



MAR 26 2002

MEMORANDUM FOR: GORDON S. HEDDELL
Inspector General

FROM: SYLVIA T. HOROWITZ
Acting Deputy Inspector General
Office of Communications, Inspections and Evaluations

SUBJECT: Evaluation of the Department of Labor's Travel Card
Program – Office of Inspector General
Report No. 2E-09-910-0001

This final report presents the results of our evaluation of the Office of Inspector General's (OIG's) travel card program. This is one of four reports the Office of Communications, Inspections and Evaluations is issuing on the Department of Labor's (DOL's) travel card program. The purpose of the evaluation was to determine whether OIG has a proper system in place to effectively identify and address travel card misuse and delinquency.

As we found elsewhere in DOL, the OIG's travel card policy guidance needs strengthening. Specifically, the OIG needs to develop written procedures for handling misuse and delinquency; furnish employees with more information about the travel card program; and provide managers with guidance on how DOL disciplinary policies apply to travel card misuse and delinquency. This report contains recommendations on how the OIG can strengthen the OIG travel card program and decrease travel card misuse and delinquency.

As a result of planned corrective actions by OIG, we consider all three recommendations to be resolved. The recommendations will be closed after those actions are completed and appropriate documentation is provided to this office, as specified in the report.

BACKGROUND

In addition to this report, we issued a report on the roles of the Office of Chief Financial Officer (OCFO) and the Office of the Assistant Secretary for Administration and Management (OASAM) in the travel card program (*Evaluation of the Department of Labor's Travel Card Program, RPT. No. 2E-07-001-0001, issued March 26, 2002*). OCFO establishes the DOL-wide travel card policy and most of the Agency/Organization Program Coordinators (A/OPCs), who administer the travel card program, are OASAM employees. We decided to also evaluate the OIG, because the OIG chose to manage its own travel card program and appoint one of its own employees as A/OPC, rather than use OASAM to provide these services.

Concern over the government's travel card program arose at a May 1, 2001, Congressional hearing before the House Government Reform Committee on Government Efficiency, Financial Management and Intergovernmental Relations. The General Services Administration (GSA) testified that as of March 2001, federal employees were delinquent in paying more than \$25 million on their travel card accounts. In addition, the President's Council on Integrity and Efficiency's Inspections and Evaluations Roundtable proposed a government-wide evaluation of travel card use.

The Travel and Transportation Reform Act of 1998 (Public Law 105-264) requires government employees to use the Government Travel charge card (travel card) on official business. Government employees must use their travel card to pay for official expenses, such as hotel rooms and airline tickets. In 1998, GSA awarded contracts to four banks to provide travel card services. The GSA contracts set up a point system that allows departments to receive rebates from the banks based on travel card use. Each department chooses one of the four banks to provide the services. DOL chose Citibank.

The Department of Labor Manual Series (DLMS) contains Department-wide policies and procedures. DLMS – 7, Part 15 covers the Department's Travel Management Programs. DOL's policy is to issue a travel card to any employee who expects to travel more than twice a year. The travel cards are individually billed accounts. Employees receive bills from Citibank at their home and use the money they receive from their travel vouchers to make payments. Citibank holds employees personally responsible for any unpaid bills. Payment is due within 25 calendar days of the billing date; however, Citibank does not charge interest or impose late fees. If a bill is not paid within 45 days, it is considered past due. At 61 days, Citibank will suspend an employee's card and at 126 calendar days Citibank will cancel it. Federal regulations allow Citibank to write-off unpaid amounts at 181 days past due.

The DOL-wide Travel Card Coordinator is located in the Office of Chief Financial Officer. The DOL Coordinator works with Citibank to develop the GSA contract and provides training to A/OPCs. To help manage the day-to-day operation of the program, the Department has set up a system of A/OPCs. The A/OPCs are responsible for setting up employee travel card accounts and monitoring account activity and delinquencies. The majority of the A/OPCs are OASAM employees, who perform the A/OPC responsibilities in addition to their regular duties. OASAM handles the administrative aspects of the travel card program for most DOL agencies, except for the OIG and the Mine Safety and Health Administration. Both of these agencies have appointed one of their employees as A/OPC to handle their entire agency. OIG relies on one A/OPC to manage the travel card program for the entire OIG staff including regional employees.

To determine whether OIG has adequate internal controls, we examined Citibank transaction and delinquency data from April 1, 2000 to March 31, 2001. In addition we interviewed the regional Management Services Specialists (MSSs) and the OIG Agency/Organization Program Coordinator. We also reviewed pertinent federal laws and regulations as well as OIG, DOL and Citibank guidelines and training materials. We conducted this evaluation in accordance with the *Quality Standards for Inspections* published by the President's Council on Integrity and Efficiency.

FINDINGS AND RECOMMENDATIONS

FINDING A - The OIG Does Not Have Adequate Written Guidance For Administering The Travel Card Program

The OIG does not have adequate written procedures on how to review travel card transactions to determine possible misuse. Further, it does not have adequate procedures on how to handle possible misuse and delinquency once it is identified. This lack of written guidance results in an inadequate level of review and follow-up.

As part of DOL's task order with Citibank, Citibank provides a series of hard-copy reports each month. Examples include the Account Activity Report, which lists all activity for the travel card program and the Delinquency Report, which lists all delinquent account balances. In addition, Citibank provides A/OPCs with access to CitiDirect, Citibank's electronic reporting system. CitiDirect allows A/OPCs to access electronic reports and create ad hoc reports. An A/OPC may also use Citidirect to modify accounts, and to request and cancel cards.

Based on Citibank's data, the OIG had a total of 13,263 transactions from April 2000 to March 2001, which Citibank divided into transaction types. The majority of the transactions were purchases. Purchase transactions totaled \$1,422,695 during this time period. After separating the transactions by type, we then categorized the 8,697 "Purchase" transactions. The majority of the purchase transactions involved hotels and airline tickets (64%).

Identifying and Handling Possible Misuse

DOL-wide guidance concerning review of travel card use is the DLMS 7, which states that the A/OPC shall review the contractor's reports to identify employees who have billed personal items to the card. The OIG needs to develop more specific procedural guidelines. These guidelines need to include notifying employees of possible misuse or delinquency. Currently, the A/OPC relies on e-mail. However the A/OPC does not follow-up with the employee or keep a record of the e-mail.

The OIG should consider involving the Management Services Specialists (MSSs), its administrative officers in the regions, when the issues involve a regional employee. The A/OPC is located at the National Office and therefore does not have access to the travel vouchers of regional employees. There may be times when the A/OPC is concerned that charges may not have been incurred while the employee was on official travel. MSSs have access to regional employees' travel vouchers and would be able to verify whether the employee was on official travel. The MSS could also serve as a liaison between the A/OPC and the employee. For example, if the A/OPC e-mails an employee about possible misuse or delinquency and the employee does not respond or continues to misuse the card, as a next step the A/OPC would inform the MSS. The MSS would be in a better position to address the employee directly or inform the manager.

Handling Delinquency

A/OPCs do not have the same problems identifying delinquencies. Citibank provides monthly delinquency reports that list the amount of the delinquency and how long the payment has been past due. However, as with misuse, the OIG needs to develop clear instructions on how the A/OPC should handle delinquency.

Under GSA's Master Contract with Citibank, an account is past due if it is not paid within 45 days of the closing date. At 61 days, Citibank suspends the account and the employee is unable to use the card until the principal amount is paid. Citibank will cancel the card if an employee is 126 days past due or has a card suspended twice in twelve months.

After 180 days, federal regulations allow Citibank to write-off unpaid amounts as credit losses. To encourage federal agencies to address employee travel card delinquency, on October 24, 2001, GSA amended the Citibank contract to allow Citibank to deduct the total amount of credit losses from the net charge volume. DOL's SmartPay Refunds are based on DOL's net charge volume; thus, an employee failing to pay their travel card bill costs DOL rebate money. Cumulative write-offs from the inception of the Citibank contract (1998) until the end of March totaled \$362,048.¹

Currently, the OIG does not have a system for handling delinquencies. They have not set a past due threshold after which a delinquent employee should be contacted, nor are there clear procedures on how delinquent employees are to be handled. As with possible misuse, the OIG needs written procedures and should consider involving the MSSs when dealing with regional employees.

Conclusion

In our report to OCFO and OASAM, we recommended that they develop a checklist for A/OPCs to follow, procedures for notifying employees or agencies of possible misuse and/or delinquency, provisions for following up with employees and agencies, procedures for canceling cards for repeated misuse, and instructions for record keeping. The OIG could use the products as a model for their written procedures.

We recommend that the OIG:

1. Develop written procedures for reviewing travel card transactions and handling possible misuse and delinquency, in coordination with OCFO and OASAM.

OIG, Office of Resource Management and Administration's Response

"Concur. Although DMLS 7, Chapter 1 provides all DOL agencies with travel card policy and guidelines, an OIG-specific IGD or MN will be developed to clarify and enhance OIG-specific guidance for reviewing travel card transactions and handling possible misuse and delinquency of travel card payment by OIG employees."

¹ The total does not include any money Citibank collected after the 180 days.

OIG's Conclusion

We concur with the proposed corrective action and consider this recommendation resolved. This recommendation will be closed pending receipt of a copy of the OIG-specific policies and guidelines. Please provide the requested documentation by **July 31, 2002**.

FINDING B – OIG Employees Are Not Receiving Adequate Information About the Travel Card Program

The OIG needs to ensure that employees receive adequate information about the use of the travel card. Current practice includes Citibank sending an employee a cardholder agreement with the government travel card. In addition, the Department bi-annually distributes a memo (*Spotlight*) explaining proper employee conduct and responsibilities with regard to travel card use and payment. However, it is not clear whether OIG employees are receiving this information and/or understanding their responsibilities.

According to interviews with the MSSs and the A/OPC, the amount of additional information an employee receives depends on the region. Some regions provide written and verbal guidance to new employees during orientation. Others rely on Citibank's travel card agreement and Department memos to educate employees.

While it seems unlikely that delinquency or all cases of misuse can be attributed to ignorance, better training could ensure that lack of knowledge is not an issue. For example, according to OCFO, it is not appropriate for an employee to use his travel card if the employee loses his luggage while traveling. However, an A/OPC that we talked to believed that replacing items lost in your luggage was an allowable use. We recommended that the Department that they develop materials such as a simple "Do's and Don'ts" list or "Frequently Asked Questions" (FAQs) to give to all employees. The OIG should use these materials and any others they may choose to develop to new employees requesting cards. The A/OPC could distribute them to national office employees and the MSSs could handle the regions. Employees also need to know that their transactions are being reviewed and what actions will be taken if they misuse their cards or are delinquent.

This information should not only be given to new employees, but existing cardholders as well. The OIG should cover travel card use in current orientation or ethics classes. Employees should understand that OIG takes misuse and delinquency seriously and that there are consequences for inappropriate actions.

We recommend that OIG:

2. In coordination with OCFO and OASAM, provide more information to employees about the travel card program by doing such things as:
 - Distributing materials such as a simple list of practical “Do’s and Don’ts” or FAQs to employees;
 - Covering travel card issues with employees during current orientation or ethics classes;
 - Informing employees that their transactions are being reviewed; and
 - Advising employees that disciplinary action will be taken regarding misuse and delinquency.

OIG, Office of Resource Management and Administration’s Response

“Partially concur. OIG employees receive clear, detailed information with the issuance of the actual travel card in the Citibank contract. Also, periodic DOL Spotlights are issued for highlighting any changes made departmentally in travel policy and travel card usage. OIG issues periodic Travel Bulletins via e-mail to OIG employees and provides travel information and references Travel Bulletin sites on the OIG Intranet.”

“OIG will provide more information to employees through an enhanced and updated web page. This will be accomplished as part of the upcoming Intranet enhancement project. Additionally, Travel Bulletins will be issued more frequently to all OIG travelers and proper travel card usage will be stressed during employee orientation and ethics sessions.”

OIG’s Conclusion

We concur with the proposed corrective actions and consider this recommendation resolved. We will close this recommendation pending notification that travel card information has been incorporated in orientation and ethics classes, and that OIG web page enhancements are completed. Please provide the requested documentation by **July 31, 2002**.

**FINDING C - The OIG Needs To Provide Guidance On How To Apply
DOL Disciplinary Policies To Travel Card Misuse And Delinquency**

The OIG needs to work with the Department to develop guidelines for managers on how to apply the *Standards of Ethical Conduct for Employees of the Executive Branch* to travel card misuse and delinquency. In addition to costing DOL money, misuse and delinquency can be indications of larger employee problems and should not remain unaddressed. While A/OPCs can cancel

cards, this alone is not a deterrent to misuse and delinquency. Once an A/OPC has identified a problem that needs to be referred to the employee's supervisor, management is responsible for taking corrective action.

The Standards of Ethical Conduct for Employees of the Executive Branch 5 *CFR* 2625.704 (a) states, "Standard. An employee has a duty to protect and conserve Government property and shall not use such property, or allow its use, for other than authorized purposes." We recommended to the Department that they work with program agencies to develop disciplinary guidance concerning travel card misuse and delinquency. The OIG should work with the Department to develop the guidance and then educate OIG supervisors and managers about what options are available when an employee makes unauthorized use of his travel card.

We recommend that the OIG:

3. Work with the Department to develop guidance for supervisors on what disciplinary options are available if an employee makes unauthorized use of his travel card and/or is delinquent.

OIG, Office of Resource Management and Administration's Response

"Concur. Existing IGDs will be reviewed to ensure that travel card misuse and delinquency are clearly and appropriately covered."

OIG's Conclusion

We agree with the proposed corrective action and consider this recommendation resolved. This recommendation will be closed pending receipt of a copy of the IGDs that cover travel card misuse and delinquency. Please provide the requested documentation by **July 31, 2002**.

A copy of the Office of Resource Management and Administration's complete response is attached. We appreciate the time and cooperation we received from your staff during this review. Please do not hesitate to address any questions regarding this report to Gregory Simmons, Director, Division of Program Evaluations, at 202-693-5215.

Attachment

cc: Colleen Callahan



MAR 26 2002

MEMORANDUM FOR: GORDON S. HEDDELL
Inspector General

FROM: SYLVIA T. HOROWITZ
Acting Deputy Inspector General
Office of Communications, Inspections and Evaluations

SUBJECT: Evaluation of the Department of Labor's Travel Card
Program – Office of Inspector General
Report No. 2E-09-910-0001

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As we found elsewhere in DOL, the OIG's travel card policy guidance needs strengthening. Specifically, the OIG needs to develop written procedures for handling misuse and delinquency; furnish employees with more information about the travel card program; and provide managers with guidance on how DOL disciplinary policies apply to travel card misuse and delinquency. This report contains recommendations on how the OIG can strengthen the OIG travel card program and decrease travel card misuse and delinquency.

As a result of planned corrective actions by OIG, we consider all three recommendations to be resolved. The recommendations will be closed after those actions are completed and appropriate documentation is provided to this office, as specified in the report.

BACKGROUND

In addition to this report, we issued a report on the roles of the Office of Chief Financial Officer (OCFO) and the Office of the Assistant Secretary for Administration and Management (OASAM) in the travel card program (*Evaluation of the Department of Labor's Travel Card Program, RPT. No. 2E-07-001-0001, issued March 26, 2002*). OCFO establishes the DOL-wide travel card policy and most of the Agency/Organization Program Coordinators (A/OPCs), who administer the travel card program, are OASAM employees. We decided to also evaluate the OIG, because the OIG chose to manage its own travel card program and appoint one of its own employees as A/OPC, rather than use OASAM to provide these services.

U.S. Department of Labor

Office of Inspector General
Washington, D.C. 20210

MAR 19 2002

MEMORANDUM FOR: SYLVIA HOROWITZ
Acting Deputy Inspector General
Office of Communications, Inspections and Evaluations

FROM:

Colleen B. Callahan
COLLEEN B. CALLAHAN
Deputy Inspector General for Management

SUBJECT:

Review of the Department of Labor's Travel Card
Program -- Office of Inspector General
Draft Report No. 2E-09-910-0001

I have reviewed the subject draft report and generally agree with the findings and recommendations. For the most part, OIG Travel Card management policy is directly tied to existing DOL policy and guidelines, with OIG specific guidance developed only when OIG specific policy is needed.

In order to strengthen and improve the management of all OIG administrative systems, including the travel card program, the Division of Finance and Administrative Services has been reorganized. This will enable the OIG to improve written policy and guidance of its financial and administrative systems. In the near future, a thorough review of existing Inspector General Directives (IGD) and Management Notices (MN), including the travel card program, will take place to ensure that they meet the needs of the OIG.

The following specific comments are provided for each finding:

Finding A – OIG does not have adequate written guidance for administering the travel card program.

Concur. Although DLMS 7, Chapter 1 provides all DOL agencies with travel card policy and guidelines, an OIG-specific IGD or MN will be developed to clarify and enhance OIG-specific guidance for reviewing travel card transactions and handling possible misuse and delinquency of travel card payment by OIG employees.

Finding B – OIG employees are not receiving adequate information about the travel card program.

Partially concur. OIG employees receive clear, detailed information with the issuance of the actual travel card in the Citibank contract. Also, periodic DOL Spotlights are issued for highlighting any changes made departmentally in travel policy and travel card usage. OIG issues periodic Travel Bulletins via e-mail to all OIG employees and provides travel information and references Travel Bulletin sites in the OIG Intranet.

OIG will provide more information to employees through an enhanced and updated web page. This will be accomplished as part of the upcoming Intranet enhancement project. Additionally, Travel Bulletins will be issued more frequently to all OIG travelers and proper travel card usage will be stressed during employee orientation and ethics sessions.

Finding C – OIG needs to provide guidance on how to apply DOL disciplinary policies to travel card misuse and delinquency.

Concur. Existing IGDs will be reviewed to ensure that travel card misuse and delinquency are clearly and appropriately covered.