our audit, we obtained an understanding but did not rely on OPM's internal control structure to determine the nature and extent of our audit procedures. We did not evaluate the effectiveness of the general and application controls over computer processed performance data. This audit was performed in accordance with

Generally Accepted Government Auditing Standards, issued by the Comptroller General of the United States.

### **III. AUDIT FINDINGS AND RECOMMENDATIONS**

#### **1. Transactions Made Without Official Travel Orders or Travel Authorization**

We did not find evidence that the government travel card was used for official government travel to make automated teller machine (ATM) withdrawals or purchases totaling \$76,998.

We reviewed an EAGLS report detailing ATM withdrawals using the government travel card during the months of March through June 2001. Based on this report, OPM employees made withdrawals totaling \$186,407. We judgmentally selected and reviewed 11 individuals from the March and April report and 12 individuals from the May and June report with high dollar withdrawal amounts and found that the government travel card was not used for official government travel to make withdrawals totaling \$55,451.

We reviewed a Bank of America report listing dollars charged off (written-off per Bank of America procedures after being delinquent 210 days) since the beginning of the contract with OPM (November 30, 1998). The charge off report lists 48 individuals for which approximately \$102,000 was written off. We judgmentally selected and reviewed in more detail four individuals and found that the government travel card was not used for official government travel to make transactions totaling \$21,557.

Inadequate oversight and monitoring of the travel card program contributed to withdrawals and transactions being made without official travel orders or travel authorization.

Public Law 105-264, The Travel and Transportation Act of 1998, provides that employees use the travel charge card for all payments of expenses for official government travel. By signing the cardholder agreement, employees agree to use the travel card for official travel and travel related expenses and agree not to use the card for personal or non-official travel expenses.

The unauthorized transactions use resulted in non-compliance with the cardholder agreement and the Travel and Transportation Act of 1998. Federal employees accessed \$55,451 in ATM withdrawals and \$21,557 in purchase card charges for potentially non-authorized and possibly non-governmental use.

Unauthorized use of the travel card increases the risk of delinquent debt and amounts written-off by Bank of America. For example, 6 out of the 12 employees reviewed on the ATM reports also had delinquent balances due. It also reduces rebates due to delinquent debt.



### **OPM's Response:**

We acknowledge that there are employees who may not be using the travel cards in compliance with the cardholder agreements. We also agree that oversight over the travel card program needs to be improved. We are reviewing our current travel policies and procedures and we are also considering several options with respect to dealing with employees who misuse their travel cards. As we implement our new travel system, we will take that opportunity to address the issues raised in the draft report.

We concur with the finding. Our review of the travel card charges and travel orders for the four individuals revealed that the majority of these charges occurred while they were not on official travel status. We agree that these individuals inappropriately used their travel cards.

We will develop procedures for program offices to follow to monitor card use. We are in the process of implementing a new travel system, which is maintained by GSA. We will take this opportunity to remind all cardholders of their responsibilities and to implement adequate controls in our system.

### **Recommendation 1:**

We recommend that OPM monitor cardholder use to ensure that the card is used only for official government business travel. OPM should cancel the travel card for any employees that are misusing the travel card.

### **Recommendation 2:**

We already made a recommendation addressing internal controls, i.e. oversight, over the travel card program in report number 4A-CF-00-01-102. See Recommendation 4 in our final report on internal controls over OPM's travel card program.

## **2. Erroneous Reimbursement to Employee**

An OPM employee claimed and received reimbursement for charges that were paid on the corporate account. The employee returned \$1,134 to OPM. However, inadequate review of the employee's travel voucher by the employee's supervisor or other approving official within the program office permitted the employee to receive reimbursement for which she was not entitled.

The General Accounting Office's (GAO) Standards for Internal Control in the Federal Government (GAO/AIMD-00-21.3.1) issued November 1999, states that, "Internal control activities are the policies, procedures, techniques, and mechanisms that enforce management's directives, such as the process of adhering to requirements for budget development and execution. They help ensure that actions are taken to address risks. Control activities are an integral part of an entity's planning, implementing, reviewing,

and accountability for stewardship of government resources and achieving effective results."

**OPM's Response:**

We concur with the finding. However, we noted that the overpayment was discovered and corrective action taken in November of 2000. Documentation to support the employee refund is available for OIG's review.

We are in the process of implementing a GSA Travel System that will improve our current travel voucher processing and will eliminate the above mentioned deficiencies. The GSA travel system is table driven and includes per diem rates in CONUS [Continental United States] and OCONUS [Outside Continental United States]. We will ensure that there are adequate edit functions and flags in the travel system to prevent many of the types of errors that the auditors have found. In addition, as part of the new travel, we will have documented procedures for voucher preparation, identification/description of reimbursable and non-reimbursable charges, and the appropriateness of charges claimed.

**OPM-OIG's Reply to Response:**

We have reviewed the documentation to support the employee refund and acknowledge that the employee has returned the overpayment to OPM. We acknowledge OPM's concurrence with the finding and recommendations. We continue to report that travel vouchers should be reviewed more closely to ensure that travelers do not claim reimbursement for transactions charged to the centrally billed (corporate) account. Travel card policies and procedures should address voucher preparation, including a description of reimbursable and non-reimbursable charges.

**Recommendation 3:**

We recommend that OCFO and program office managers/supervisors review travel vouchers to ensure that travelers do not claim reimbursement for transactions that are charged to the centrally billed account.

**Recommendation 4:**

We recommend that OCFO ensure that travel card policies and procedures address voucher preparation, identification/description of reimbursable and non-reimbursable charges, and voucher review.

**3. Transactions Made Without Approval for Official Travel**

We did not find evidence that the government travel card was used for official government travel by four individuals to make transactions totaling \$21,557.

We reviewed a Bank of America report listing dollars charged off (written-off per Bank of America procedures after being delinquent 210 days) since the beginning of the contract with OPM (November 30, 1998). The charged off report lists 48 individuals for which approximately \$102,000 was written off. We judgmentally selected and reviewed in more detail four individuals with charged off dollars totaling \$19,331. These four individuals' transactions were reviewed using data from December 1998 to most recent transactions in the TRIPS and EAGLS system.

Inadequate oversight and monitoring of the travel card program contributed to withdrawals and transactions being made without official travel orders or travel authorization, resulting in the delinquent status and eventual charge off of the accounts by Bank of America.

Public Law 105-264, The Travel and Transportation Act of 1998, provides that employees use the travel charge card for all payments of expenses for official government travel. By signing the cardholder agreement, employees agree to use the travel card for official travel and travel related expenses and agree not to use the card for personal or non-official travel expenses.

The unauthorized transactions and withdrawals resulted in non-compliance with the cardholder agreement and the Travel and Transportation Act of 1998. Federal employees used the government travel card to charge \$21,557 for non-authorized and non-governmental use.

There is also an increased risk of delinquent debt (and possibly charged off of the account by Bank of America) and reduced rebates due to delinquent debt.

**OPM's Response:**

We concur with the finding. Our review of the travel card charges and travel orders for the four individuals revealed that the majority of these charges occurred while they were not on official travel status. We agree that these individuals inappropriately used their travel cards.

We will develop procedures for program offices to follow to monitor card use. We are in the process of implementing a new travel system, which is maintained by GSA. We will take this opportunity to remind all cardholders of their responsibilities and to implement adequate controls in our system.

**Recommendation 5:**

We recommend that program offices conduct reviews of cardholder activity on a regular basis to monitor cardholder use and to ensure that the card is used only for official government business travel.

#### **4. Duplicate Travel Payments**

OPM's controls over travel reimbursements do not prevent or detect duplicate processing of travel vouchers. As a result, OPM overpaid 22 employees \$2,535 in duplicate travel payments.

Inadequate travel payment system edits and the lack of formal procedures for reprocessing travel vouchers do not prevent duplicate claims for travel reimbursement. Approving procedures did not detect these duplicate claims for reimbursement.

GAO/AIMD-00-21.3.1, Standards for Internal Control in the Federal Government, states that application controls "help ensure completeness, accuracy, authorization, and validity of all transactions during application processing. Controls should be installed at an application's interfaces with other systems to ensure that all inputs are received and are valid and outputs are correct and properly distributed. An example is computerized edit checks built into the system to review the format, existence, and reasonableness of data."

GAO/AIMD-00-21.3.1, Standard for Internal Control in the Federal Government, states that, "Internal control and all transactions and other significant events need to be clearly documented, and the documentation should be readily available for examination. The documentation should appear in management directives, administrative policies, or operating manuals and may be in paper or electronic form. All documentation and records should be properly managed and maintained."

OPM is in the process of replacing the Travel Information Processing with a new travel payment system developed by the GSA. OPM plans to implement the new system in the spring of 2002.

#### **OPM's Response:**

We concur with the fact that our current controls do not totally prevent duplicate processing of travel vouchers. However, we process an average of 11,000 travel vouchers a year and only 22 were identified as possible duplicates. We are conducting a review of those 22 vouchers and a preliminary review revealed that 4 of those duplicate checks were returned to our office and cancelled by Treasury. We are still reviewing the 18 remaining vouchers. Necessary steps will be taken for reimbursements of any duplicate or overpayments.

We are in the process of implementing a GSA Travel System that will improve our current travel voucher processing and will eliminate the above mentioned deficiencies. The GSA travel system is table driven and includes per diem rates in CONUS and OCONUS. We will ensure that there are adequate edit functions and flags in the travel system to prevent many of the types of errors that the auditors have found. In addition, as part of the new travel, we will have documented procedures for voucher preparation, identification/description of reimbursable and non-reimbursable charges, and the appropriateness of charges claimed.

**OPM-OIG's Reply to Response:**

We acknowledge OPM's concurrence with the finding and commend the OCFO for taking swift action to recover the overpayments from the OPM employees identified as having received a duplicate travel reimbursement. However controls did not prevent individuals from being paid twice.

**Recommendation 6:**

We recommend that the OCFO take the necessary steps to obtain reimbursement for the overpayment from the 18 OPM employees out of the 22 identified.

**Recommendation 7:**

We recommend that the OCFO should design and implement controls to reduce the risk of duplicate travel payments. These controls include, but are not limited to, the following:

- a. Ensure that the new travel processing and payments controls contain edit checks to prevent and detect a potential duplicate.
- b. Prepare and implement formal procedures for reprocessing of travel vouchers. These should include the gathering of the necessary documentation to support the reprocessing of travel vouchers. For instance, documenting a phone conversation or email with the traveler regarding a reimbursement not received; screen prints from travel voucher processing system and the accounting system necessary to support the transaction.
- c. For necessary reprocessing of a travel voucher, an adequate audit trail should be maintained documenting the necessity of the reprocessing and repayment and proof that the original check issued to the traveler was cancelled/not cashed.
- d. Until automated controls are in place, OPM develop alternate procedures (i.e. improve its review and approval process) to ensure claims for reimbursement are not duplicated.

#### **IV. MAJOR CONTRIBUTORS TO THIS REPORT**

##### **Office of the Inspector General, Internal Audits Division**

*Daniel L. Fletcher, Division Chief (202) 606-2026*

*Carol Ries Seubert, Senior Team Leader (202) 606-1881*

*Stacy Howard, Auditor*

*Michael Miller, Auditor*

*Jane Ziamanesh, Evaluator*

## Appendix I

-----Original Message-----

**From:** Babagana, Kolo  
**Sent:** Wednesday, March 06, 2002 1:38 PM  
**To:** Seubert, Carol R.  
**Cc:** Souffrain, Felix; Loiselle, James; Kees, Daunton W.; Duckett, Maurice O; McGettigan, Kathleen; Nsekela, Myrtle; Stazzone, Joseph; Mautner, Elizabeth  
**Subject:** OCFO's Response to OIG's Report on Travel Transactions

Carol,

Attached please find OCFO's response to the OIG's draft report on travel transactions.

Thank you for the opportunity to comments on these findings and also for allowing us sufficient time to respond to these findings.

<< File: Audit Response - 4A-CF-00-01-1031 Travel Transactions.doc >>

<< File: Draft Report on Travel Transactions.doc >>

OCFO's Response to OIG's Draft Report on Travel Transactions:  
Report Number 4A-CF-00-01-103

### **Finding 1.**

**OCFO's Response:** We acknowledge that they are employees who may not be using the travel cards in compliance with the cardholder agreements. We also agree that oversight over the travel card program needs to be improved. We are reviewing our current travel policies and procedures and we are also considering several options with respect to dealing with employees who misuse their travel cards. As we implement our new travel system, we will take that opportunity to address the issues raised in the draft report.

### **Finding 2.**

**OCFO's response is the same as reported in the draft.**

### **Finding 3.**

**OCFO's response is the same as reported in the draft.**

### **Finding 4.**

**OCFO's Response:** We concur with the fact that our current controls do not totally prevent duplicate processing of travel vouchers. However, we process an average of 11,000 travel vouchers a year and only 22 were identified as possible duplicates. We are conducting a review of those 22 vouchers and a preliminary review revealed that 4 of

those duplicate checks were returned to our office and cancelled by Treasury. We are still reviewing the 18 remaining vouchers. Necessary steps will be taken for reimbursements of any duplicate or overpayments.

We are in the process of implementing a GSA Travel System that will improve our current travel voucher processing and will eliminate the above mentioned deficiencies. The GSA travel system is table driven and includes per diem rates in CONUS and OCONUS. We will ensure that there are adequate edit functions and flags in the travel system to prevent many of the types of errors that the auditors have found. In addition, as part of the new travel, we will have documented procedures for voucher preparation, identification/description of reimbursable and non-reimbursable charges, and the appropriateness of charges claimed.



MEMORANDUM FOR: CAROL RIES  
FROM: KOLO BABAGANA  
SUBJECT: OCFO's Response to NAI 01-02, Travel Card Review  
Date: December 14, 2001

**Condition:** The OIG conducted a review of OPM travel related dollars charged off by Bank of America for being delinquent 210 days. After reviewing in more details four individuals with charge off dollars totaling \$19,331, the auditors concluded that withdrawals and transactions were possibly being made with the Government travel cards without official travel orders or authorizations. This has contributed to the delinquent status and eventual charge off of the accounts by the Bank. The auditors have cited inadequate oversight and monitoring of the travel card program as the main cause of this condition.

**OCFO's Response:** We concur with the finding. We address each of the OIG's recommendations as follows.

**Recommendation 1:**

Please provide any other documentation, if any, that may support that the individuals reviewed have used the travel card for appropriate government use or confirm that these individuals used the card inappropriately.

**OCFO's Response:**

Our review of the travel card charges and travel orders for the four individuals revealed that the majority of these charges occurred while they were not on official travel status. We agree that these individuals inappropriately used their travel cards.

**Recommendation 3:**

Program offices should conduct reviews of cardholder activity on a regular basis to keep abreast of cardholder use and to ensure that the card is used only for official government business travel.

**OCFO's Response:**

We will develop procedures for program offices to follow to monitor card use. We are in the process of implementing a new travel system, which is maintained by GSA. We will take this opportunity to remind all cardholders of their responsibilities and to implement adequate controls in our system.