

**REVIEW OF FEDERAL SUPPLY SERVICE
TRAVEL CARD PROGRAM
PACIFIC RIM REGION
REPORT NUMBER A060164/F/9/V06006
JUNE 30, 2006**

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Date: June 30, 2006

Reply to
Attn of: Audit Manager, San Francisco Field Audit Office (JA-9)

Subject: Review of Federal Supply Service Travel Card Program
Pacific Rim Region
Report Number A060164/F/9/V06006

To: Peter G. Stamison
Regional Administrator (9A)

This report presents the Office of Inspector General's limited review on the adequacy of management controls of the travel card program for the Federal Supply Service (FSS) in the Pacific Rim Region (Region 9). The review was included in the Office of Inspector General's fiscal year 2006 annual audit plan.

Background

The Travel and Transportation Reform Act of 1998 (Public Law 105-264) mandates federal government cardholders to use the travel charge card (travel card) for official government travel expenses. The travel card was offered under the General Services Administration's (GSA) SmartPay program, with the most recent contracts awarded in 1998. The intent of the travel card program was to improve convenience for the government traveler and to reduce administrative costs. Effective May 1, 2000, GSA associates are required to use the card for official reimbursable travel expenses. In addition, use of the card for personal expenses is not permitted.

There are two types of billable accounts available under the travel card program – centrally billed and individually billed. Centrally billed accounts are paid directly by the government to the travel card company for official travel expenses. An example of a centrally billed account would include airline ticket expense. On the other hand, individually billed accounts, which we address in this report, are those in which travel cards have been issued to associates. Associates are responsible for making payments for all official travel expenses incurred.

In fiscal year 2006, FSS in Region 9 budgeted travel in the amount of \$1.3 million. The total number of Region 9 associates with travel card accounts was 269 during fiscal year 2006.

Objective, Scope and Methodology

The objective of the limited review was to assess the adequacy of FSS' management controls over the travel card program. Specifically, we focused on three program areas: (1) delinquent payments; (2) personal expenses charged to the travel card; and (3) associates' use of the travel card for required expenses such as hotel and car rental charges.

To accomplish the objective, we held discussions with GSA officials in Region 9 and GSA Headquarters. We selected and reviewed a sample of associates' travel authorizations and vouchers issued from January 2006 to April 2006 and compared them to summary reports of the travel card company. We reviewed the charges against the travel card to determine if the card was used for personal expenses. In the area of delinquent payments and personal expenses, our review included travel charges incurred in fiscal year 2005.

The audit was performed from April 2006 to June 2006. In view of the observations we made during the survey phase of this review, it was not necessary to perform additional fieldwork that would have involved detailed substantive test work. The audit was conducted in accordance with generally accepted government auditing standards.

Results of Audit

Our limited review of FSS travel card program in Region 9 determined that adequate controls were in place for delinquent payments, unauthorized expenses, and mandated travel charges. In general, we noted no delinquent payments of more than 30 days because FSS provided adequate oversight to ensure that prompt payments were made for individually billed accounts. Additionally, we noted no instances of FSS associates using the travel cards for personal expenses. We found that FSS followed-up in a timely manner on four fiscal year 2005 travel charges initially deemed as possible personal expenses. After review, FSS cleared these questionable charges. Finally, we determined that FSS associates were using the travel card for required hotel and rental car expenses. Therefore, the government is benefiting from associates' use of the travel card by earning the discounts offered by the travel card company.

Other Matters to be Reported

We noticed several vouchers that claimed domestic and/or international telephone charges in excess of \$800. Either prepaid telephone cards or hotel statements supported these charges, which ranged from \$10 to \$244. However, there was no statement showing the origin, destination, date, amount, and official purpose of these calls. According to GSA travel regulations (PFM P 4290.1) the Federal Technology Service telephone cards should be used for official long distance calls, if feasible. In addition, approving officials are required to review all long distance phone calls made outside the continental United States and to ensure that receipts for phone expenses in excess of \$75 are maintained in support of the charge on the travel voucher.

Conclusion

Based on our limited review of FSS travel card program in the Pacific Rim Region, we found that management controls over delinquent payments, unallowable personal charges, and mandated travel expenses appear to be adequate. Although we did note one area of concern that management should evaluate, no recommendations are deemed necessary at this time.

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