

**The Travel Charge Card Program's Controls
Could Be Enhanced**

September 2002

Reference Number: 2002-10-183

This report has cleared the Treasury Inspector General for Tax Administration disclosure review process and information determined to be restricted from public release has been redacted from this document.



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

INSPECTOR GENERAL
for TAX
ADMINISTRATION

September 23, 2002

MEMORANDUM FOR CHIEF, AGENCY-WIDE SHARED SERVICES
CHIEF FINANCIAL OFFICER

Handwritten signature of Pamela J. Gardiner in cursive.

FROM: Pamela J. Gardiner
Acting Inspector General

SUBJECT: Final Audit Report – The Travel Charge Card Program’s Controls
Could Be Enhanced (Audit # 200210008)

This report represents the results of our review of the travel charge card program. The overall objective of this review was to determine if the Internal Revenue Service (IRS) has effective internal controls to monitor travel charge card usage and payment. This review was conducted when the Treasury Inspector General for Tax Administration (TIGTA) Office of Investigations identified concerns with some travel charge card accounts and the internal controls in the travel charge card program. In addition, in a letter dated September 24, 2001, to the TIGTA, Senator Charles E. Grassley, Ranking Member of the Senate Committee on Finance, expressed concerns regarding controls in place to ensure honest use of government accounts and cards.

The IRS contracts with Citibank for Government travel charge cards using the General Services Administration (GSA) SmartPay contract. As of October 1, 2001, Citibank issued approximately 40,000 individually billed travel charge cards to IRS employees. During Fiscal Year 2002, \$88.7 million was charged to Citibank travel charge card accounts.

In summary, we determined the travel card program has weaknesses that can be improved. For example, travel charge card coordinators may not be identifying employees who misuse individually billed travel charge cards or the centrally billed accounts.

While Citibank uses a method to block employees from using individually billed travel charge cards to make some purchases from unauthorized merchant types, employees

can still use the charge cards for many purchases that are not travel or government related. Also, while employees can use the centrally billed account to purchase only transportation through the government travel agency, travel charge card coordinators were not always able to determine if the expenses were for authorized and not personal travel.

In addition, travel charge card coordinators were not promptly notifying managers of employees who had not timely paid their travel charge card bills. Therefore, managers were not able to take corrective or punitive actions against employees to help promote employee payments and obtain higher Citibank rebates.

To help travel charge card coordinators identify misuse, we recommend the Chief, Agency-Wide Shared Services (AWSS) develop a methodology for electronically selecting individual charge card transactions to review for possible misuse, conduct operational reviews, ensure travel charge card coordinators have access to the Travel Reimbursement Accounting System (TRAS), and reemphasize the time frames for when travel charge card coordinators should notify managers of employees with delinquent accounts.

In addition, the Chief, AWSS should pursue obtaining electronic extracts from TRAS of centrally billed account purchases so that travel charge card coordinators can reconcile the centrally billed account Citibank invoices to managerial approvals. The Chief Financial Officer (CFO) should require managers to document approved use of the centrally billed accounts and forward the approvals to the travel charge card coordinators until they can be provided electronic extracts from the TRAS.

Management's Response: AWSS management agreed with our recommendations and has implemented, or plans to implement, corrective actions. Specifically, AWSS will begin performing operational reviews of each business units' credit card program, identify indicators of high-risk charge card transactions, and ensure all travel charge card coordinators have access to the TRAS. AWSS has provided coordinators and managers instructions on identifying and resolving inappropriate charge card use and guidance for handling delinquent accounts. In addition, AWSS will coordinate with the CFO to obtain electronic data extracts and will develop methodologies to identify potential cardholder misuse.

The CFO office agreed to negotiate with the National Treasury Employees Union (NTEU) to require bargaining unit employees to document the use of centrally billed accounts. In addition, the CFO office will issue a policy directing non-bargaining unit employees to document the use of centrally billed accounts. Management's complete response to the draft report is included as Appendix VI.

Copies of this report are also being sent to the IRS managers who are affected by the report recommendations. Please contact me at (202) 622-6510 if you have questions,

or Daniel R. Devlin, Assistant Inspector General for Audit (Headquarters Operations and Exempt Organizations Programs) at (202) 622-8500.

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The Travel Charge Card Program's Controls Could Be Enhanced

Background

The Internal Revenue Service (IRS) contracts with Citibank for Government travel charge cards using the General Services Administration (GSA) SmartPay contract.¹ As of October 1, 2001, Citibank issued approximately 40,000 individually billed travel charge cards to IRS employees. During Fiscal Year (FY) 2001, \$88.7 million was charged to Citibank travel charge card accounts. In addition, Citibank issued 13 centrally billed accounts directly to the IRS business units.

Individually billed travel charge cards are in the employee's name and must not be used by any other person. The IRS employee is personally liable for all charges made on the travel charge card.

Travelers without individually billed travel charge cards use centrally billed accounts, which are controlled by the business units, to make transportation reservations through a travel agent used by the IRS. To use the centrally billed accounts, employees should obtain managerial approval. Once approved, the employee should call the travel agency to make reservations. The employee's operating division or business unit pays the charges for the transportation.

The travel charge cards contain identifiers to obtain negotiated Government discounts for airfare. Therefore, when traveling for the Government, use of the individually or centrally billed accounts is mandatory, unless an exemption has been granted.

The accounts may only be used for authorized official travel and authorized travel related expenses. Official travel expenses include transportation, lodging, meals, and other major travel related expenses. The travel charge card may not be used for personal expenses at any time. The IRS sent all employees a brochure describing cardholder responsibilities.

¹ GSA awarded six contracts that provide Federal agencies a way to pay for commercial goods and services as well as travel and fleet related expenses. With GSA SmartPay, Federal agencies have a choice of contracting with the six service providers with contracts effective from November 30, 1998, through November 29, 2003, with five 1-year options to renew.

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The IRS identified specific Merchant Category Codes (MCC) for which the travel charge cards should not be used and provided this information to Citibank. MCCs are used to define all types of merchants. Citibank, using these MCCs, electronically codes the cards to reject attempted purchases from unapproved merchants. In addition, the IRS sets specific spending limits based on travel needs. While these measures can prevent many types of unauthorized charges, they will not prevent all of them. For example, they cannot prevent employees from incurring travel charges for personal use.

Upon receipt of the travel charge card, employees agree to pay their monthly bills by the statement due date. If employees fail to pay their bills timely, IRS management may take disciplinary action against employees with delinquent accounts. Also, Citibank will suspend or cancel the travel charge cards if employees do not pay their bills within established time limits. Eventually, Citibank may have a collection agency pursue the delinquency. (See Appendix V for a timetable of Citibank actions.)

At the end of every 3-month period, Citibank rebates to the IRS a portion of charges made by IRS employees. The amount of the rebate is directly impacted by the average time it takes IRS employees to pay their monthly bills, the number of delinquent accounts, and the number of cancelled or charged-off accounts.

Within the IRS, the Chief Financial Officer (CFO), the Agency-Wide Shared Services (AWSS) Customer Support, and the IRS business units share travel charge card program responsibilities.

- The CFO is responsible for travel charge card policies based upon Federal Travel Regulations and/or IRS regulations.
- The AWSS Customer Support is responsible for the administrative issues of the program, including processing new cardholder applications, account maintenance, procedural/information updates, and providing support to cardholders and business units. AWSS took control of the travel charge card program in October 2000, after the reorganization of the IRS, and

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was responsible for the migration of the program from a geographical organization to one organized by business units.

- The IRS business units provide travel charge card coordinators who are responsible for direct oversight of the travel charge cards, such as providing procedural information on the charge cards, reviewing the monthly Citibank reports for delinquencies and misuse, identifying systemic problems, assisting cardholders with resolving disputes/credits, and cascading travel charge card information to appropriate managers and employees.

During an integrity review of travel charge cards conducted in FY 2001, the Treasury Inspector General for Tax Administration's (TIGTA) Office of Investigations (OI) identified 158 charged-off accounts and referred them to special agents for further investigation. During the review, TIGTA OI identified concerns about the internal controls in the travel charge card program. In addition, in a letter to the TIGTA dated September 24, 2001, Senator Charles E. Grassley, Ranking Member of the Senate Committee on Finance, expressed concerns about the adequacy of "controls in place to ensure honest use of government (SmartPay) accounts and cards." In FY 2001, the IRS took disciplinary actions against five employees who used travel charge cards to purchase goods or services that were not travel or government related, according to data contained in its records.

This audit was performed in the CFO's National Headquarters, the AWSS office in Indianapolis, Indiana, and with selected travel coordinators in AWSS, Information Technology Services, and Small Business/Self-Employed business units from December 2001 to July 2002. The audit was conducted in accordance with *Government Auditing Standards*. Detailed information on our audit objective, scope, and methodology is presented in Appendix I. Major contributors to the report are listed in Appendix II.

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Travel Charge Card Coordinators May Not Detect Employee Misuse of Individually Billed Travel Charge Cards

Travel charge card coordinators may not be identifying employees who use their individually billed travel charge cards for unauthorized expenses. While Citibank uses MCCs to block purchases from unauthorized merchant types, employees can still use the charge cards for many purchases that are not travel or government related.

The AWSS provided travel charge card coordinators with an overview of the monthly Citibank reports, and issued memoranda to them concerning their responsibilities. Travel card coordinators were responsible for reviewing all travel charges for unauthorized expenses. However, AWSS had not identified an optimal ratio of travel charge card coordinators to transactions or developed a methodology to help travel charge card coordinators focus their reviews on high-risk transactions.

The number of transactions coordinators are required to review each month is not always feasible. During our review, we identified differing workloads among the travel charge card coordinators, most of who perform these duties in addition to their primary responsibilities. For example, one business unit assigned only one person to be responsible for reviewing the transactions report for 4,815 employees. Conversely, another business unit divided the report into several sub-sections and had several coordinators reviewing the transaction reports for 12,231 employees. An optimal ratio of travel charge card coordinators to transactions would allow coordinators to more easily identify purchases that were not travel or government related.

While the AWSS has encouraged business units to use more coordinators, they have no authority to mandate this. Business units need to take a more active roll in identifying travel charge card misuse.

In addition, travel charge card coordinators were required to review all transactions rather than focusing on selected, potentially suspicious transactions. A methodology to focus travel charge card coordinators' reviews for misuse would also prevent them from having to deal with large volumes of transactions. By focusing their reviews on high-risk transactions based on predetermined criteria, travel charge card coordinators would be more likely to identify purchases that were not travel or government related. The

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criteria might include, for example, transactions of employees who continually pay their bills late or high dollar transactions.

Also, most travel charge card coordinators that we interviewed did not have access to the Travel Reimbursement Accounting System (TRAS) to ensure charges were appropriate. Travel charge card coordinators could use the TRAS to determine if suspect transactions were incurred.

Recommendations:

The Chief, Agency-Wide Shared Services should:

1. Develop a methodology for electronically selecting individual charge card transactions for review to focus on potentially suspect transactions. The methodology should take into account high-risk factors such as employees' chronic delinquency, large dollar transactions, or any other risk factors identified by the AWSS.

Management's Response: AWSS will begin conducting operational reviews and identifying methodologies for determining which types of transactions require further reviews by the travel charge card coordinators.

2. Conduct operational reviews to identify an ideal ratio of travel charge card coordinators to the number of monthly transactions to help manage travel charge card coordinators' workloads and require business units to assign travel card coordination duties accordingly.

Management's Response: AWSS initiated action to identify the ideal ratio of travel card coordinators to the number of monthly transactions. This information was shared with the Business Units during the June 2002 Credit Card Coordinator Conference.

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3. Ensure travel charge card coordinators, who review individually billed transactions, are given appropriate access to the TRAS.

Management's Response: AWSS agreed to provide TRAS access to all travel charge card coordinators.

Travel Charge Card Coordinators May Not Detect Employee Misuse of Centrally Billed Accounts

Travel charge card coordinators may not be identifying employees who use the centrally billed accounts for unauthorized travel charges. While employees can only use the centrally billed accounts to purchase transportation through the government travel agency, travel charge card coordinators were not always able to determine if the expenses were for authorized or personal travel.

Although the IRS has a form that travel charge card coordinators can use to reconcile expenses, the form is not consistently used in the sites visited. The Travel Request and Approval form (Form 6858) was designed to be used by employees to request approval to use the centrally billed account. Employees should complete the form and forward it to the travel charge card coordinators. This would allow travel charge card coordinators to compare the forms they receive to the Citibank charges. Unfortunately, since the use of this form was not negotiated with the National Treasury Employees' Union and was not mandatory, travelers were not complying with this procedure. In fact, the travel charge card coordinator for one site we visited stated that, on average, only 20 percent of the travelers who used the centrally billed account sent them a completed Form 6858 in FY 2001.

Because travelers did not send Form 6858 to the travel charge card coordinators, the coordinators for this site could not reconcile the 5,474 transactions totaling approximately \$1.1 million charged to the centrally billed accounts during 4 months of FY 2001.

Travel charge card coordinators may be able to use TRAS information to identify centrally billed account charges that were for official travel. Since the TRAS contains information on authorized purchases made to the centrally billed accounts, it may be possible to obtain an extract of these charges. This extract, which would contain ticket information including cost, ticket number, and purchase

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date, could then be made available to the travel charge card coordinators allowing them to reconcile Citibank invoices by comparing information contained on the extract to information on the invoices. In addition, as previously mentioned, few travel charge card coordinators we interviewed had access to the TRAS to research individual transactions.

When misuse of travel charges on the centrally billed accounts is not detected, the IRS could incur additional expenses. The IRS needs to ensure there is a means for travel charge card coordinators to determine if management approved centrally billed account transactions. Until electronic extracts of TRAS information are available for reconciliation of invoices, managers could be required to initiate the preparation of Forms 6858 and forward them to travel charge card coordinators rather than requiring employees to complete the forms. Coordinators could then compare the form to actual transactions and perform TRAS research on any unconfirmed transaction to identify employee misuse. Once the electronic TRAS extracts are available, Form 6858 would no longer be needed to perform the reconciliation.

Recommendations:

The Chief, Agency-Wide Shared Services should:

4. Ensure travel charge card coordinators have the necessary tools to research unconfirmed transactions, including access to the TRAS.

Management's Response: AWSS provided guidance to both travel charge card coordinators and managers on how to identify and resolve inappropriate use of travel cards. AWSS will also provide travel charge card coordinators TRAS access.

5. Pursue obtaining electronic extracts from TRAS of centrally billed account purchases so that travel charge card coordinators can identify misuse in the centrally billed accounts.

Management's Response: AWSS will coordinate with the CFO to obtain electronic extracts from

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TRAS or other accounting systems to assist in the identification of misuse in the centrally billed account.

The Chief Financial Officer should:

6. Require managers to prepare Forms 6858 and forward them to the travel charge card coordinators until they can be provided electronic extracts from the TRAS of authorized purchases charged to the centrally billed accounts to reconcile Citibank invoices.

Management's Response: The CFO office will issue a policy directing non-bargaining unit employees to use Form 6858 when using the centrally billed account. In addition, the CFO will conduct negotiations with the National Treasury Employees Union (NTEU) to require the use of Form 6858 by the bargaining unit employees.

Travel Charge Card Coordinators Were Not Always Notifying Managers of Credit Card Delinquencies

Travel charge card coordinators were not timely notifying managers of employees who had not timely paid their travel charge card bills. Therefore, managers were not able to take timely corrective or punitive actions against employees to help promote prompt employee payments and obtain higher Citibank rebates.

According to the Citibank contract, Citibank considers a charge past due if it has not been paid by the statement due date. If the charge has not been paid within 96 days of the original billing date, Citibank automatically suspends the account and the employee will not be able to make additional charges until the bill is paid in full. If the charge has not been paid within 156 days of the original billing date (126 days from the statement closing date), Citibank cancels the card and, with very few exceptions, will not reissue the employee a card. For a complete timetable of Citibank actions, see Appendix V, Citibank Individual Government Travel Card Suspension/Cancellation Timetable.

The IRS penalty guide requires disciplinary actions ranging from admonishments to removal for "... failure to properly make payments on a government issued (travel) charge card." The severity of the disciplinary action depends on

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many factors, such as the frequency of the offense, the employee's ability to control the reasons for not timely paying the travel charge card bills, and financial hardship.

In a memorandum dated November 5, 2001, the AWSS issued to IRS management, for distribution to employees, guidance regarding failure to pay or misuse of travel charge cards. In addition, the AWSS developed guidelines stating when travel charge card coordinators should notify management of employees who have not timely paid their travel charge card bill. However, the guidelines were not clear and travel charge card coordinators did not follow them so that managers could timely initiate corrective and/or punitive actions. Each business unit sets its own time frames for notifying management.

In two of the three offices we visited, travel charge card coordinators did not start notifying management of employees' failure to timely pay their travel charge card bill until the employees' charges were on the pre-suspension list. In the other office, travel charge card coordinators did not start notifying management until charges were at least 90 days old.

When travel charge card coordinators do not consistently notify IRS management of employee delinquencies over 55 days, managers cannot equitably initiate disciplinary actions. At the end of FY 2001, IRS employees did not timely pay approximately \$3 million in charges, causing Citibank to suspend 73 employees' cards and permanently cancel 34 employees' cards.

Promoting employees' prompt payment would help the IRS receive additional Citibank rebates. Citibank calculates rebates based on the timing of employee payments.² The IRS received \$95,188 in rebates from Citibank during FY 2001. However, due to late payments, we estimated that these rebates were \$104,468 less than they would have been had employees paid timely.³

² An AWSS official stated they have requested Citibank provide a detailed explanation of the rebate computation.

³ We based our analysis on Citibank's computation of potential rebate earnings, had employees submitted their payments, on average, 25 days after the statement date.

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Recommendation:

The Chief, Agency-Wide Shared Services should:

7. Issue procedures clarifying the specific time frames for when travel charge card coordinators should notify managers of employees with delinquent accounts.

Management's Response: AWSS issued guidance clarifying a previous memo from the Director, Personnel Services defining delinquent accounts.

Detailed Objective, Scope, and Methodology

The overall objective was to determine if the Internal Revenue Service (IRS) has effective internal controls to monitor travel charge card usage and payment. To accomplish this we completed the following tests.

- I. Determined if the Chief Financial Officer established IRS travel charge card programs and policies to prevent misuse and delinquency and to maximize cost savings.
- II. Determined if the Agency-Wide Shared Services (AWSS) established controls and procedures to effectively administer the travel charge card program to prevent and detect travel charge card misuse and delinquency.
- III. Determined if the operating division and business unit travel charge card coordinators monitor accounts to identify and follow-up on instances of misuse and delinquency. We:
 - A. Identified and reviewed centrally billed accounts and the individual travel charge card coordinators' procedures/guidelines.
 - B. Reviewed copies of reviews/reports completed in the last fiscal year to ensure the reports were worked, misuse and delinquencies were identified, and follow-up was complete and appropriate.
 - C. Selected a judgmental sample of 300 centrally billed charges/transactions from the April, June, July, and September 2001 Citibank/AWSS reports and verified that the charges/transactions were approved by managers. The sample included transactions with high dollar amounts or those that looked like they may not have been for official travel.
 - D. Determined what actions were taken to review charges on the centrally billed accounts and tested a sample of charges to ensure they were properly approved and appropriate.
- IV. Contacted Citibank to determine how Citibank rebates/refunds are received, accounted for, and allocated.

Major Contributors to This Report

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Outcome Measures

This appendix presents detailed information on the measurable impact that our recommended corrective actions will have on tax administration. These benefits will be incorporated into our Semiannual Report to the Congress.

Type and Value of Outcome Measure:

- Funds Put to Better Use –
 - Actual; \$104,468 in rebates were not earned from the individually billed accounts. These funds could have been used for additional travel or other activities. (see page 9)

Methodology Used to Measure the Reported Benefit:

Citibank projected the rebates that the IRS could have received if the individual employees accounts had been paid timely.

Citibank used the Fiscal Year (FY) 01 charges made against the individual employee accounts and projected the productivity rebates based on payment turn days. The projections showed a substantial amount of money that could be earned if the accounts were paid more timely. Citibank projected that the IRS could have received \$199,656 in rebates from the individual billed accounts. Since the individual employee accounts were not paid timely, the IRS received only \$95,188.

Type and Value of Outcome Measure:

- Protection of Resources –
 - Actual; 5,474 transactions totaling approximately \$1.1 million for one business unit could not be reconciled to an approved travel document. (see page 6)

Methodology Used to Measure the Reported Benefit:

A travel charge card coordinator at one site reported that only a percentage of the travelers who charged transportation expenses to the centrally billed account in FY 2001 sent them a completed Form 6858.

The travel charge card coordinator at this site maintained spreadsheets comprised of the travel charges made to the centrally billed account and the Forms 6858 received. The coordinator matched the received Form 6858 to the charges shown on the centrally billed account and created a spreadsheet showing the charges reconciled to Form 6858 and also a spreadsheet of charges without Form 6858 authorizing travel. The travel charge card

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coordinator reported receiving the Form 6858 for only 20 percent of charges made to the centrally billed account.

During 4 months of 2001, 7,465 transactions totaling \$1,410,129 were incurred by IRS employees. The travel charge card coordinator reported receiving only 1,991 of the required 7,465 Form 6858, accounting for only \$329,086 of the \$1,410,129 charged.

Citibank Individual Government Travel Card Suspension/Cancellation Timetable

Following is the timetable for suspension/cancellation of accounts that are not paid within 30 days from the closing date of the statement:

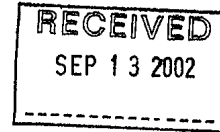
- Day 45 – Citibank considers account past due; Citibank issues notification of past due balance to the cardholder.
- Day 55 – Citibank adds cardholder to a “pre-suspension” report; Citibank issues notification to the cardholder warning cardholder of account suspension if payment is not received within 10 calendar days.
- Day 66 – Citibank suspends account; Citibank issues notification to cardholders advising them their account is suspended.
- Day 120 – Citibank issues notification to cardholder warning cardholder of account cancellation and assesses a 2.5 percent late fee on the unpaid balance.
- Day 126 – Account is cancelled.*

*Account information may be reported to credit reporting agencies if the account is cancelled. Citibank may use a collection agency to collect against a cancelled account. Court costs and reasonable attorney’s fees may be added to the account if Citibank refers all or part of the account to an outside agency for collection.

Management's Response to the Draft Report



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224



September 13, 2002

MEMORANDUM FOR PAMELA J. GARDINER
DEPUTY INSPECTOR GENERAL FOR AUDIT

FROM: Gregory D. Rothwell *Greg Rothwell for*
Deputy Chief, Agency-Wide Shared Service

SUBJECT: Draft TIGTA Audit Report #2002-10-008, "The Travel Charge Card Program's Controls Could Be Enhanced", dated August 9, 2002

I have reviewed your report and agree with the recommendations. The Chief Financial Office provided input to recommendations affecting them.

While the report notes areas for enhancement, out of 300 cases your staff reviewed, they found no instance of misuse by cardholders. We effectively managed the program by strongly emphasizing the proper use of credit cards and the effective implementation of controls and procedures by Agency-Wide Shared Services (AWSS).

AWSS assumed responsibility for the Credit Card Program in January 2001. As our first task, we migrated over 40,000 cardholders to the newly modernized business unit organizational structure. This effort included certifying that cardholders were located in their correct business unit. During this time, we implemented many program control and oversight initiatives to mitigate travel card program risks. Over the past 18 months, we have:

- Developed a process preventing cancelled cardholders from obtaining a new travel card
- Established uniform and consistent practices from initial application through credit card cancellation
- Implemented an automated method to cancel travel cards of separated employees
- Eliminated all duplicate travel card accounts
- Reduced spending limits (from \$25,000 to \$7,500) for all travel cardholders and developed criteria/procedures for requesting a higher limit on an exception basis for individual cardholders
- Established criteria/ procedures to access the ATM credit card feature (implemented for NBU employees at this time) and reviewed all current ATM user records for compliance with the criteria

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- Required completion of a travel card tutorial and certification that applicants understand their responsibilities (Refresher training is available.)
- Created heightened program awareness by issuing instructions on accessing CitiDirect and a travel card pocket guide that outlines procedures and emergency phone numbers
- Established maintenance programs and practices to review delinquent accounts

If you have any questions, please call me at (202) 622-7500 or Janis Landis, Director, Customer Support at (212) 298-2352. For questions on audit follow-up and liaison please call Greg Rehak at (202) 622-3702.

Attachment

ATTACHMENT

RECOMMENDATION 1: AWSS should develop a methodology for electronically selecting individual charge card transactions for review to focus on potentially suspect transactions. The methodology should take into account high-risk factors such as employees' chronic delinquency, large dollar transactions, or any other risk factors identified by the AWSS.

CORRECTIVE ACTION: Developing methodologies and working issues in this recommendation are part of corrective actions associated with Recommendation 2, corrective action 2. To identify high-risk accounts, we give business units a list of cardholders who have had multiple account suspensions and cardholders who have made payments with Non-Sufficient Funds (NSF) checks. During FY 2002, AWSS trained Credit Card Coordinators on Citibank reports and conducted a seminar for Coordinators on Coordinator responsibilities.

PROPOSED COMPLETION DATE: June 30, 2003

RESPONSIBLE OFFICIAL: Director, Customer Support, AWSS

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RECOMMENDATION 2: AWSS should conduct operational reviews to identify an ideal ratio of travel card coordinators to the number of monthly transactions, to help manage travel charge card coordinators' workloads; and require business units to assign travel card coordination duties accordingly.

CORRECTIVE ACTION (1): We initiated action to identify the ideal ratio, and shared them with the Business Units during the June 2002 Credit Card coordinators Conference. AWSS can only recommend to business units how to assign travel coordinator duties. Each Business Unit completed a travel cardholder certification project in June 2002. This process required coordinators to certify that cardholders were listed correctly under their employee hierarchy and had a valid business need for a credit card.

COMPLETED: June 27, 2002

CORRECTIVE ACTION (2): In November 2002, AWSS will begin annual Operational Reviews of each Business Unit's Credit Card Program. During these reviews, we will identify methodologies for determining which types of transactions require further review by the business units. Large dollar transactions may or may not be a selection criteria, based on our review findings.

PROPOSED COMPLETION DATE: June 30, 2003

RESPONSIBLE OFFICIAL: Director, Customer Support, AWSS

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RECOMMENDATION 3: AWSS should ensure travel card coordinators who review individually billed transactions are given appropriate access to the TRAS.

CORRECTIVE ACTION: Over 150 coordinators will have their access verified/revalidated by office and group Code. We will give TRAS access to coordinators who currently do not have access so they can identify cardholders who may have inappropriately used their travel card.

PROPOSED COMPLETION DATE: October 31, 2002

RESPONSIBLE OFFICIAL: Director, Customer Support, AWSS

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RECOMMENDATION 4: AWSS should ensure travel charge card coordinators have the necessary tools to research unconfirmed transactions, including access to the TRAS.

CORRECTIVE ACTION: AWSS continually encourages Credit Card Coordinators to review transactions for misuse and delinquency. In June 2002 coordinators were provided guidelines on inappropriate usage of both travel and purchase cards. Extensive program guidance to managers was provided on August 20, 2002 that included specific instructions on identifying and resolving inappropriate use of cards and how inappropriate use documentation is to be prepared and maintained. A one-page matrix was provided outlining authorized and unauthorized uses of the travel card. Guidance on failure to make payments was included along with roles and responsibilities of managers and travel card coordinators. See Recommendation 3 regarding TRAS access.

COMPLETED: August 20, 2002

RESPONSIBLE OFFICIAL: Director, Customer Support, AWSS

The Travel Charge Card Program's Controls Could Be Enhanced

RECOMMENDATION 5: AWSS should pursue obtaining electronic extracts from TRAS of centrally billed account purchases so that travel charge card coordinators can identify misuse in centrally billed accounts.

Corrective Action: AWSS will coordinate with the CFO to obtain electronic extracts from TRAS or other accounting systems to assist in the identification of misuse in the centrally billed account.

PROPOSED COMPLETION Date: November 30, 2002

RESPONSIBLE OFFICIAL: Director, Customer Support, AWSS

The Travel Charge Card Program's Controls Could Be Enhanced

RECOMMENDATION 6: CFO require managers to prepare Form 6858 and forward them to the travel charge card coordinators until they can be provided electronic extracts from the TRAS of authorized purchases charged to the centrally billed accounts to reconcile Citibank invoices.

CORRECTIVE ACTION (1): Using Form 6858 on a service-wide basis requires negotiation with NTEU. We will issue a policy effective October 1, 2002 that directs non-bargaining unit employees to use Form 6858 when using centrally billed accounts. Approving officials will enforce this policy change.

PROPOSED COMPLETION DATE: October 1, 2002

CORRECTIVE ACTION (2): We have initiated actions to negotiate use of Form 6858 for bargaining unit employees with NTEU. We expect to implement Form 6858 for bargaining unit employees by October 1, 2003. In the interim, we will ask managers to encourage their bargaining unit employees to use Form 6858, although we will not require them to use it.

PROPOSED COMPLETION DATE: October 1, 2003

RESPONSIBLE OFFICIAL: Director, Administrative Accounting, CFO

The Travel Charge Card Program's Controls Could Be Enhanced

RECOMMENDATION 7: AWSS should issue procedures clarifying the specific time frames for when travel charge card coordinators should notify managers of employees with delinquent accounts.

CORRECTIVE ACTION: On November 5, 2001, the Director, Personnel Services issued a memorandum to IRS Managers on "Delinquent Government Travel Card Accounts." The memorandum included a directive that "Travel Card Coordinators will forward the information to managers when the account is delinquent for two statements." On August 20, 2002, we issued additional guidance stating an "account is considered delinquent, for purposes of referral to the manager, when a charge is unpaid for 60 days or more from the date it first appeared on a statement (i.e., from the invoice date of the original statement)". This memorandum was sent to all the Business Units.

COMPLETED: August 20, 2002

RESPONSIBLE OFFICIAL: Director, Customer Support, AWSS