



Office of Audits
Office of Inspector General
U.S. General Services Administration

Audit of GSA's Fiscal Year 2017 Travel Card Program

Report Number A180031/O/R/F18005
September 25, 2018

Executive Summary

Audit of GSA's Fiscal Year 2017 Travel Card Program

Report Number A180031/O/R/F18005

September 25, 2018

Why We Performed This Audit

Office of Management and Budget Memorandum M-13-21, *Implementation of the Government Charge Card Abuse Prevention Act of 2012*, requires audits for travel card programs with \$10 million dollars in prior year travel spending. GSA's travel card spending for Fiscal Year 2017 exceeded \$10 million dollars for the first time since 2012. The objectives of our audit were to determine whether: (1) GSA's travel card program has controls in place to ensure travel cardholders complied with GSA's travel card policies; and (2) GSA travel card transactions processed in Fiscal Year 2017 were properly and fully supported, reported, and approved.

What We Found

We found that GSA's Travel Policy and Charge Card Program Office personnel, housed within the Office of Administrative Services (OAS), are not ensuring that supervisors for GSA's travel cardholders receive questionable charges reports in a timely manner. This severely limits supervisors' and OAS' ability to detect and address travel card misuse and abuse. Further, we found that OAS regional coordinators continue to not follow up on questionable charges when they do not receive a response from a cardholder's supervisor.

What We Recommend

We recommend that the Chief Administrative Services Officer do the following:

1. Specify a timeframe for distributing the Travel Card Policy Office's travel card questionable charges report to the OAS regional coordinators.
2. Implement a process to ensure that OAS regional coordinators follow up on questionable charges. The process should include provisions to:
 - a. Monitor resolution of the questionable charges in accordance with the required timeframe;
 - b. Ensure that regional coordinators receive and review the validity of responses from cardholders' supervisors to the questionable charges reports; and
 - c. Require and enforce the restriction of travel card use when cardholder supervisors are unresponsive to the travel card questionable charges reports.

The Chief Administrative Services Officer agreed with our findings and recommendations. See GSA's full written response in its entirety at **Appendix B**.

Table of Contents

| | |
|--|------------|
| Introduction | 1 |
| Results | |
| <i>Finding 1 – The Travel Card Policy Office did not ensure that supervisors for GSA’s travel cardholders received questionable charges reports in a timely manner, increasing the risk that travel card misuse and abuse would not be identified.....</i> | <i>3</i> |
| <i>Finding 2 – OAS regional coordinators did not follow up on all questionable travel card transactions, limiting OAS’ ability to detect and prevent travel card misuse and abuse.....</i> | <i>5</i> |
| Conclusion..... | 6 |
| <i>Recommendations</i> | <i>6</i> |
| <i>GSA Comments.....</i> | <i>6</i> |
| Appendixes | |
| Appendix A – Scope and Methodology | A-1 |
| Appendix B – GSA Comments | B-1 |
| Appendix C – Report Distribution | C-1 |

Introduction

We performed an audit of GSA's Fiscal Year (FY) 2017 travel card program. We evaluated the Office of Administrative Services' (OAS') implementation of travel card policies and procedures, and analyzed GSA's FY 2017 travel card transactions.

Purpose

Office of Management and Budget Memorandum M-13-21, *Implementation of the Government Charge Card Abuse Prevention Act of 2012*, requires audits for travel card programs with \$10 million dollars in prior year travel spending. GSA's travel card spending for FY 2017 exceeded \$10 million dollars for the first time since 2012.

Objectives

The objectives of our audit were to determine whether: (1) GSA's travel card program has controls in place to ensure travel cardholders complied with GSA's travel card policies; and (2) GSA travel card transactions processed in FY 2017 were properly and fully supported, reported, and approved.

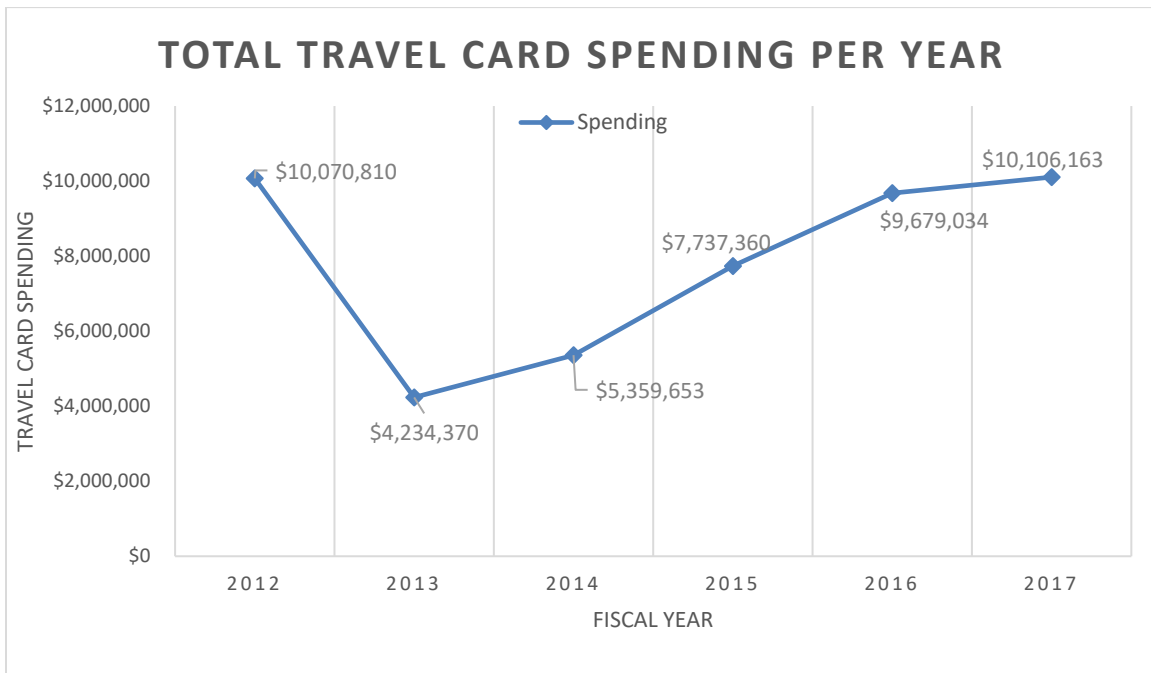
See **Appendix A** – Scope and Methodology for additional details.

Background

GSA's Travel Policy and Charge Card Program Office (Travel Card Policy Office), housed within its OAS, has oversight responsibility for the Agency's travel card program. The primary policies guiding the travel card program are OAS Order 5740.1, *Government Travel Charge Card Program Policy*, and the *Charge Card Management Plan for General Services Administration Purchase and Travel Card Programs* (Charge Card Management Plan).

As shown in *Figure 1*, FY 2017 travel card spending was \$10.1 million, a \$400,000 increase from FY 2016 spending.

Figure 1 – Travel Card Spending from FY 2012 to FY 2017



The October 5, 2012, Government Charge Card Abuse Prevention Act of 2012 (Pub. L. 112-194), requires Inspectors General to conduct annual charge card risk assessments and use the assessments to determine the necessary scope, frequency, and number of audits or reviews of agency charge card programs.

Personnel within the Travel Card Policy Office are responsible for developing travel card policy for GSA employees and other authorized individuals traveling on official government business for GSA. Their duties include providing oversight and guidance to employees, OAS regional coordinators, and cardholders' supervisors. They also analyze travel card transactions and provide monthly questionable charges reports to OAS regional coordinators for review and action. The Travel Card Policy Office accomplishes this task by using Citibank's Expert Monitoring System (EMS) to search travel card transactions for charges that it deems questionable (e.g., purchases containing the words casino, party, QVC) and generating a monthly report which it provides to OAS regional coordinators. OAS regional coordinators are responsible for providing the questionable charges report to cardholders' supervisors and monitoring the supervisors' resolution. Supervisors are then responsible for responding to questionable charges reports and taking any necessary disciplinary action for their cardholders, as required by GSA policy.

Results

In reviewing GSA's FY 2017 travel card transactions, we found that Travel Card Policy Office personnel are not ensuring that supervisors for GSA's travel cardholders receive questionable charges reports in a timely manner. For example, one cardholder inappropriately used her travel card 58 times from May to September 2017. Because the cardholder's supervisor did not receive the questionable charges reports in a timely manner, the cardholder was able to continue to make inappropriate charges undetected. Additionally, OAS regional coordinators failed to follow up on questionable charges when they did not receive a response from a cardholder's supervisor, despite our observation of this same issue in our previous *Audit of GSA's Fiscal Year 2016 Travel Card Program*.¹

Finding 1 – The Travel Card Policy Office did not ensure that supervisors for GSA's travel cardholders received questionable charges reports in a timely manner, increasing the risk that travel card misuse and abuse would not be identified.

We found the Travel Card Policy Office does not ensure that supervisors for GSA's travel cardholders receive questionable charges reports in a timely manner. Travel Card Policy Office personnel are responsible for preparing and finalizing the questionable charges reports and sending the reports to OAS regional coordinators. Within 30 days receipt of each report, the OAS regional coordinators are responsible for monitoring the resolution of the questionable charges. This includes obtaining explanations from cardholders' supervisors for the charges in question and maintaining supporting documentation for 3 years.

We also found that Travel Card Policy Office personnel and OAS regional coordinators do not ensure the distribution of questionable charges reports to cardholders' supervisors in a timeframe that makes the information relevant and useful for detecting and preventing travel card misuse and abuse. Further, the Charge Card Management Plan does not identify a required timeframe for Travel Card Policy Office personnel to provide OAS regional coordinators with each month's questionable charges report. In one example, a supervisor did not receive his June 2017 questionable charges report until December 2017, 6 months from the questionable charge itself. *Figure 2* shows the length of time it took for two regional coordinators to provide cardholders' supervisors their May to September 2017 questionable charges reports.

¹ *Audit of GSA's Fiscal Year 2016 Travel Card Program* (Report Number A170019-1, September 19, 2017).

Figure 2 – Distribution of Questionable Charges Reports to Supervisors

| Monthly Questionable Charges Report | Regional Coordinator A | Regional Coordinator B |
|-------------------------------------|--|--|
| | Number of Days from End of Billing Cycle to Supervisor Receipt | Number of Days from End of Billing Cycle to Supervisor Receipt |
| May 2017 | 112 | 161 |
| June 2017 | Not Sent | 177 |
| July 2017 | 70 | 135 |
| August 2017 | 110 | 116 |
| September 2017 | 107 | 94 |

As seen in *Figure 2* above, the Travel Card Policy Office is not ensuring that supervisors receive questionable charges reports in a timely manner. One OAS regional coordinator never distributed the June 2017 questionable charges report, stating her workload prevented her from doing so. These delays and failures to distribute the questionable charges reports impede the supervisory review process, thereby increasing risk to the travel card program.

For example, between May and September 2017, one cardholder made 58 improper purchases and cash advances on her travel card before her supervisor detected the questionable charges. This occurred because the supervisor did not receive the May questionable charges report from the OAS regional coordinator until September 2017. Upon receiving the report, the supervisor immediately began to investigate the charges; however, if the OAS regional coordinator had notified the supervisor sooner, the supervisor could have taken action to minimize the number of improper transactions.

This particular situation was exacerbated when an OAS regional coordinator gave edit access for the questionable charges report to this same cardholder and her supervisor. Subsequently, the cardholder acted as her supervisor by editing the report and claiming that her travel card was “lost/stolen.” We found no evidence that the card was lost or stolen. The Charge Card Management Plan states that the questionable charges report should only be sent to a cardholder’s supervisor.

Ultimately, the employee resigned just prior to GSA terminating her for the travel card misuse. If Travel Card Policy Office personnel had measures in place to ensure the cardholder’s supervisor received the questionable charges report sooner and edit access was not given to the cardholder, the travel card misuse could have been detected and prevented earlier. The absence of such measures renders the questionable charges report control ineffective at detecting and preventing misuse and makes it difficult for management to take timely corrective actions.

Finding 2 – OAS regional coordinators did not follow up on all questionable travel card transactions, limiting OAS’ ability to detect and prevent travel card misuse and abuse.

Travel Card Policy Office personnel flagged 281 questionable transactions in FY 2017. Cardholders’ supervisors did not respond to 91 (32 percent) of these questionable charges. Travel Card Policy Office management notified us that they seldom follow up on travel card questionable charges because the liability for the charges rests with the cardholders. However, the Charge Card Management Plan requires that Travel Card Policy Office personnel provide a monthly questionable charges report to cardholders’ supervisors. It further requires cardholders’ supervisors to follow up on all unauthorized charges and take any necessary disciplinary action as required by GSA policy. OAS regional coordinators are required to monitor the resolution of the charges within 30 days of receiving the questionable charges report.

We previously reported on cardholders’ supervisors not responding to questionable charges in our *Audit of GSA’s Fiscal Year 2016 Travel Card Program*. We made no recommendation in last year’s audit because OAS management informed us of a restructuring that it expected to provide greater oversight over the OAS regional coordinators. However, with 32 percent of FY 2017 questionable charges unresolved, this issue requires further consideration. While GSA is not financially liable for travel card transactions, these monitoring control failures increase the possibility of unauthorized and undetected use of GSA-affiliated credit as well as damage to GSA’s reputation.

OAS should establish and implement control processes to ensure that OAS regional coordinators follow up on all questionable travel card transactions, including those where the supervisor does not respond. The control processes should allow the Travel Card Policy Office personnel to monitor the resolution of the questionable charges in accordance with the required timeframe and ensure that regional coordinators receive and review the validity of responses from cardholders’ supervisors to the questionable charges reports. Additionally, the control processes should specify the steps that Travel Card Policy Office personnel should take when cardholder supervisors are unresponsive to the travel card questionable charges reports. These steps could include restricting cardholder accounts absent receipt of satisfactory explanations for questionable charges from cardholder supervisors. Without these control processes in place, GSA’s primary control against illegal, improper, and erroneous charges becomes ineffective.

Conclusion

We identified deficiencies that increase the risk of illegal, improper, and erroneous charges within GSA's travel card program. The Travel Card Policy Office does not ensure that supervisors for GSA's travel cardholders receive questionable charges reports in a timely manner. Additionally, OAS regional coordinators failed to follow up on questionable charges when they did not receive a response from a cardholder's supervisor. We observed the same issue in our prior year travel card audit. While GSA is not financially liable for travel card transactions, these monitoring control failures create risk for the travel card program and to GSA's reputation (e.g., critical media attention). These control failures also increase the possibility of a cardholder using GSA-affiliated credit contrary to GSA policy and going undetected.

OAS management should take measures to improve the timeliness of issuing questionable charges reports, ensure OAS regional coordinators monitor all questionable charges, and restrict the use of travel cards for accounts with unresolved questionable charges.

Recommendations

We recommend that the Chief Administrative Services Officer do the following:

1. Specify a timeframe for distributing the Travel Card Policy Office's travel card questionable charges report to the OAS regional coordinators.
2. Implement a process to ensure that OAS regional coordinators follow up on questionable charges. The process should include provisions to:
 - a. Monitor resolution of the questionable charges in accordance with the required timeframe;
 - b. Ensure that regional coordinators receive and review the validity of responses from cardholders' supervisors to the questionable charges reports; and
 - c. Require and enforce the restriction of travel card use when cardholder supervisors are unresponsive to the travel card questionable charges reports.

GSA Comments

The Chief Administrative Services Officer agreed with our findings and recommendations. See GSA's full written response in its entirety at **Appendix B**.

Audit Team

This audit was managed by the Real Property and Finance Audit Office and conducted by the individuals listed below:

| | |
|---------------------|---|
| Marisa A. Roinestad | Associate Deputy Assistant Inspector General for Auditing |
| Cairo Carr | Audit Manager |
| John Brandon | Auditor-In-Charge |
| Benjamin R. Diamond | Auditor |

Appendix A – Scope and Methodology

We examined travel card transactions processed and approved by GSA travel cardholders, cardholders' supervisors, and OAS regional coordinators during FY 2017.

To accomplish our objectives, we:

- Examined relevant criteria, including public laws; executive orders; Office of Management and Budget Memorandum M-13-21, *Implementation of the Government Charge Card Abuse Prevention Act of 2012*; and GSA directives, travel card policies, and procedures;
- Reviewed prior audit reports related to the travel card program issued by the GSA Office of Inspector General;
- Performed a trend analysis of cardholder and regional spending using all FY 2017 travel card transactions;
- Tested travel card transactions to determine the validity of purchases made, to confirm the completeness of documentation maintained in the travel system, and to determine compliance with GSA travel card policies;
- Reviewed questionable travel card transactions to determine whether there was adequate resolution through the review process;
- Analyzed queries in Citibank's EMS tool to determine whether EMS is appropriately flagging questionable charges;
- Reviewed a list of separated employees to determine if their travel card accounts were closed in accordance with travel card policy;
- Selected a random sample of 35 and a judgmental sample of 10 travel card transactions for the five individuals with the highest total dollar amount of travel transactions to determine whether the GSA travel card was used for official travel in accordance with travel card policy;
- Selected a random sample of 25 and a judgmental sample of 15 travel card cash advances for the five individuals with the highest dollar amount of cash advances to determine whether the GSA travel card was used for official travel in accordance with travel card policy; and
- Analyzed 16 questionable travel card cash advance transactions that had no supervisor response or further OAS follow-up.

We conducted the audit between November 2017 and June 2018 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Internal Controls

Our assessment of internal controls was limited to those necessary to address the objectives of the audit.

Appendix B – GSA Comments



Office of Administrative Services

September 18, 2018

MEMORANDUM TO MARISA A. ROINESTAD
ASSOCIATE DEPUTY ASSISTANT INSPECTOR GENERAL
FOR AUDITING
REAL PROPERTY AND FINANCE AUDIT OFFICE (JA-R)

FROM: BOB STAFFORD 
CHIEF ADMINISTRATIVE SERVICES OFFICER
OFFICE OF ADMINISTRATIVE SERVICES (H)

SUBJECT: GSA's Fiscal Year 2017 Travel Card Program (A180031)

Thank you for the opportunity to comment on the Office of Inspector General's (OIG) audit of GSA's fiscal year (FY) 2017 Travel Card program. We appreciate the work of your team on this evaluation and agree with the findings and recommendations.

As a result of the observations made by OIG of the fiscal year 2016 Risk Assessment of GSA's Charge Card Program (A170042), the Office of Administrative Services (OAS) has already taken action to improve oversight and accountability in the travel card program. During this past year, OAS established a travel card team with two charge card coordinators and a team lead. The coordinators run normal daily operations for their designated regions, while the team lead monitors, tracks, and follows-up on resolution of questionable monthly charges. Controls now in place limit the charge card coordinators to 20 business days to follow-up with the cardholders' supervisors, obtain justification for the charges, and, if there is no response from the supervisor, suspend the travel card accounts of cardholders until a resolution is achieved.

OAS will continue to build on the improved oversight framework we have. In addition, we are developing a corrective action plan to address the two remaining audit recommendations.

Again, thank you for the opportunity to comment on this report. Should you have any questions, please contact Nancy Hexmoor, Director of the Charge Card Services Division, at 202-501-3858.

1800 F Street, NW
Washington, DC 20405-0002
www.gsa.gov

Appendix C – Report Distribution

Administrator (A)

Chief Administrative Services Officer (H)

Audit Management Division (H1EB)

Assistant Inspector General for Auditing (JA)

Director, Audit Planning, Policy, and Operations Staff (JAO)