

NATIONAL CREDIT UNION ADMINISTRATION

OFFICE OF INSPECTOR GENERAL

**TRAVEL CARD
REVIEW**

OIG-02-10 September 16, 2002



A handwritten signature in black ink, which appears to read "William A. DeSarno". The signature is written in a cursive style and is positioned above a solid horizontal line.

**WILLIAM A. DeSARNO
ACTING INSPECTOR GENERAL**

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EXECUTIVE SUMMARY

Recent reports by the General Accounting Office and Offices of Inspectors General of other Federal agencies, as well as congressional correspondence, have raised serious concerns over the adequacy of internal controls over the use of government credit cards. Reports of fraudulent and unauthorized expenditures have exposed a widespread pattern of abuse involving government contractor-issued travel cards. As a result, the National Credit Union Administration (NCUA) Office of Inspector General (OIG) performed a review of NCUA's SmartPay Visa travel card program. The objective of this review was to determine if, and to what extent, NCUA employees are misusing NCUA travel credit cards.

NCUA has issued 957 individually billed government travel cards to pay expenses of NCUA personnel during official travel. There are 10 centrally billed, government issued travel cards. We reviewed the activity on 158 individually billed travel cards and four of the centrally billed travel cards for the period January 2000 through November 2001. We identified charges where the type of vendor and/or location of the vendor seemed to indicate that the charges were not for official government travel.

According to our review, we identified 69 of 158 individually billed travel cards as having possibly been misused. Of the 69 travel cards with possible misuse charges, 37 had three or less suspect charges (possible misuse/inappropriate use) and 23 had suspect charges of \$100 or less. However, 15 cards (9.5%) had eleven or more suspect charges and 22 cards (14%) had charges in excess of \$500. We further noted that past due accounts accounted for most of the suspect charges. NCUA had 34 past due accounts at the time of our review and they accounted for 60% of the number of suspect charges in our sample and 47% of the dollar value of the suspect charges.

The most frequent misuse charges to the NCUA travel card were for grocery stores, restaurants in the employee's duty station, and various retail establishments. We also noted that some employees used their travel card for office supplies, professional publications and representation expenses. While recognizing that these represent official business expenses, NCUA's current travel charge card policy is unclear as to what circumstances, if any, would warrant an employee using the NCUA travel card for these expenses.

NCUA can restrict purchases on travel cards by type of vendor (e.g., amusement park). However, the agency currently makes limited use of this retail blocking option. We noted several instances where charges were made to vendors that appeared unlikely to be for official travel.

We identified several card management issues that need to be addressed. For example, we identified 52 cardholders who are no longer NCUA employees. Of the 14 accounts we reviewed, one cardholder had used the government travel card after his termination of employment with NCUA. In addition, substantially all staff have the same monthly

spending limit of \$10,000 on their travel card. However, the amount of travel varies widely, usually by type of position, among staff.

Centrally billed travel cards also need additional controls. We noted that centrally billed travel cards appear to have excessively high monthly spending limits and none of them has an agency oversight official assigned to the respective accounts.

This report makes nine recommendations to improve the NCUA travel card program.

BACKGROUND

BANK OF AMERICA CONTRACT

In 1998 NCUA contracted, through a GSA contract, with Nations Bank (now Bank of America) to provide individually billed Visa travel cards to NCUA employees. Centrally billed Visa travel cards were provided to select NCUA employees.

The Bank of America (BOA) travel card program allows NCUA to establish certain spending limit and vendor controls on all cards issued to its employees. These controls can be dollar limitations or particular type of vendor limitations. Spending control options are:

- Spending limit per cycle (a dollar spending ceiling per billing cycle)
- Single purchase limit (a dollar spending ceiling per purchase)
- Velocity limits by day, month, or cycle (a dollar spending ceiling by time frame)
- Merchant category code restrictions (a type of vendor by BOA codes; for instance restaurants may be code 5812)

Bank of America system management reports are available to the Agency/Organization Program Coordinators (AOPCs) through an on-line reporting system. There are two general types of reports available:

- Standard – Examples are delinquency report, account activity report, and statistical summary report.
- Ad hoc/Customized – These are customized designed reports using the vendor's database of information.

Agency/Organization Program Coordinator responsibilities include:

- Understanding and communicating to cardholders, NCUA's policies and procedures for official government travel
- Maintaining point of contact information for NCUA
- Specifying present authorization limits (dollar and merchant code restrictions)
- Activating optional services and new cardholders
- Reviewing reports to monitor cardholder activity

Cardholder responsibilities include:

- Using the card for the purchase of official travel-related services as specified in the GSA master contract
- Understanding and complying with NCUA's policy regarding the definition of authorized purchases and official government travel.

- Assuming personal responsibility for paying travel card (individually billed accounts) charges by the statement due date, and complying with the terms and conditions of the Cardholder Agreement.

Designated Billing Office (Centrally billed accounts) responsibilities include:

- Ensuring centrally billed travel accounts are correct for payment
- Properly processing invoices for payment and in accordance with the Prompt Payment Act

Bank of America defined responsibilities include:

- 24 hour/- seven days a week customer service
- Electronic transaction data and reporting
- On-demand activation/deactivation of travel cards

Bank of America Guidelines for travel card use state:

- Generally reserved for purchase related to, and made during, official government travel only
- Generally, the card will be accepted by merchants for the following types of service
 1. Air travel
 2. Lodging
 3. Auto rental
 4. Fuel
 5. Rail travel
 6. Transportation
 7. Food
 8. ATM access (NOT used by NCUA)

NUMBER OF CARDS ISSUED

Individually Billed Accounts (IBA)

The 2001 NCUA annual budget authorized 1,028 full time equivalent employees. At the time of our review, NCUA had 957 individually billed travel card accounts. All but five of these accounts have a \$10,000 cycle limit.

- One supervisory examiner has a \$20,000 cycle limit
- One supervisory examiner has a \$15,000 cycle limit
- One field examiner has a \$5,000 cycle limit
- One AMAC employee has a \$2,500 cycle limit
- One field examiner has a \$2,500 cycle limit

Centrally Billed Accounts (CBA)

There are ten centrally billed travel cards, distributed as follows:

OFFICE/REGION	# CARDS	MONTHLY CYCLE LIMIT
Region I	1	\$25,000
Region II	1	\$25,000
Region III	1	\$100,000
Region IV	1	\$25,000
Region V	1	\$25,000
Region VI	1	\$25,000
AMAC	1	\$25,000
Training/Development	1	\$70,000
Office of Chief Financial Officer	1	\$50,000
	1	\$200,000
Total	10	

OBJECTIVES, SCOPE and METHODOLOGY

OBJECTIVES

Our review objectives were to determine if there is any inappropriate use of NCUA travel cards. And, if any inappropriate use is discovered, to determine the extent of such misuse.

SCOPE

This review was performed in accordance with generally accepted governmental auditing standards issued by the Comptroller General of the United States. This review was limited in that we did not interview any cardholders or review any travel vouchers or supporting documentation for the charges on the individual accounts. Specifically we reviewed:

- 100% of SSPs travel card usage for the period of January 2000 to November 2001.
- Approximately 10% (randomly selected) of Central Office Non-SSP staff, with at least one staff member per office, for the period of January 2000 to November 2001.
- Card usage for travel cards which had Bank of America “Qualifiers”. Reviewed 100% of Qualifier accounts: past due; suspended; closed due to security reasons; “plastic returned”; and “didn’t use.” Reviewed 12 of 28 Qualifier accounts; cancelled and charged-off.
- Fourteen of 55 open travel card accounts for employees who have separated from NCUA.
- Four centrally and 5 individually billed travel accounts which had higher than normal credit limits.

Below is a table showing the total number of individually billed cardholders reviewed.

Total Reviewed	Central Office Staff	Field Staff	Separated Employees
158	53	83	22

Below is a table showing the gross total number of cardholders reviewed:

SAMPLE CATEGORY	# IN SAMPLE CATEGORY	CENTRAL OFFICE	FIELD	TRANSACTION REVIEW
SSPs	37	19	18	37
C. O. Staff	15	15		15
Past Due	34	5	29	34
Suspended	1		1	1
Cancelled*	13	2	3	6
Charged-Off*	15	1	2	6
Security*	45	10	26	45
Returned Card	1	1		1
Didn't Use*	1		1	1
Separated Emp.	55			14
IBA \$ Limit	5		5	5
CBA \$ Limit	4	3	1	4
Totals	226	56	86	169

* All of these accounts were closed. The number of central office and field staff are current employees.

Note: There are eleven samples that are duplicates (1 person in two samples, e.g., past due and security)

Eight of the 13 cancelled cardholders are separated employees.

Twelve of the 15 charged-off cardholders are separated employees.

Nine of the 45 security cardholders are separated employees.

Five of the “separated employees” are current employees who had name changes.

METHODOLOGY

The criteria we used to flag transactions for potential misuse was judgmentally selected based upon dollar amount, “unusual vendor name, and/or “unusual” vendor code.

- Interviewed NCUA staff and BOA officials.
- Reviewed NCUA policies and procedures.
- Reviewed BOA travel card program documentation.
- Reviewed travel cardholder profiles.
- Reviewed travel cardholder account activity.

All accounts with at least one potentially misused charge were forwarded to the NCUA OIG Office of Investigations for further review.

REVIEW RESULTS

INDIVIDUAL TRAVEL CARDS NOT ALWAYS USED APPROPRIATELY

At the time of our review, NCUA had 957 open travel cards billed to individual cardholders. All six regions and all central offices have cardholders. We reviewed a sample of 158 individual travel cardholders for the period of January 2000 through November 2001. See the Objectives, Scope and Methodology section for details of the sample selected.

We found that 69 of the 158 cardholders had possibly misused their government issued travel card. The results by staff type are as follows:

	TOTAL	CENTRAL OFFICE	FIELD STAFF	SEPARATED STAFF
Possible Misuse	69	23	41	5
Total Reviewed	158	53	83	22

Thirty-seven of the 69 cardholders with possible misuse charges had three or fewer possible misuse charges, and 23 had total possible misuse charges of \$100 or less.

Fifteen (9.5%) of the 158 cardholders had eleven or more possible misuse charges and 22 (14%) had total possible misuse charges of \$500 or more. See Appendix C for a more detailed breakdown.

We noted, however, that NCUA's 34 past due accounts accounted for most of the suspect charges. At the time of our review, the 34 past due accounts accounted for 60% of the possible misuse charges and 47% of the dollar value of the possible misuse charges. See Appendix B (page 25) for detailed information on the past due accounts.

The five separated staff had one person with three or fewer possible misuse charges; three persons with between four and ten charges; and one person with eleven or more. The five separated staff had one person with total possible misuse charges between \$101 and \$500 and the four other persons had total charges over \$500.

There were a total of 561 total possible misuse transactions totaling \$37,697 for the 69 staff. See Appendix B (page 20) for a more detailed description. The types of vendors identified for the above charges are as follows:

TYPE OF VENDOR	NUMBER OF CHARGES	AMOUNT OF CHARGES
Grocery Stores	151	\$4,468
Restaurants at Duty Station	100	2,745
Misc. Retail Vendor	93	5,379
Internet Service, Telephone	50	3,251
Auto Service, Repair, Ins.	46	3,939
Recreational Vendors	34	5,630
Department Stores	24	1,301
Bookstores	16	470
Hardware, Bldg. Supply	12	524
Home Furnishings	5	2,385
Cosmetic Vendors	3	2,658
Video, Movie Rental	2	54
Other	25	4,893
Total	561	\$37,697

At the time of our review, the only noted monitoring performed by agency officials was reviewing BOA delinquency reports. However, during the course of our review, the agency implemented the following procedures that office and regional directors must observe:

- Prior to card renewal, each office and regional director will review cards issued to employees who do not travel on a routine basis. If the volume of use does not warrant maintaining the card, it will be cancelled.
- Office and Regional Directors should determine whether or not each current cardholder travels on a frequent basis. Those employees who do not travel on a frequent basis should either have the card cancelled or have the card held in the office, to be released to the employee only when they will be traveling for business reasons.
- Each office and regional director will, on at least a quarterly basis, request and review cardholder activity of a random sample of staff for appropriate use.
- After completion of the quarterly random sample review of cardholder activity, Regional and Office Directors should send a message to OCFO and OED indicating that they have completed their random sample review. If the review reveals card abuse by an employee, the Office of Inspector General should be alerted.

RECOMMENDATION 1:

NCUA should consider using the credit card deactivation/activation feature for infrequent travelers as opposed to card cancellation or requiring that the card be held in the supervisor's office.

OCFO COMMENT: OCFO does not agree with this recommendation. Employees sign an agreement with the card provider. Liability for the card, both its use and payment, remains with the employee and the card provider. If the employee fails to meet any of the provisions of the agreement, the card provider may cancel the card, file a negative credit report, and sue for the unpaid amount, with interest. Accordingly, it is OCFO's assessment that the current procedure is far more practical, and just as effective. The card provider system for activation/deactivation does not function in real time. In addition, this recommended policy would require an instruction which would define an infrequent traveler, the employee with the authority to activate/deactivate the account, and the necessary steps for notification. A possible alternative would be to issue transportation tickets on a centrally billed travel card, and issue the traveler a travel advance for meals and other expenses.

RECOMMENDATION 2:

Office and regional reviewers should undergo AOPC/travel card management training.

OCFO COMMENT: OCFO agrees with this recommendation. New employees and coordinators will be told to access the General Services Administration (GSA) website for cardholder and agency coordinator instructions. The trainees will have to certify that they have reviewed this website. GSA publication, A/OPC, Survival Guide was distributed to all regional offices and the OIG last summer. In addition, there is a weekly E-newsletter circulated to all A/OPCs.

RECOMMENDATION 3:

The OCFO AOPCs should independently review a random selection of government issued travel cards for inappropriate use. The AOPCs would add consistency to the type of review already being performed by office and regional directors; would make better use of sampling economies of scale; and would be able to identify agency-wide trends that need to be addressed. Any possible misuses should be forwarded to the OIG Office of investigations. The AOPCs could also monitor cardholder activity more effectively by making better use of BOA standard reports, such as activity reports, and customized exception reports.

OCFO COMMENT: OCFO agrees with this recommendation. A/OPCs have access to individual accounts, and may execute reports. Since accounts are not updated on a daily basis and there is a delay with individual vendors, OCFO is not sure about the degree of effectiveness this process would have. Additionally, since supervisors are knowledgeable concerning actual travel, and responsible for certifying the travel voucher, the supervisor or office director should be the individual that notifies the OIG of possible misuses.

TRAVEL CARD USAGE GUIDANCE NEEDS CLARIFICATION

NCUA policy states that all employees are required to use their travel card for all payments of expenses of official government travel. Many NCUA staff (primarily field staff) use their privately owned vehicles in the conduct of official business.

Our review observed that some NCUA staff used their government issued travel cards to charge expenses related to automobile service, repairs, insurance, etc. We also noted that 28 cardholders used their government issued credit cards to purchase gasoline at their duty station.

Most agency staff does not have a government purchase card. Essentially, a government purchase card is used to purchase official government goods and services. However, there are official government expenses that some employees incur on a regular basis, and do not have a purchase card with which to charge them. For instance:

- Field staff purchase basic office supplies
- Field staff purchase professional or industry related publications
- Top management officials incur representation expenses

We noted that 43 cardholders purchased supplies with their government issued credit cards. In addition, seven SSPs charged restaurant meals at their duty station. Some of these may have been attributable to representation expenses.

While not documented in agency policies, OCFO officials informed us that staff may use their government issued travel card for any purchases that can be legitimately claimed on a travel or expense voucher. This, despite the fact that, some of these business expenses may not be related to official travel.

RECOMMENDATION 4:

NCUA should define the term “official government travel” for the purpose of travel card use. The agency should further establish a clear policy delineating what types of expenses the government issued travel card can be used to charge. For example:

- Who and under what limitations can staff charge gasoline for their privately owned vehicles?
- Can any expense that can be claimed on a travel or expense voucher be charged on a travel card?
- When can credit card purchases be made for business supplies and publications?

OCFO COMMENT: OCFO agrees with this recommendation. Each agency may customize their work order/agreement with BOA and establish specific policy for the use

of their travel card through the directives system. NCUA will be revising policies concerning this issue in the near future.

**CARD MANAGEMENT ISSUES
NEED TO BE ADDRESSED**

Monthly Dollar Spending Limits on Travel Cards may be Excessive

All but five individual travel cards had a \$10,000 monthly billing cycle limit. There is no single purchase or daily spending limit on any of the cards. Two field staff employees have a monthly limit in excess of \$10,000. One has a \$15,000 monthly spending limit and the other has a \$20,000 spending limit. Based upon our review of transaction activity for over a year long period of time, we do not believe that those limits are justified. Two field staff and one AMAC employee have monthly spending limits below the norm of \$10,000. One field staff person has a \$5,000 monthly spending limit and the other two employees have a \$2,500 monthly spending limit. These limits appear to be commensurate with these employees' respective credit card usage pattern.

We also observed that there is a difference in the number and dollar amount of travel charge expenses, based upon the particular position the staff person holds. For instance, field examiners as a general rule appeared to have more travel charges than central office support staff.

RECOMMENDATION 5:

NCUA should review the activity patterns of similar staff positions (e.g., field staff, support staff etc.) and determine what is a reasonable monthly threshold spending limit for those positions.

OCFO COMMENT: OCFO agrees with this recommendation.

Merchant Code Restrictions (MCC) Could be Expanded

NCUA, through the Bank of America, can restrict certain types of vendors (for instance Golf Courses) that a cardholder can charge expenses for. Currently, the individually billed government travel cards have only a few BOA merchant code restrictions. They are:

- Wire Transfer Money Orders (code 4829)
- Financial Institutions-Manual Cash Disbursements (6010)
- Financial Institutions-Automated Cash Disbursements (6011)
- Financial Institutions-Merchandise Services/Convenience Checks (6012)
- Non-Financial Institution Foreign Currency (6051)
- Betting – Including Lottery, Gaming Chips, and Track Wagers (7995)

During our review we noted charges made by staff to merchant codes that appeared unlikely to be related to official travel expenses. These included:

- Home furnishings
- Hardware and building supply stores
- Pet stores
- Children's clothing store
- Video game supplies
- Amusement park
- Insurance premiums
- Flowers
- Sporting goods store
- Cable service
- Cosmetic store
- Beauty shop
- Record shop

There are numerous other MCC codes that are currently unrestricted on the travel cards besides the types of charges that we noted above. These charges likewise seem unlikely to be legitimate official travel expenses. Some examples include:

- Veterinary services (code 0742)
- Landscaping and Horticultural Services (0780)
- Utilities-Electric, Gas, Water, Sanitary (4900)
- Plumbing and Heating Equipment (5074)
- Petroleum and Petroleum Products (5172)
- Nurseries Lawn Garden Supply Stores (5261)
- Auto and Truck Dealers (5511 and 5521)
- Motor Home Dealers (5592)
- Snow Mobile Dealers (5598)
- Floor Covering Stores (5713)
- Camera and Photographic Supply Stores (5946)

RECOMMENDATION 6:

NCUA should review the BOA merchant code listing and determine which merchant codes appear to be reasonable for use with the government travel cards. All merchant codes that seem unlikely to be used for official government travel purposes should be restricted for use on the NCUA travel cards.

OCFO COMMENT: OCFO does not fully agree with this recommendation. Merchant Code Category listings are not always descriptive or correct. NCUA selected the merchant codes as identified in the main contract, as determined by the credit card vendor and GSA. NCUA does have the capability to add or delete merchant codes, but OCFO is not sure how to identify which codes to modify. In any event, OCFO will

review these codes with the Office of the Executive Director, and determine what restrictions can be reasonably made.

Open Travel Card Accounts for Separated Employees

We obtained a listing of all open travel cards and compared it to a listing of all current employees. We identified 52 individually billed travel cardholders who were no longer NCUA employees. Three employees were noted as current employees but had changed their names (marriage). Regional and central offices are supposed to obtain the charge card (along with other accountable items) from the separating employee, cut it into quarters and forwarded it to the OCFO.

We sampled 14 of the 52 separated employee cardholders and reviewed their accounts for activity since the date of their employment termination. One of the fourteen cardholders had used their government issued travel card after their date of employment termination. The account statement for this individual reflected three charges for car rentals totaling \$537. We provided the names of the 52 separated employee cardholders to the OCFO for proper disposition.

RECOMMENDATION 7:

At least annually, the agency (AOPCs) should review all open travel cards compared to a current employee listing. NCUA should review its internal control process for employee accountable items when employees terminate or transfer.

OCFO COMMENT: OCFO agrees with this recommendation. This task could be accomplished with summer interns.

**CENTRALLY BILLED TRAVEL
CARDS COULD USE
ADDITIONAL CONTROLS**

Monthly Dollar Cycle Limits May Be Excessive

The agency has 10 Centrally Billed Travel Card accounts. These are primarily used for group meeting accommodations and state examiner travel. All six regions, AMAC and the Division of Training and Development have one account each. The Office of the Chief Financial Officer has two such accounts. Of these ten card accounts, six have a \$25,000 monthly cycle limit. The other four card accounts have monthly cycle limits from \$50,000 to \$200,000. There are no single purchase limits on any of these card accounts. However, through vendor code restrictions, these cards can only be used for airfares and lodging.

All NCUA regions (except Region III), as well as AMAC, have a \$25,000 monthly cycle spending limit on their centrally billed card accounts. Region III has a centrally billed

travel card account with a monthly cycle limit of \$100,000. However, we noted that Region III spent only an average of \$26 per month during 2001 on its centrally billed travel card. Board Delegated Authority restricts regions to spending \$10,000 on any single purchase. We did not observe any single purchase over \$10,000. The table below shows centrally billed travel card dollar usage by office or region for 2001:

OFFICE/REGION	TOTAL	MONTHLY AVERAGE	MONTHLY HIGH	MONTHLY LOW
Region I	\$68,112	\$6,192	\$24,991	\$0
Region II	4,080	371	2,277	0
Region III	289	26	289	0
Region IV	6,577	598	3,009	0
Region V	1,571	143	642	0
Region VI	7,935	721	3,165	0
AMAC	4,140	376	2,705	0
OTD	303,257	27,569	47,326	11,689
OCFO	41,871	3,806	6,934	235
Totals	\$437,832			

RECOMMENDATION 8:

NCUA should review what is a reasonable dollar activity level for these cards and establish spending limitations accordingly.

OCFO COMMENT: OCFO agrees with this recommendation.

AOPC Designations Missing

We reviewed each cardholder’s BOA profile. The profile includes various information, including the names of designated AOPCs, for each cardholder profile. AOPCs are the individuals who, among other things, monitor and make changes to cardholder accounts. There were no AOPCs designated on any of the centrally billed travel card accounts.

RECOMMENDATION 9:

NCUA should designate appropriate oversight staff member(s) (AOPCs) on all centrally billed credit card accounts.

OCFO COMMENT: OCFO agrees with this recommendation.

NCUA TRAVEL CARD PROCESS, POLICIES, AND PROCEDURES

Card issuance

- All federal employees are required to use the travel charge card pursuant to the U.S. Travel and Transportation Payment and Expense Control System, or any Federal contractor-issued travel charge card for all payments of expenses of official government travel (**NCUA Bulletin 1401.02B, dated February 29, 2000**)
- All new NCUA employees will complete an employee charge card account application and agreement as part of their new employee orientation. Employees who travel infrequently, shall complete an employee charge card account application and agreement three weeks prior to their next temporary duty assignment (**Travel Manual, 3-2**)
- The contractor (in the case of NCUA, Bank of America) will issue the charge cards only upon request of NCUA's authorized representatives. (**Travel Manual, 3-2**)
- The contractor (BOA) will mail charge cards directly to authorized individuals or to requesting offices, (**Travel Manual, 3-2**)

Card usage

- NCUA employees are required to use their BOA Visa travel charge card for payment of all official travel expenses unless the type of expense is exempt from mandatory usage. Exemptions include: vendor doesn't accept the charge card; laundry/dry cleaning; local transportation systems; taxi; tips; meals when use of card is impractical; telephone calls when a government calling card is available; employee with pending charge card application; individuals traveling on invitational travel; and new appointees. (**Bulletin 1401.02B and Travel Manual, 3-2**)
- NCUA policy is that persons in a travel status be reimbursed for all necessary and reasonable expenses essential to transacting official government business. (**Travel Manual, 1-3**)
- Charge cards issued will be used solely for expenses incurred in conjunction with official travel. Unofficial use of a government charge card may result in disciplinary action. There is no preset limit on the charge cards. (**Travel Manual, 3-2**)
- All employees are to use their government travel card only for official travel expenses. Personal use or late payment of the government travel card may result in disciplinary action. (**Executive Director memorandum to all NCUA employees dated May 18, 2001; and ED memorandum to all NCUA employees dated November 8, 2001**)
- Authority to reimburse actual and necessary subsistence (actual expenses) incurred during official travel is contingent upon entitlement to per diem (**Travel Manual, 6-1**)

APPENDIX A

- An employee will not be reimbursed for per diem at the permanent duty station unless he or she is directed to secure overnight lodging to enable the employee to participate in a training program or to attend a business-related meeting or a special event sponsored by NCUA. The permanent duty station is defined as the corporate limits of the city or town to which an employee is permanently assigned. **(Travel Manual, 5-1)**
- Per diem includes expenditures for meals; lodging; fees and tips; and official government luggage. **(Travel Manual, 5-2)**
- Per diem is not allowed for travel of less than 10 hours within the same calendar day unless the travel status begins before 6am or ends after 8pm, and the traveler is in travel status for more than six hours. Meals and incidental expenses are not reimbursable when the employee is taking a training course, attending a luncheon or a dinner meeting at the employee's permanent duty station or in the surrounding metropolitan area unless specifically approved by the regional or central office director. **(Travel Manual, 5-4)**
- Travel on official government business must be by the method of transportation which will result in the greatest advantage to the government, cost and other factors considered **(Travel Manual, 2-1)**. Mileage may be paid from where the employee begins travel. There is no need for NCUA employees to purchase liability coverage from private carriers for business use of their POVs. **(Travel Manual, 2-3)**
- Normal daily travel by an employee to and from work before and after the regular workday is considered commuting time. Commuting time for examiners and supervisory examiners is considered to be time spent in travel by automobile or local public transportation from home or lodging to the first official contact plus the time necessary to return home or other lodging form the last official contact that day. Commuting time is considered incident to employment and is not compensable, unless the total commuting time exceeds two hours in a day and has supervisory approval. Official travel, for computing per diem allowances, begins at the time the traveler leaves the home, office or other point of departure and ends when the traveler returns at the conclusions of the trip. **(Bulletin 1201.01 B, dated June 14, 2002)**
- Rental of vehicles will be approved only when necessary for official business. Repair of the employee's privately owned vehicle is not justification for renting a vehicle. Reasons why a rental vehicle was needed must be stated on the travel voucher. **(Travel Manual, 2-8)**

Non-travel employee expenses

- Employees are required to use their government issued telephone cards when making personal telephone calls, while on travel. If they do not have a government issued telephone card, they are entitled to an allowance of \$5.00 per night. **(Instruction 1401, dated October 29, 1997)**
- Supervisory, corporate and field examiners purchase basic office supplies locally and claim reimbursement on their expense/travel voucher. Supplies do not

include equipment, furniture/furnishings, PC hardware, software, and/or accessories. **(Instruction 1770.10, dated March 23, 1998)**

- Supervisory examiners, field examiners, problem case officers, corporate supervisory examiners, corporate examiners, field training specialists, and field economic development specialists may claim reimbursement for any professional or industry related publication up to \$120 per year. All claims for reimbursement are on standard form 1164. **(Bulletin 1771.01B, dated February 26, 2002)**
- The Chairman, Board members, executive director, regional director and AMAC may claim reimbursement for representation expenses, subject to budgetary limitations. The above staff may designate representatives within their respective offices to be eligible for reimbursement. Other than Board members, staff must forward a memorandum to the executive director for approval and the OCFO for payment. The memorandum details the date the expense was incurred, the purpose of the function and those in attendance along with attached receipts. Board members and their designees submit their requests directly to the CFO. The CFO will maintain all documentation **(Instruction 2020.2, dated January 26, 1998)**

Card payments

- Except for promptly reported lost or stolen charge cards, employees with individually assigned charge cards are liable for all billed charges. At the request of the contractor, NCUA may assist in the collection process of individual employee accounts delinquent after 60 days. NCUA will assume no liability for charges incurred on individual employee charge cards. **(Travel Manual, 3-2)**
- All charges to the charge card account will be billed by the contractor directly to the individual employee on a monthly basis. All charges billed directly to the individual employee are due and payable in full upon receipt. Extended or partial payments are not permitted under this program. **(Travel Manual, 3-2)**
- Upon completion of official travel, the employee will prepare and submit a travel voucher for reimbursable expenses in accordance with the Travel Manual. The employee's supervisor will audit the voucher and forward, with any corrections as necessary, to the OCFO for payment. **(Travel Manual, 3-2)**

Card cancellation

- Cancellation of charge cards may be made by the OCFO, the employee or contractor. The contractor may cancel a charge card when a card's account balance is 135 days past due. **(Travel Manual, 3-2)**
- Cancellation requests by employees must be confirmed through the OCFO **(Travel Manual, 3-2)**
- The charge card, as with other accountable items, will be surrendered to the agency when an employee transfers or terminates. Regional and central offices will include the tender of the charge card in the clearing process. The charge card (cut into quarters) will then be forwarded to the OCFO. **(Travel Manual, 3-2)**

Program monitoring

- Prior to travel card renewal, each office and regional director will review cards issued to employees who do not travel on a routine basis. If the volume of use does not warrant maintaining the card, it will be cancelled. Each office and regional director will, on at least a quarterly basis, request and review cardholder activity of a random sample of staff for appropriateness. (**Executive Director memorandum dated November 8, 2001**)

APPENDIX B

SAMPLE RESULTS BY VENDOR TYPE AND SAMPLE STRATA

The table below shows the net total of possible misuses of travel cards by type of vendor. This total is net of duplications within sample strata (i.e. past due, security etc). In other words, a single employee could have been in the past due sample strata and security sample strata. The column “# Net Total Card Users” is the number of cardholders who had at least one charge with that type of vendor (i.e. Misc Retail Vendors). This table includes current as well as separated employees. This table includes the activity for 158 cardholders.

TYPE OF CHARGE	#NET TOTAL CARD USERS	# CHARGES	AVG. # CHARGES	TOTAL \$ CHARGES	AVG. \$ CHARGES
Misc. Retail Vendors	31	93	3	\$5,379	\$174
Duty Station Restaurants	27	100	3.7	2,745	102
Recreational Vendors	20	34	1.7	5,630	282
Department Stores	13	24	1.8	1,301	100
Duty Station Grocery	12	151	12.6	4,468	372
Auto Svc, Repair, Ins	11	46	4.2	3,939	358
Internet, Telephone	11	50	4.5	3,251	296
Home Furnishings	5	5	1	2,385	477
Hardware, Bldg Supp	3	12	4	524	175
Video Movie Rent	2	2	1	54	27
Cosmetic Vendors	2	3	1.5	2,658	1,329
Bookstores	7	16	2.3	470	67
Other	8	25	3.1	4,893	612
Total		561		\$37,697	

APPENDIX B

The table below shows the net total of possible misuses of travel cards by type of vendor. This total is net of duplications within sample strata (i.e. past due, security etc). This table does not include separated employees. This table shows the activity for 144 cardholders.

TYPE OF CHARGE	# NET TOTAL CARD USERS	# CHARGES	AVG. # CHARGES	TOTAL \$ CHARGES	AVG. \$ CHARGES
Misc. Retail Vendors	28	83	3	\$4,916	\$176
Duty Station Restaurants	26	97	3.7	2,647	102
Recreational Vendors	19	33	1.7	5,510	290
Department Stores	10	20	2	1,155	116
Duty Station Grocery	10	145	15	4,352	435
Auto Svc, Repair, Ins	10	44	4.4	3,925	393
Internet, Telephone	10	48	4.8	3,076	308
Home Furnishings	4	4	1	2,363	591
Hardware, Bldg Supp	3	12	4	524	175
Video Movie Rent	2	2	1	54	27
Cosmetic Vendors	0				
Bookstores	6	15	2.5	430	72
Other	8	25	3.1	4,893	612
Total		528		\$33,845	

APPENDIX B

The table below shows the gross total of possible misuses of travel cards by type of vendor. This table includes duplications by strata (i.e. past due, security etc.), as well as separated employees. This table includes the activity for 169 (duplicates included) cardholders.

TYPE OF CHARGE	# GROSS TOTAL CARD USERS	# CHARGES	AVG. # CHARGES	TOTAL \$ CHARGES	AVG. \$ CHARGES
Misc. Retail Vendors	34	120	3.5	\$7,174	\$211
Duty Station Restaurants	30	107	3.6	2,887	96
Recreational Vendors	22	40	1.8	6,647	302
Department Stores	15	28	1.9	1,502	100
Duty Station Grocery	14	170	12.1	5,239	374
Auto Svc, Repair, Ins	13	51	3.9	4,195	323
Internet, Telephone	12	53	4.4	3,553	296
Home Furnishings	6	6	1	2,407	401
Hardware, Bldg Supp	4	15	3.8	725	181
Video Movie Rent	2	2	1	54	27
Cosmetic Vendors	3	4	1.3	2,676	892
Bookstores	8	17	2.1	510	64
Other	9	33	3.7	8,201	911
Total		646		\$45,770	

APPENDIX B

The table below shows the SSP total of possible misuses of travel cards by type of vendor. This table includes duplications by strata (i.e. past due, security etc.). This table includes the activity for 37 cardholders.

TYPE OF CHARGE	# SSPs	# CHARGES	AVG. # CHARGES	TOTAL \$ CHARGES	AVG. \$ CHARGES
Misc. Retail Vendors	6	8	1.3	\$694	\$116
Duty Station Restaurants	7	25	3.6	808	115
Recreational Vendors	5	8	1.6	673	135
Department Stores	0				
Duty Station Grocery	1	1	1	122	122
Auto Svc, Repair, Ins	1	2	2	287	287
Internet, Telephone	1	1		309	309
Home Furnishings	1	1	1	2,283	2,283
Hardware, Bldg Supp	0				
Video Movie Rent	1	1	1	43	43
Cosmetic Vendors	0				
Bookstores	2	3	1.5	272	136
Other	2	2	1	434	217
Total		52		\$5,925	

APPENDIX B

The table below shows the non-SSP Central Office sample total of possible misuses of travel cards by type of vendor. This table includes duplications by strata (i.e. past due, security etc.). This table includes the activity for 15 cardholders.

TYPE OF CHARGE	# C.O. SAMPLE	# CHARGES	AVG. # CHARGES	TOTAL \$ CHARGES	AVG. \$ CHARGES
Misc. Retail Vendors	1	1	1	\$350	\$350
Duty Station Restaurants	1	2	2	16	16
Recreational Vendors	1	1	1	250	250
Department Stores	0				
Duty Station Grocery	1	1	1	49	49
Auto Svc, Repair, Ins	0				
Internet, Telephone	0				
Home Furnishings	0				
Hardware, Bldg Supp	0				
Video Movie Rent	0				
Cosmetic Vendors	0				
Bookstores	0				
Other	0				
Total		5		\$665	

APPENDIX B

The table below shows the Past Due sample total of possible misuses of travel cards by type of vendor. This table includes duplications by strata (i.e. past due, security etc.). This table includes the activity for 34 cardholders.

TYPE OF CHARGE	# PAST DUE ACCT	# CHARGES	AVG. # CHARGES	TOTAL \$ CHARGES	AVG. \$ CHARGES
Misc. Retail Vendors	9	43	4.8	\$2,016	\$224
Duty Station Restaurants	11	48	4.4	1,371	125
Recreational Vendors	4	11	2.8	2,258	565
Department Stores	5	12	2.4	323	65
Duty Station Grocery	4	118	30	3,351	838
Auto Svc, Repair, Ins	5	35	7	2,864	573
Internet, Telephone	5	34	7	1,509	302
Home Furnishings	2	2	1	72	36
Hardware, Bldg Supp	2	8	4	391	196
Video Movie Rent	1	1	1	11	11
Cosmetic Vendors	0				
Bookstores	3	10	3.3	94	31
Other	2	14	7	3,389	1,695
Total		336		\$17,649	

APPENDIX B

The table below shows the Suspended account sample total of possible misuses of travel cards by type of vendor. This includes the activity for one cardholder.

TYPE OF CHARGE	# SUSPEND	# CHARGES	AVG. # CHARGES	TOTAL \$ CHARGES	AVG. \$ CHARGES
Misc. Retail Vendors	1	3	3	\$272	\$272
Duty Station Restaurants	0				
Recreational Vendors	0				
Department Stores	1	1	1	181	181
Duty Station Grocery	0				
Auto Svc, Repair, Ins	0				
Internet, Telephone	1	1	1	52	52
Home Furnishings	0				
Hardware, Bldg Supp	0				
Video Movie Rent	0				
Cosmetic Vendors	0				
Bookstores	0				
Other	0				
Total		5		\$505	

APPENDIX B

The table below shows the Cancelled account sample total of possible misuses of travel cards by type of vendor. This includes the activity for six cardholders.

TYPE OF CHARGE	# CANCEL	# CHARGES	AVG. # CHARGES	TOTAL \$ CHARGES	AVG. \$ CHARGES
Misc. Retail Vendors	0				
Duty Station Restaurants	0				
Recreational Vendors	0				
Department Stores	0				
Duty Station Grocery	0				
Auto Svc, Repair, Ins	0				
Internet, Telephone	0				
Home Furnishings	0				
Hardware, Bldg Supp	0				
Video Movie Rent	0				
Cosmetic Vendors	0				
Bookstores	0				
Other	0				
Total		0		\$0	

APPENDIX B

The table below shows the Charged-off account sample total of possible misuses of travel cards by type of vendor. This table includes duplications by strata (i.e. past due, security etc.), as well as separated employees. This includes the activity for six cardholders.

TYPE OF CHARGE	# CHARGE OFF	# CHARGES	AVG. # CHARGES	TOTAL \$ CHARGES	AVG. \$ CHARGES
Misc. Retail Vendors	1	6	6	\$196	\$196
Duty Station Restaurants	1	3	3	98	98
Recreational Vendors	0				
Department Stores	1	1	1	78	78
Duty Station Grocery	1	5	5	86	86
Auto Svc, Repair, Ins	1	2	2	14	14
Internet, Telephone	0				
Home Furnishings	1	1	1	22	22
Hardware, Bldg Supp	0				
Video Movie Rent	0				
Cosmetic Vendors	1	1	1	18	18
Bookstores	1	1	1	40	40
Other	0				
Total		20		\$552	

APPENDIX B

The table below shows the accounts closed due to Security reasons sample total of possible misuses of travel cards by type of vendor. This table includes duplications by strata (i.e. past due, security etc.), as well as separated employees. This includes the activity for 45 cardholders.

TYPE OF CHARGE	# SECURITY	# CHARGES	AVG. # CHARGES	TOTAL \$ CHARGES	AVG. \$ CHARGES
Misc. Retail Vendors	13	55	4.2	\$3,250	\$250
Duty Station Restaurants	9	28	3.1	576	64
Recreational Vendors	9	16	1.8	3,114	346
Department Stores	8	14	1.8	920	115
Duty Station Grocery	6	44	7.3	1,547	258
Auto Svc, Repair, Ins	6	12	2	1,030	172
Internet, Telephone	5	17	3.4	1,683	337
Home Furnishings	2	2	1	30	15
Hardware, Bldg Supp	2	7	3.5	334	167
Video Movie Rent	0				
Cosmetic Vendors	2	3	1.5	2,658	1,329
Bookstores	1	1	1	40	40
Other	5	17	3.4	4,378	876
Total		216		\$19,560	

APPENDIX B

The table below shows the Card Returned sample total of possible misuses of travel cards by type of vendor. This includes the activity for one cardholder.

TYPE OF CHARGE	# CARD RETURN	# CHARGES	AVG. # CHARGES	TOTAL \$ CHARGES	AVG. \$ CHARGES
Misc. Retail Vendors	1	2	2	\$33	\$33
Duty Station Restaurants	1	1	1	18	18
Recreational Vendors	1	1	1	49	49
Department Stores	0				
Duty Station Grocery	1	1	1	84	84
Auto Svc, Repair, Ins	0				
Internet, Telephone	0				
Home Furnishings	0				
Hardware, Bldg Supp	0				
Video Movie Rent	0				
Cosmetic Vendors	0				
Bookstores	0				
Other	0				
Total		5		\$184	

APPENDIX B

The table below shows the Card Not Used sample total of possible misuses of travel cards by type of vendor. This includes the activity for one cardholder.

TYPE OF CHARGE	# CARD NOT USED	# CHARGES	AVG. # CHARGES	TOTAL \$ CHARGES	AVG. \$ CHARGES
Misc. Retail Vendors	0				
Duty Station Restaurants	0				
Recreational Vendors	0				
Department Stores	0				
Duty Station Grocery	0				
Auto Svc, Repair, Ins	0				
Internet, Telephone	0				
Home Furnishings	0				
Hardware, Bldg Supp	0				
Video Movie Rent	0				
Cosmetic Vendors	0				
Bookstores	0				
Other	0				
Total		0		\$0	

APPENDIX B

The table below shows the Individual Billed Accounts Credit Limit Variance sample total of possible misuses of travel cards by type of vendor. This table includes duplications by strata (i.e. past due, security etc.). This table includes the activity for five cardholders.

TYPE OF CHARGE	# IBA \$ VARIANCE	# CHARGES	AVG. # CHARGES	TOTAL \$ CHARGES	AVG. \$ CHARGES
Misc. Retail Vendors	1	1	1	\$13	\$13
Duty Station Restaurants	0				
Recreational Vendors	1	2	2	53	53
Department Stores	0				
Duty Station Grocery	0				
Auto Svc, Repair, Ins	0				
Internet, Telephone	0				
Home Furnishings	0				
Hardware, Bldg Supp	0				
Video Movie Rent	0				
Cosmetic Vendors	0				
Bookstores	1	2	2	64	64
Other	0				
Total		5		\$130	

APPENDIX B

The table below shows the Separated employees with open accounts sample total of possible misuses of travel cards by type of vendor. This table includes separated employees. This table includes the activity for 14 cardholders.

TYPE OF CHARGE	# SEPARATE	# CHARGES	AVG. # CHARGES	TOTAL \$ CHARGES	AVG. \$ CHARGES
Misc. Retail Vendors	0				
Duty Station Restaurants	0				
Recreational Vendors	0				
Department Stores	0				
Duty Station Grocery	0				
Auto Svc, Repair, Ins	0				
Internet, Telephone	0				
Home Furnishings	0				
Hardware, Bldg Supp	0				
Video Movie Rent	0				
Cosmetic Vendors	0				
Bookstores	0				
Other	0				
Car Rental	1	3	3	537	537
Total		3		\$537	

APPENDIX B

The table below shows the Centrally Billed Accounts with a credit limitation variance sample total of possible misuses of travel cards by type of vendor. This table includes duplications. The results below are for an individually billed account for a cardholder who is also a centrally billed account cardholder. This table includes the activity for four cardholders.

TYPE OF CHARGE	# CBA \$ VARIANCE	# CHARGES	AVG. # CHARGES	TOTAL \$ CHARGES	AVG. \$ CHARGES
Misc. Retail Vendors	1	1	1	\$350	\$350
Duty Station Restaurants	0				
Recreational Vendors	1	1	1	250	250
Department Stores	0				
Duty Station Grocery	0				
Auto Svc, Repair, Ins	0				
Internet, Telephone	0				
Home Furnishings	0				
Hardware, Bldg Supp	0				
Video Movie Rent	0				
Cosmetic Vendors	0				
Bookstores	0				
Other	0				
Total		2		\$600	

APPENDIX C

SAMPLE RESULTS BY MAGNITUDE

The table below shows the magnitude of possible misuse charges by individual staff according to central office or regional (includes AMAC) staff.

STAFF TYPE	TOTAL STAFF	1-3 POSSIBLE MISUSES	4-10 POSSIBLE MISUSES	11+ POSSIBLE MISUSES
SSPs	19	14	3	2
Non-SSPs:				
Central Office	12	4	3	5
Regional	33	18	8	7
Separated	5	1	3	1
Total	69	37	17	15

The table below shows the magnitude of possible misuse by dollar amount for central office or regional (includes AMAC) staff.

STAFF TYPE	TOTAL STAFF	\$1-\$100 POSSIBLE MISUSE	\$101-\$500 POSSIBLE MISUSE	\$501+ POSSIBLE MISUSE
SSPs	19	9	7	3
Non-SSPs:				
Central Office	12	3	5	4
Regional	33	11	11	11
Separated	5		1	4
Total	69	23	24	22