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# Audit of Controls over Government Travel Cards

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## FINAL AUDIT REPORT



**ED-OIG/A19-B0010**  
**March 2002**

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Our mission is to promote the efficiency, effectiveness, and integrity of the Department's programs and operations.



U.S. Department of Education  
Office of Inspector General  
Operations Internal Audit Team  
Washington, DC

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Statements that managerial practices need improvements, as well as other conclusions and recommendations in this report represent the opinions of the Office of Inspector General. Determinations of corrective action to be taken will be made by the appropriate Department of Education officials.

In accordance with the Freedom of Information Act (5 U.S.C. § 552), reports issued by the Office of Inspector General are available, if requested, to members of the press and general public to the extent information contained therein is not subject to exemptions in the Act.

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## EXECUTIVE SUMMARY

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The Travel and Transportation Reform Act of 1998<sup>1</sup> requires mandatory use of the travel charge card for all payments of expenses of official Government travel. The Department of Education (Department) has contracted with Bank of America for travel card services. Department policy requires all employees who travel more than once a year to apply for an individually billed travel card. Each principal office (PO) also uses centrally billed travel card accounts for new employees and invitational travel.

The objectives of our audit were to (1) evaluate internal controls over the administration of the Department's travel card program, including authorization and payment procedures, (2) determine the extent of travel card delinquencies and the process for resolving them, and (3) assess appropriateness of selected charges.

We found the Department needs to enhance controls over the travel card program, including increasing monitoring and providing training to cardholders on appropriate use of the card. We found individual travel cards were not always used appropriately, some travel card accounts were not cancelled timely, and charges to centrally billed accounts were not always appropriately supported or reconciled. Inappropriate use of travel cards violates the terms of the contract with Bank of America, represents abuse of a Government-provided resource, and compromises the integrity of the Department. To correct the weaknesses we identified, we recommend that the Chief Financial Officer:

- Develop and implement guidelines for monitoring travel card activity to ensure consistent application throughout the Department.
- Ensure planned training is provided to PO executive office staff on monitoring travel card use and on the guidelines developed above.
- Develop and provide training to all Department cardholders to ensure cardholders are informed of their responsibilities and the disciplinary actions that may be taken for inappropriate use of the card.
- Take immediate action to cancel the travel card accounts for separated staff.
- Establish and implement a procedure to receive timely notice from the Human Resources Group for all staff who have separated from the Department so accounts can be cancelled.
- Establish and implement a procedure requiring the POs to periodically review Financial Management Policies & Administrative Programs Group's (FMP&APG) listing of open accounts and provide FMP&APG with notice of any accounts that should be cancelled.
- Develop and implement a policy to guide PO staff in reconciling and maintaining adequate documentation to support centrally billed account charges.

Our review of travel card delinquencies was limited to cardholder accounts that were cancelled due to nonpayment. As this issue involves sensitive personnel records and pending actions that are covered

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<sup>1</sup> Section 2 of Public Law 105-264, October 19, 1998, (5 U.S.C. 5701 note).

under the Privacy Act of 1974, 5 U.S.C. § 552a(b), we provided this information to Department management in a separate memorandum.

The Department concurred with our findings and recommendations and the Other Matter presented. The full text of the Department's response is included as Attachment 1 to this audit report. The Department's response does not warrant any changes to the draft report.

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## AUDIT RESULTS

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Overall, we found improvements were needed in the management of the Government travel card program. Our audit revealed individual travel cards were not always used appropriately, some travel cards were not canceled timely when staff separated from the Department, and charges to centrally billed accounts were not always appropriately supported or reconciled. Cardholders became delinquent and defaulted on outstanding payments, violating the terms of the Bank of America contract, abusing a Government-provided resource, and compromising the integrity of the Department. Centrally billed accounts were paid without determining whether all charges were appropriate.

During our audit, we also noted many inactive open travel accounts. We found 23 percent of all open individually billed accounts and 66 percent of all open centrally billed accounts had no charge activity during Fiscal Year (FY) 2001. Although there is no cost to the Department for maintaining open accounts, the risk for loss or misuse of the travel card exists. The OTHER MATTERS section of this report contains additional information on this issue.

The Department concurred with our findings and recommendations and the Other Matter presented. The full text of the Department's response is included as Attachment 1 to this audit report. The Department's response does not warrant any changes to the draft report.

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### **Finding No. 1 – Individual Travel Cards Were Not Always Used Appropriately**

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Individual cardholders did not always use their travel cards appropriately. We reviewed all FY 2001 activity for 110 individual cardholders and found that 746 of the 4,598 individual charges (16 percent), or \$112,344 of the \$738,117 total value of the charges reviewed (15 percent), were inappropriate. Specifically we found that:<sup>2</sup>

- Thirty-four cardholders made purchases and automated teller machine (ATM) withdrawals with their travel cards for personal use;
- Twenty-five cardholders made ATM withdrawals in excess of allowable amounts for official travel expenses; and
- Seven cardholders did not always use their travel cards for official travel expenses as required.

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<sup>2</sup> Some cardholders are represented in more than one category. In addition, since our audit results are based on high-risk samples, the outcome should not be projected to the universe of Department cardholders or charges. See the Objectives, Scope, and Methodology section of this audit report for more details on the samples reviewed.

In two cases reviewed, the employees each made personal purchases and ATM withdrawals exceeding \$20,000 during FY 2001. One of these employees did not perform any official travel during FY 2001 when these charges were incurred. For other employees, we noted inappropriate retail purchases such as clothing and dining, as well as charges for Internet service provider fees, wireless service fees, automobile insurance, and personal travel for the employee and family members. In one case, an employee used the travel card to pay for cemetery/funeral expenses.

Inappropriate use of the travel cards by individuals violates the terms of the contract with Bank of America, represents abuse of a Government-provided resource, and compromises the integrity of the Department.

### **Federal Travel Regulations and Department Policy Guidelines for Travel Card Use**

Federal Travel Regulations (FTR) at 41 C.F.R. § 301-51.1 require the mandatory use of the Government travel card for all official travel expenses unless an exemption is granted. 41 C.F.R. § 301-51.6 states the travel charge card may be used only for official travel related expenses. 41 C.F.R. § 301-51.7 states if cardholders use the travel charge card for purposes other than official travel, agencies may take appropriate disciplinary action.<sup>3</sup>

Department of Education, *Guide to Travel Card Policy for the ED Traveler*, dated July 21, 2000, Section VI, Misuse/Late Payment of the Travel Card, states:

The travel card is to be used for official government travel only. The travel card must be used for **ALL** official travel expenses except in those situations where use of the card is not feasible. The travel card may **NOT** be used for personal purposes, even if personal charges are paid timely. Personal use of the travel charge card is viewed as a violation of the agreement between Bank of America and the cardholder and will result in cancellation of card privileges. Individual Principal Offices may also take disciplinary actions against an employee for abusing the card and/or not paying the bill.

Section I, Overview, states, "Cash withdrawals are limited to \$550 a day or \$1,100 a week, but may not exceed 80 percent of the traveler's M&IE [meals and incidental expenses] for the trip."

In addition, the cardholder agreement states that the travel card is to be used for official use only and not for personal, family or household purposes. The travel card itself includes on its face the statement, "For Official Government Travel Only."

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<sup>3</sup> Unless otherwise specified, all regulatory citations are to the January 19, 2000, volume of the Code of Federal Regulations.

## **Department Monitoring of Travel Card Use Was Limited**

Prior to August 2001, FMP&APG staff in the Office of the Chief Financial Officer (OCFO) were the only Department staff with access to Bank of America's on-line monitoring system. Due to limited staffing resources, FMP&APG staff concentrated travel card monitoring on delinquent accounts. They provided monthly reports to the PO on accounts to be suspended or cancelled due to nonpayment. FMP&APG staff also provided a detailed charge history for each cancelled account and requested Executive Officers to review the report for misuse of the travel card.

Beginning in August 2001, staff in each PO executive office also received on-line access to the Bank of America system so they could participate in monitoring travel card use by PO staff. FMP&APG staff plan to conduct training on use of the system for the PO staff, but they have not yet done so. As of late January 2002, FMP&APG staff are providing a monthly report of all charges made by PO staff to each Executive Officer to facilitate review for inappropriate card use. FMP&APG staff stated this report would be provided on a monthly basis until PO staff can be trained on use of the system.

After the start of our audit, FMP&APG staff took additional action to enhance controls over travel card charges. For example, the Bank of America system designates Merchant Category Codes (MCC) for all vendors. These codes can be blocked so purchases cannot be made from inappropriate vendors. In early FY 2000, FMP&APG staff blocked 257 codes for centrally billed accounts and 58 codes for individually billed accounts. During the period November 2001 through January 2002, FMP&APG staff designated an additional 20 codes to be blocked for centrally billed accounts and 174 codes to be blocked for individually billed accounts. This represents a significant improvement in preventive controls over travel card charges, especially for the individual accounts. For FY 2001, 618 charges totaling \$93,642 were made to MCC that have now been blocked.

## **Department Does Not Have a Travel Card Training Program**

The Department does not have a travel card training program for new cardholders or refresher training for existing cardholders. Therefore, travel cardholders may not be aware of all of their responsibilities under the program and the prohibitions against personal use of the travel card and the disciplinary actions that may be taken for inappropriate use of the card. During our review, we asked PO Executive Officers whether they provide training for new cardholders. We found that although some initial materials may be provided and discussions held, no formal PO-level training is being provided when travelers first receive their travel cards. We found three POs that had provided formal travel training sessions for all staff due to problems noted with travel card use, but such training was a one-time event and not a recurring training program.

The General Services Administration (GSA) has on-line training available for the travel card program. The course can be accessed by any Internet user, requires about an hour to complete and concludes with a quiz. Participants may print a certificate to demonstrate they have



successfully completed the course. The Department could use this course, or develop its own course, to ensure travel cardholders are informed of the requirements of the travel card program.

### ***Recommendations:***

We recommend the Chief Financial Officer:

- 1.1 Develop and implement guidelines for monitoring travel card activity to ensure consistent application throughout the Department.
- 1.2 Ensure planned training is provided to PO executive office staff on the Bank of America on-line system for monitoring travel card use and on the guidelines developed above.
- 1.3 Develop and provide training to all Department cardholders to ensure cardholders are informed of their responsibilities and the disciplinary actions that may be taken for travel card delinquency or misuse. Training should be mandatory for all new cardholders and refresher training should be provided to existing cardholders on a periodic basis. Travel card issues should be included in the Department's annual ethics training.

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## **Finding No. 2 – Travel Cards Were Not Always Canceled Timely**

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Travel card accounts were not canceled timely for staff that separated from the Department. As of December 17, 2001, 32 travel card accounts remained open for staff that separated during FY 2000 and FY 2001. In addition, we identified one employee who separated from the Department in July 1994 whose travel card account was not cancelled until August 2000.

Department of Education, *Desk Reference Guide -- Travel Management*, dated 1998, provides the following procedures for notification when employees separate from the Department:

Employee Termination and Card Cancellation -- When an employee leaves ED, the Executive Office should cut the card in half and forward it with a memo to the Agency Program Coordinator [FMP&APG staff] advising of the termination.

Twice during FY 2001, FMP&APG staff sent listings to PO Executive Officers of all open travel card accounts for PO staff. Executive Officers were asked to provide notice of any accounts that should be canceled. FMP&APG staff stated these reviews resulted in many accounts being closed. Although effective, FMP&APG staff have not established a regular schedule for these reviews.

FMP&APG staff relied on the PO Executive Officers to provide them with notice when employees separated from the Department. FMP&APG staff did not receive any information

directly from the Human Resources Group (HRG) to ensure FMP&APG staff received notice of all staff leaving the Department. In the 32 cases identified, one former employee continued to use his travel card after leaving the agency and charged \$101 that had not been paid at the time the account was canceled. The one staff member who left in 1994 incurred charges totaling \$7,075 from January 1999 through May 2000. Charges totaling \$3,665 had not been paid at the time the card was canceled. Inappropriate use of travel cards violates the terms of the contract with Bank of America, represents abuse of a Government-provided resource and compromises the integrity of the Department.

### ***Recommendations:***

We recommend the Chief Financial Officer:

- 2.1 Take immediate action to close the accounts identified in the audit.<sup>4</sup>
- 2.2 Establish a procedure to receive timely notice from HRG for all staff that have separated from the Department so accounts can be canceled upon separation.
- 2.3 Establish and implement a procedure requiring the POs to periodically review FMP&APG's listing of open accounts and provide FMP&APG with notice of any accounts that should be cancelled.

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## **Finding No. 3 – Charges to Centrally Billed Accounts Were Not Always Appropriately Supported or Reconciled**

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Charges to centrally billed accounts were not always appropriately supported or reconciled. As of February 25, 2002, PO staff could not provide supporting documentation for 137 FY 2001 charges valued at \$49,124. In addition, our audit identified 12 erroneous charges totaling \$3,839 from credits not processed or errors by the travel agent. We noted at least one unsupported or erroneous charge on 8 of the 14 centrally billed accounts reviewed, indicating management controls in this area need improvement.

U.S. Department of the Treasury, Financial Management Service, *Treasury Financial Manual* is the official publication for financial and accounting and reporting of all receipts and

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<sup>4</sup> Details on these accounts were provided to FMP&APG staff on December 17, 2001.

disbursements of the Federal Government. Section 2020.10, "Objectives," states:

The principal objectives of control over disbursements are to ensure that all disbursements are legal, proper, and correct and that all disbursements are accurately recorded, reported, and reconciled in a timely and efficient manner.

Section 2020.30, "Preaudit of Vouchers," states:

Effective control over disbursements requires the preaudit and approval of vouchers before they are certified for payment. The principal objectives of the preaudit of a voucher are to determine whether...the quantities, prices and amounts are accurate...proper forms of documentation were used....

The General Accounting Office's *Standards for Internal Control in the Federal Government* includes "appropriate documentation of transactions and internal control" as an example of control activities. The standards state:

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 and operating manuals and may be in paper or electronic form. All documentation and records should be properly managed and maintained.

We found charges were unsupported or erroneous charges were not identified, because PO staff reconciled travel card statements to travel authorizations and/or travel agent itineraries. While these items supported travel plans, they did not support that the trips were actually taken. We also found there is no Department policy to guide PO staff on proper reconciliation procedures or documentation that should be maintained to support the charges. As a result, PO staff paid the statements without knowing whether all charges were appropriate. The Department was not receiving credits for travel that did not take place or errors made on the billing statements.

***Recommendation:***

We recommend the Chief Financial Officer:

- 3.1 Develop and implement a policy to guide PO staff in reconciling and maintaining adequate documentation to support centrally billed account charges.

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## OTHER MATTERS

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### Many Open Travel Accounts Were Inactive in FY 2001

During our review, we noted many open travel accounts were not active in FY 2001. As of September 30, 2001, 781 of the 3,324 open individually billed accounts (23 percent), and 49 of the 74 open centrally billed accounts (66 percent) had no activity during the year. While there is no cost to the Department for maintaining open accounts, the risk for loss or misuse of the travel card exists. We found that six of the sampled cardholders did not have any official travel but made personal purchases and ATM withdrawals totaling \$32,648 during FY 2000 and FY 2001.

FTR at 41 C.F.R. § 301-51.1 require the mandatory use of the Government travel card for all official travel expenses unless an exemption is granted. Under 41 C.F.R. § 301-51.2, GSA has granted exemptions for the following types of employees

- An employee who has an application pending for the travel charge card;
- Individuals traveling on invitational travel; and
- New appointees.

FTR allow the head of an agency to grant additional exemptions, if the exemption is determined to be necessary in the interest of the agency. GSA must be notified in writing of any additional exemptions granted. 41 C.F.R. § 301-70.701 and § 301-70.702

Department of Education, *Guide to Travel Card Policy for the ED Traveler*, states, "It is the Department's policy that all ED employees who travel more than once a year apply for the travel card." There is no policy on canceling travel card accounts when employees no longer travel or travel very infrequently.

We suggest the Department review the inactive accounts identified in the audit to determine whether the accounts should be closed.<sup>5</sup> In addition, we suggest the Department evaluate its policy to determine if a more frequent traveler standard should be adopted. As required by the FTR, the Department should notify GSA of any exemptions granted.

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<sup>5</sup> A listing of the inactive accounts was provided to FMP&APG staff on January 6, 2002.

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## **BACKGROUND**

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The Government travel card program is part of the GSA SmartPay program. This program provides Federal agencies with a new way to pay for commercial goods and services, as well as travel and fleet related expenses. GSA established contracts with five service providers -- Citibank, First National Bank of Chicago, Mellon Bank, NationsBank (now Bank of America) and U.S. Bank. The contracts are effective from November 30, 1998, through November 29, 2003, with five one-year options to renew. The Department selected Bank of America as its SmartPay provider.

Within the Department, the Office of the Chief Financial Officer, Financial Management Policies & Administrative Programs Group is responsible for administration of the SmartPay contract for travel. The Department uses two types of travel cards under the program. Individually billed accounts are issued to individual travelers who are subsequently responsible for all charges made and for paying the account balance. Centrally billed accounts are similar to corporate travel cards and are used primarily for invitational travel and new employees who do not yet have a travel card. Principal offices pay the centrally billed accounts from Department funds.

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## OBJECTIVES, SCOPE, AND METHODOLOGY

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The objectives of our audit were to:

1. Evaluate internal controls over the administration of the Department's travel card program, including authorization and payment procedures.
2. Determine the extent of travel card delinquencies and the process for resolving them.
3. Assess appropriateness of selected charges.

To accomplish our objectives, we obtained an understanding of the controls in place at the Department over the Government travel card program. We reviewed the Federal Travel Regulations, the Treasury Financial Manual, Departmental policies and procedures, and General Accounting Office *Standards for Internal Control in the Federal Government*. We conducted interviews with OCFO and PO management and officials responsible for administering the travel card program. We also reviewed travel card statements, travel vouchers and other documentation available at the Department to evaluate the appropriateness of travel card charges made.

To perform our audit, we obtained access to the Bank of America Electronic Account Government Ledger System (EAGLS) for all Department activity. This system includes all travel card activity for both Individually Billed Accounts (IBA) and Centrally Billed Accounts (CBA). This is the same system that individual account holders and Principal Office staff may access to review and monitor travel card activity. We downloaded all travel card transactions for FY 2001 and determined the following activity occurred during the year (the transactions below exclude payments and fees assessed):

<u>Account Type</u>	<u># Accounts</u>	<u># Transactions</u>	<u>Value of Transactions</u>
Individual	2,543	46,850	\$8,687,014
Central	25	4,547	\$1,907,397

In order to assure ourselves of the reliability of the data downloaded, we tested the accuracy and authenticity of the EAGLS database information by comparing charges listed to travel vouchers, receipts, and other source documents and supporting records. We validated the completeness of the data downloaded by tracing additional receipts from the travel vouchers and other source documents back to the database information. We also compared monthly totals from our downloaded data to the monthly totals for the Department posted on the GSA web site. Based on these tests and assessments, we concluded the data were sufficiently reliable to be used in meeting the audit's objectives.

Details on the sampling methodology used in the audit are as follows:

### **Individually Billed Accounts (IBA) Reviewed:**

We selected IBA to review based on the samples below. We reviewed all FY 2001 activity for each selected account. Eliminating accounts that occurred in more than one of the categories, we reviewed a total of 110 different IBA.

- **Random Sample** -- We reviewed 41 IBA based on a random selection of IBA charges made during FY 2001.
- **Stratified Sample of High ATM Use** -- We reviewed all 10 accounts with 50 or more ATM transactions in the year, and randomly selected 5 accounts each from those with 25-49 ATM transactions and 13-24 ATM transactions.
- **Casino Charges** -- We reviewed all 11 accounts with at least one transaction at a casino during the year.
- **Blocked Merchant Category Codes (MCC)** -- We reviewed all 17 accounts with 5 or more charges to MCC Department staff determined were inappropriate for the travel card. Department staff instructed Bank of America to block these codes in November 2001-January 2002, so the codes were not blocked during the time period of our review.
- **Cancelled Accounts** -- We reviewed all 27 accounts that were cancelled for nonpayment during FY 2001, with balances outstanding at the time of cancellation. For these accounts, we reviewed all FY 2001 and FY 2000 activity.

For FY 2001, IBA cardholders charged 46,850 transactions valued at \$8,687,014, (excluding payments and fees). We reviewed 4,598 FY 2001 transactions valued at \$738,117 (excluding payments and fees). Our sample represented 10 percent of the total number of transactions and 9 percent of the total value of the transactions charged by IBA cardholders during the year.

To determine whether IBA charges were appropriate, we traced charges made to travel vouchers provided by the POs. We also verified travel vouchers with National Finance Center payment information to ensure we reviewed all travel vouchers for the period. In cases where IBA charges were not supported by a travel voucher, we referred these charges to PO Executive Officers for a determination as to whether the charge was an official travel expense and therefore an appropriate use of the travel card. The results presented in this report are based on the responses from the PO Executive Officers.

The distribution of IBA sampled by Principal Office appears on the next page.

### **Centrally Billed Accounts (CBA) Reviewed:**

We reviewed a total of 14 CBA -- 1 CBA for each of the 14 POs where we reviewed IBA activity. If a PO had more than one CBA, we judgmentally selected one of the headquarters CBA for each PO. We reviewed all charges for FY 2001 for the CBA with one exception -- the Office of Elementary and Secondary Education had only one CBA with a very large amount of activity. We only reviewed activity from the first quarter of FY 2001 for this account.

For FY 2001, Department staff charged 4,547 transactions valued at \$1,907,397 on all CBA (excluding payments and fees). We reviewed 2,791 FY 2001 transactions valued at \$945,309 (excluding payments and fees). Our sample represented 61 percent of the total number of transactions and 50 percent of the total value of the transactions charged on Department CBA during the year.

As with the IBA reviewed, we matched CBA charges to supporting documentation provided by the POs. In cases where documentation did not support charges made, we referred the items to the PO Executive Officers for their determination as to whether the charge was appropriate. The results presented in this report are based on the responses from the PO Executive Officers.

**Distribution of IBA Sampled by PO:**

Office of the Secretary	3	
Office of the Under Secretary	1	
Office of Civil Rights	19	
Office of Special Education/Rehabilitation Services	7	
Office of Intergovernmental & Interagency Affairs	1	
Office of Management	2	
Federal Student Aid	51	
Office of Educational Research and Improvement	6	
Office of Elementary and Secondary Education	7	
Office of Vocational & Adult Education	5	
Office of the Chief Information Officer	1	
National Institute for Literacy		1
Office of Bilingual Education & Minority Language Affairs	1	
Office of Postsecondary Education	<u>5</u>	
Total IBA -- 14 PO		<u>110</u>

We performed our fieldwork at applicable Department of Education offices in Washington, DC, during the period October 2001 through February 2002. We held an exit conference with Department management on February 7, 2002. Our audit was performed in accordance with Government Auditing Standards appropriate to the scope of the review described above.



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## STATEMENT ON MANAGEMENT CONTROLS

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We made a study and evaluation of the Department's management control structure related to the Government travel card program. Our study and evaluation was conducted in accordance with Government Auditing Standards. For the purpose of this report, we assessed and classified the significant management control structure into the following categories:

- Authorization
- Use
- Payment
- Cancellation

The Department's management is responsible for establishing and maintaining a management control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of the system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that the transactions are executed in accordance with management's authorization and recorded properly, so as to permit effective and efficient operations.

Because of inherent limitations in any management control structure, errors or irregularities may occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions, or that the degree of compliance with the procedures may deteriorate.

Our assessment disclosed the following conditions in the Department's management control structure over Government travel cards, which, in our opinion, results in more than a relatively low risk that errors, irregularities and other inefficiencies may occur resulting in inefficient and/or ineffective performance.

- Individual travel cards were not always used appropriately. Cardholders made purchases and ATM withdrawals with their travel cards for personal use, cardholders made excessive ATM withdrawals for official travel expenses, and cardholders did not always use their travel cards for official travel expenses as required.
- Individual travel cards were not always cancelled timely when employees separated from the Department.
- Charges to centrally billed accounts were not appropriately supported or reconciled.

Nonmaterial weaknesses, which in the auditors' judgment are reportable conditions, are included under the OTHER MATTERS section.



UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF THE CHIEF FINANCIAL OFFICER

MAR 21 2002

ATTACHMENT 1

**TO:** Michele Weaver-Dugan  
Director, Operations Internal Audit Team

**FROM:** Jack Martin,  
Chief Financial Officer *Jack Martin*

**SUBJECT:** Comments to Draft Audit Report  
Audit of Controls Over Government Travel Cards  
Control No. ED-OIG/A19-B0010

We appreciate the opportunity to comment on the subject draft report entitled: Audit of Controls Over Government Travel Cards, Audit Control Number, ED-OIG/A19-B0010, transmitted by the Inspector General on March 1, 2001. The report provides the Department with additional insight and recommendations to improve the administration of the Government Travel Card Program. The objectives of the audit were to (1) evaluate internal controls over the travel card program, including authorization and payment procedures, (2) determine the extent of travel card delinquencies and the process for resolving them, and (3) assess appropriateness of selected charges.

We agree with the thrust of the findings and recommendations contained in the audit and will continue to make needed improvements in the Travel Card Program. The Department is acutely aware of the need to enhance controls over the use of the travel card and has recently received recommendations from a working group tasked with reviewing travel card policies and procedures.

Following are our comments with respect to the findings presented.

Finding 1-Individual Travel Cards Were Not Always Appropriately Used

Recommendation 1.1 We concur with the recommendation to develop and implement guidelines for monitoring travel card activity to ensure consistent application throughout the Department.

Recommendation 1.2 We concur with the recommendation to ensure planned training is provided to Principal Office (PO) executive office staff on the Bank of America on-line system for monitoring travel card use and on the guidelines developed above. OCFO will continue to provide monthly detailed travel card transaction information to PO executive officers for use in monitoring travel card use.

Recommendation 1.3 We concur with the recommendation to develop and provide training to all Department cardholders to ensure that cardholders are informed of their responsibilities and the disciplinary actions that may be taken for travel card delinquency or misuse. We agree that training should be mandatory for all new cardholders and refresher training provided to existing cardholders on a periodic basis. OCFO will work with the Office of General Counsel to incorporate credit card issues in the annual ethics training. We also note that on June 19, 2001, OCFO's Director of Financial Management Operations sent a message to all employees "Subject: Employee Responsibility With Regard to Bank of America Travel Cards" to ensure that employees were aware of appropriate policy regarding the use of travel cards. A copy of that notice is attached.

#### Finding 2-Travel Cards Were Not Always Cancelled Timely

Recommendation 2.1 We concur with the recommendation. Immediate action was initiated to verify separation and close all appropriate accounts as identified in the audit. This action was complete as of December 19, 2001.

Recommendation 2.2 OCFO concurs with the recommendation and will work with HRG and the PO executive officers to review the process for notification of separated employees.

Recommendation 2.3 We concur with the recommendation to establish and implement a procedure requiring periodic review by the PO of the listing provided by Financial Management Policies and Administrative Programs Group of open accounts, and notice to be sent of any accounts that should be cancelled.

#### Finding 3-Charges to Centrally Billed Accounts Were Not Always Appropriately Supported or Reconciled

Recommendation 3.1 We concur with the recommendation to develop and implement a policy to guide PO staff in reconciling and maintaining adequate documentation to support centrally billed account charges.

#### OTHER MATTERS

The Department is currently reviewing its policy on issuance of the travel card to an employee who travels more than once a year.

We thank the OIG for a professional approach to the review and for the courtesy extended to our managers and staff. We will continue to address noted weaknesses in the Travel Card Program. Once the final report has been issued, we will then develop/submit a Corrective Action Plan to address all findings and recommendations contained in the audit.

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