



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

Audit of GSA's Fiscal Year 2023 Travel Card Program

Report Number A240031/H/5/F24005
September 24, 2024

Executive Summary

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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 periodic risk assessments of agency travel card programs to analyze the risks of illegal, improper, or erroneous purchases. The Government Charge Card Abuse Prevention Act of 2012 (Pub. L. 112-194) requires a full audit of travel card programs when the total transactions exceed \$10 million. GSA’s Fiscal Year (FY) 2023 travel card program had a total of \$10.3 million in travel card transactions.

The objectives of our audit were to determine if, in FY 2023: (1) GSA’s travel card program had controls in place to ensure compliance with GSA, Office of Management and Budget, and federal guidelines; and (2) GSA travel card transactions were properly and fully supported, reported, and approved.

What We Found

During our audit, we found issues with GSA’s FY 2023 travel card program. Specifically, we found that:

- GSA employees used their travel cards to pay for personal rideshare app charges and to pay for state taxes when they were tax-exempt;
- Most FY 2023 travel card charges were not screened for misuse or fraud;
- The GSA Office of Administrative Services’ (OAS’s) resolution process for questionable charges did not ensure that cardholder misuse or fraud was addressed and resolved; and
- OAS did not ensure the questionable charges report contained complete information on how questionable charges were resolved.

What We Recommend

We recommend that the GSA Chief Administrative Services Officer:

1. Work with GSA’s Federal Acquisition Service program officials to implement messaging to travel cardholders on the proper use of government rideshare contracts.
2. Continue training related to use of the government travel card in rideshare applications.

3. Continue to remind travelers in training and in the Concur travel system to not pay sales or occupancy taxes in tax-exempt states.
4. Create the questionable charges report according to the requirements of GSA's Charge Card Management Plan to ensure that all charges are screened and that questionable charges are identified and investigated.
5. Update the questionable charges report to ensure the results are complete. These updates should include a higher level of detail to ensure timely resolution and response, and capture employee name changes or separations from the Agency.

The GSA Chief Administrative Services Officer agreed with our findings and recommendations. GSA's full response can be found in **Appendix B**.

Table of Contents

Introduction	1
Results	
<i>Finding 1 – GSA employees used their travel cards to pay for personal rideshare app charges and to pay for state taxes when they were tax-exempt.</i>	<i>3</i>
<i>Finding 2 – Most FY 2023 travel card charges were not screened for misuse or fraud.....</i>	<i>4</i>
<i>Finding 3 – OAS’s resolution process for questionable charges did not ensure that cardholder misuse or fraud was addressed and resolved.</i>	<i>6</i>
<i>Finding 4 – OAS did not ensure the questionable charges report contained complete information on how questionable charges were resolved.</i>	<i>7</i>
Conclusion.....	9
<i>Recommendations</i>	<i>9</i>
<i>GSA Comments.....</i>	<i>9</i>
Appendixes	
Appendix A – Objectives, 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) 2023 travel card program. We evaluated the GSA Office of Administrative Services' (OAS's) policies, procedures, and internal controls related to the GSA travel card program and analyzed GSA's FY 2023 travel card transactions.

Purpose

Office of Management and Budget (OMB) Memorandum M-13-21, *Implementation of the Government Charge Card Abuse Prevention Act of 2012*, requires periodic risk assessments of agency travel card programs to analyze the risks of illegal, improper, or erroneous purchases. The Government Charge Card Abuse Prevention Act of 2012 (Pub. L. 112-194) requires a full audit of travel card programs when the total transactions exceed \$10 million. GSA's FY 2023 travel card program had a total of \$10.3 million in travel card transactions.

Objectives

The objectives of our audit were to determine if, in FY 2023: (1) GSA's travel card program had controls in place to ensure compliance with GSA, OMB, and federal guidelines; and (2) GSA travel card transactions were properly and fully supported, reported, and approved.

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

Background

OMB Memorandum M-13-21 requires audits of travel card programs with more than \$10 million dollars in prior year travel spending. OAS's Office of Travel and Charge Card Services administers GSA's travel card program.

The primary policies guiding the GSA travel card program are GSA Order OAS 5740.1, *Government Travel Charge Card Program*; OMB Memorandum M-13-21; and the Charge Card Management Plan for General Services Administration Purchase and Travel Card Programs (Charge Card Management Plan). The Government Charge Card Abuse Prevention Act of 2012 also contains specific requirements governing travel card programs.

GSA's travel card program provides over 9,900 employees access to GSA travel cards for use while on official government business. Travel cards are individually billed, meaning the traveler receives the bill and is responsible for its payment. According to GSA Order OAS 5740.1, travelers are required to use their travel cards to cover costs directly related to official travel. In FY 2023, GSA travelers spent \$10,321,702 using travel cards, which were contracted through US Bank under the SmartPay 3 program.

According to GSA Order OAS 5700.1B, *Temporary Duty (TDY) Travel Policy*, GSA travelers are required to use Concur, an online travel management portal, to schedule all official travel. Concur enables travelers to make travel arrangements, submit travel authorizations for approval, and submit travel vouchers for reimbursement of travel expenses. Approving officials approve authorizations prior to travel and vouchers prior to reimbursement. In managing GSA's travel card program, OAS performs the following tasks:

- Develops and oversees travel policy;
- Implements internal controls;
- Administers and improves the Concur travel system;
- Grants/terminates GSA employees' access to travel cards;
- Provides oversight and guidance to employees and cardholders' supervisors;
- Identifies and investigates questionable travel card transactions;
- Monitors delinquent travel card payments; and
- Monitors training.

Results

During our audit, we found issues with GSA's FY 2023 travel card program. Specifically, we found that:

- GSA employees used their travel cards to pay for personal rideshare app charges and to pay for state taxes when they were tax-exempt;
- Most FY 2023 travel card charges were not screened for misuse or fraud;
- OAS's resolution process for questionable charges did not ensure that cardholder misuse or fraud was addressed and resolved; and
- OAS did not ensure the questionable charges report contained complete information on how questionable charges were resolved.

Finding 1 – GSA employees used their travel cards to pay for personal rideshare app charges and to pay for state taxes when they were tax-exempt.

We found improper use of government travel cards by GSA employees. This includes: (1) GSA employees using their travel cards to pay for personal rideshare app charges and (2) travelers using their GSA travel cards to pay state sales or occupancy tax on hotel and rental car bills in tax-exempt states.

GSA Employees Used Their Travel Cards to Pay for Personal Rideshare App Charges

Some GSA travel cardholders used their GSA travel cards to pay for personal Uber and Lyft charges while not on official travel status. This appears to be inadvertent in many instances. In these cases, the cardholder set their GSA travel card as the default credit card in the rideshare app.

We found that 29 percent (343 out of 1,172) of the questionable charges that OAS identified in FY 2023 were for Uber and Lyft rideshares. In FY 2023, more transportation network company (e.g., Uber and Lyft) transactions were flagged as questionable than in previous years. OAS investigates these questionable charges, which is often a time-consuming process. The Director of Travel and Charge Card Services (Director) told us that this a government-wide problem caused by the continued popularity of rideshare apps and the default method of payment used by the apps.

GSA's Federal Acquisition Service (FAS) has the government-wide contract with Uber and Lyft. We discussed the situation with FAS's program manager for the rideshare program. The program manager reached out to the rideshare vendors to understand their apps' capabilities for adding an additional comment before booking. The program manager found that:

- Uber has the capability to add whatever messaging OAS would like to make about payment policy. FAS can work directly with the Uber point of contact to get that implemented.
- Lyft is currently unable to add custom messaging in the app for GSA-affiliated riders. When asked for more detail, Lyft added, "Riders do have up to 24 hours from being dropped off to change the payment method for the ride, though, and the credit card being used for payment is clearly shown on the 'Rate & Pay' screen when the ride ends. Riders can change the payment method on that screen, or in the Ride History tab of their Lyft app (only within 24 hours of being dropped off.)"

GSA Employees Used Their Travel Cards to Pay for State Taxes In Tax-Exempt States

Some states offer federal employees exemptions from state sales or occupancy taxes for hotel and rental car bills when traveling on official business. GSA Order OAS 5740.1 states that GSA employees are responsible for determining the tax-exempt status of the travel location and completing any forms to claim a tax exemption. Tax information on each state is provided on the GSA SmartPay office website.

Our sample of 10 vouchers for travel to tax-exempt states found 3 vouchers in which state sales or occupancy taxes were paid and charged to the government travel card. Our analysis of FY 2023 voucher data indicates that travel cardholders paid approximately \$58,600 of state lodging sales tax in tax-exempt states and territories. Our FY 2018 travel card program audit found similar conditions.

Our discussions with OAS indicated these are recurring, government-wide travel card problems. Working with FAS program officials to implement messaging to travel cardholders who use the government rideshare contracts can reduce the number of inadvertent transactions to government travel cards. OAS currently has information in the required annual travel card training on the proper use of the government travel card as it relates to rideshare apps and state tax exemptions. OAS also has a message in its Concur travel system, reminding travelers to not pay sales or occupancy tax in tax-exempt states. OAS should continue to incorporate this information into the required annual travel card training and in Concur to remind users of the requirements.

Finding 2 – Most FY 2023 travel card charges were not screened for misuse or fraud.

GSA's Charge Card Management Plan requires that OAS use data-mining techniques to identify questionable charges using attributes such as merchant/vendor names, keywords, merchant category codes, and automated teller machine (ATM) transactions of more than \$200 in 1 week. Until 2020, OAS used a Mastercard data-mining tool to identify questionable charges. The data-mining tool screened all GSA travel card transactions for misuse or fraud using attributes of keywords and merchant category codes. In conjunction with this, OAS blocked

some merchant category codes at the point of sale through US Bank so travel cards could not be used for transactions with certain categories of vendors, such as liquor stores.

However, in 2020, OAS stopped using the Mastercard data-mining tool to identify questionable charges. Instead, OAS implemented a Robotic Process Automation bot (RPA bot) to identify questionable charges. However, the RPA bot only identifies GSA travel card transactions as questionable if they fall outside the date range of a travel authorization. The assumption is that the traveler should only be using the travel card for official travel, which requires an approved travel authorization. OAS investigates these questionable charges for misuse or fraud.

Since the RPA bot only identifies a travel card transaction with no approved travel authorization as a questionable charge, travel card transactions that occur within the date range of an approved travel authorization automatically fall within the non-questionable category and are not screened by OAS for misuse or fraud.

In FY 2023, there were a total of 83,573 GSA travel card transactions. OAS's RPA bot identified 4,509 questionable charges that occurred outside the date range of authorized travel. OAS reviewed these transactions for misuse or fraud. However, the remaining 79,064 credit card transactions, representing 95 percent of total travel card transactions, were not screened for misuse or fraud.

This is problematic because it allows for travel card misuse and fraud during the period of an employee's official travel, including possible reimbursement for an improper charge. For example, we found one transaction in which a cardholder made a purchase from Amazon, but the RPA bot did not identify it as a questionable charge because it was made during an approved travel authorization date. Although the cardholder later cancelled the purchase, the travel card transaction was never identified or scrutinized for misuse or fraud.

An OAS official said the Mastercard data-mining tool it used before the RPA bot resulted in too many false positives. Now, OAS no longer uses the data-mining tool; instead, OAS expanded merchant category codes that are blocked at the point of sale. However, while blocking merchant category codes can reduce opportunities for misuse and fraud, it does not eliminate the risk of misuse or fraud.

In summary, we found that OAS's RPA bot used for identifying questionable charges did not screen all transactions for misuse or fraud. As a result, possible questionable charges that occurred within the dates of a travel authorization were not identified. Overall, this change in methodology weakened the oversight and effectiveness of this control. OAS should create the questionable charges report according to the requirements of GSA's Charge Card Management Plan to help ensure that all charges are subject to screening.

Finding 3 – OAS’s resolution process for questionable charges did not ensure that cardholder misuse or fraud was addressed and resolved.

OAS uses the questionable charges report as its primary tool to detect, track, and resolve possible misuse or fraud of the GSA travel card. OAS creates the questionable charges report each month using a two-step process:

- First, OAS runs the RPA bot each month to create an unedited questionable charges report. That report identifies all travel card transactions without a travel authorization that corresponds to the date of the transaction.
- Second, an OAS official reviews the report and deletes those transactions associated with a travel authorization. The result is the final questionable charges report, which is used to: (1) generate automatic emails to the supervisors of personnel who made the questionable charges and (2) request that the supervisors respond electronically on how they resolved the questionable charges.

We found that:

- OAS personnel removed charges from the questionable charges report before review and resolution, potentially allowing current and future misuse or fraud;
- OAS did not follow up with supervisors when supervisors identified a charge as valid, but OAS determined the transaction was misuse; and
- OAS did not follow up when employees were not initially located.

OAS Personnel Removed Charges From the Questionable Charges Report Before Review and Resolution, Potentially Allowing Current and Future Misuse or Fraud

The questionable charges report generated in FY 2023 did not include all questionable transactions that were potentially misuse or fraud. We found that an OAS official removed some questionable transactions from further inquiry due to his knowledge of stolen credit cards that had been reported to the credit card company already and knowledge that misused amounts were credited back on the travel cards.

This practice weakens the controls in this area and leaves an inadequate record of the misuse, resolution, and feedback to supervisors and cardholders. The Director said OAS has implemented a new procedure that only allows credit card charges that can be directly linked to a travel trip in Concur to be removed from the questionable charges report.

OAS Did Not Follow Up with Supervisors When Supervisors Identified a Charge as Valid, But OAS Determined the Transaction Was Misuse

For 3 of the 54 questionable charges we sampled, the supervisors indicated that the charges were valid, but OAS found that the cardholders had misused the travel card. For example, one

cardholder had a credit balance on their travel card from their previous authorized trip. The correct way to eliminate the credit balance is to request a refund check from US Bank. This cardholder incorrectly eliminated the credit balance by making an ATM withdrawal using the travel card. The supervisor's response to this questionable charge request was that the "Charge is valid." OAS identified it as a "misuse of the travel card to obtain refund of credit balance on card account." However, the OAS team did not follow up with the supervisor to address and resolve the misuse.

Because there was no follow up with the supervisor, the potential misuse of the travel card was not addressed or resolved. This practice could lead to potential misuse in the future.

OAS Did Not Follow Up When Employees Were Not Initially Located

We tested three questionable transactions by three GSA travel cardholders who OAS indicated had left GSA. We found that two out of three cardholders were still with GSA and that OAS did not confirm their correct statuses.

- One of the cardholders changed their last name, and the name on their bank account was not updated. The RPA bot did not find the cardholder's name and their supervisor in the GSA human resources roster. The OAS program team assumed the cardholder left GSA without doing further research to confirm their status.
- One cardholder's supervisor left GSA, and the RPA bot did not identify the new supervisor. The OAS program team assumed the cardholder left GSA without confirming their status; however, the cardholder still worked for GSA. The OAS program team's practice is to not follow up with cardholders who have left GSA; therefore, OAS missed an opportunity to notify the cardholder of their misuse of the travel card and ensure the questionable charge was resolved.

Finding 4 – OAS did not ensure the questionable charges report contained complete information on how questionable charges were resolved.

The questionable charges report does not have complete information on how OAS resolved questionable charges. The missing details cast doubt on whether OAS has properly addressed and resolved questionable charges. While we found that 9 of the sampled 54 questionable charges in our testing had no exceptions, several transactions fell into one or more of the categories below:

- 8 of the 54 questionable charges we sampled resulted from fraudulent charges by non-cardholders. The Director advised that the travel card program office said the compromised cards were closed, and new cards were issued. However, the questionable charges report did not show that those actions were taken.

- 34 out of the 54 questionable charges we sampled resulted from misuse by GSA travel cardholders. For 31 of these charges, the Director told us that the travel card program office checked if the cardholders paid the misused amounts. OAS did this by checking the delinquency report to see if the amounts were paid off. However, the questionable charges report did not document what resolution actions were taken.
- For 12 out of the 54 questionable charges we sampled (all transactions by the same cardholder), the explanations from the supervisors were simply “Misuse,” which lacked adequate details. The OAS travel card program office closed the questionable charges report without requesting details about what caused the questionable charges and how the matters were resolved.
- One of the questionable charges we sampled was for an Office of Inspector General employee. OAS was not sure whether the Office of Inspector General was contacted about this questionable charge. Our inquiry determined that OAS failed to send the questionable charge we identified to the Office of Inspector General. This was unresolved until we inquired during our audit.

Updates to the questionable charges report should ensure the resolution process is fully documented and that the results are complete. Further, having a complete record of the questionable charges report can assist OAS to track, resolve, and prevent improper charges on a GSA travel card.

Conclusion

During our audit, we found issues with GSA's FY 2023 travel card program. Specifically, we found that:

- GSA employees used their travel cards to pay for personal rideshare app charges and to pay for state taxes when they were tax-exempt;
- Most FY 2023 travel card charges were not screened for misuse or fraud;
- OAS's resolution process for questionable charges did not ensure that cardholder misuse or fraud was addressed and resolved; and
- OAS did not ensure the questionable charges report contained complete information on how questionable charges were resolved.

Recommendations

We recommend that the GSA Chief Administrative Services Officer:

1. Work with GSA's Federal Acquisition Service program officials to implement messaging to travel cardholders on the proper use of government rideshare contracts.
2. Continue training related to use of the government travel card in rideshare applications.
3. Continue to remind travelers in training and in the Concur travel system to not pay sales or occupancy taxes in tax-exempt states.
4. Create the questionable charges report according to the requirements of GSA's Charge Card Management Plan to ensure that all charges are screened and that questionable charges are identified and investigated.
5. Update the questionable charges report to ensure the results are complete. These updates should include a higher level of detail to ensure timely resolution and response, and capture employee name changes or separations from the Agency.

GSA Comments

The GSA Chief Administrative Services Officer agreed with our findings and recommendations. GSA's full response can be found in **Appendix B**.

Audit Team

This audit was managed out of the Great Lakes Region Audit Office and conducted by the individuals listed below:

Michael Lamonica	Regional Inspector General for Auditing
Franklin Moy	Audit Manager
Robert Lange	Auditor-In-Charge
Zongmin Gong	Auditor
Jinnan Chen	Auditor

Appendix A – Objectives, Scope, and Methodology

Objectives

OMB Memorandum M-13-21, *Implementation of the Government Charge Card Abuse Prevention Act of 2012*, requires periodic risk assessments of agency travel card programs to analyze the risks of illegal, improper, or erroneous purchases. The Government Charge Card Abuse Prevention Act of 2012 (Pub. L. 112-194) requires a full audit of travel card programs when the total transactions exceed \$10 million. GSA's FY 2023 travel card program had a total of \$10.3 million in travel card transactions.

The objectives of our audit were to determine if, in FY 2023: (1) GSA's travel card program had controls in place to ensure compliance with GSA, OMB, and federal guidelines; and (2) GSA travel card transactions were properly and fully supported, reported, and approved.

Scope and Methodology

We performed an audit of GSA's FY 2023 travel card program. We evaluated OAS's policies, procedures, and internal controls related to the GSA travel card program and analyzed GSA's FY 2023 travel card transactions.

To accomplish our objectives, we:

- Examined relevant criteria, including public laws; executive orders; OMB memorandums; and GSA directives, travel card policies, and procedures;
- Reviewed our prior audit reports related to GSA's travel card program;
- Evaluated controls over GSA's travel card program;
- Reviewed a random sample of 60 out of approximately 9,900 GSA travel cardholders to determine if they completed required training;
- Evaluated 20 out of 222 ATM withdrawals to determine if there are controls in place to identify withdrawals obtained outside the date range of official travel, and analyzed ATM withdrawals by each cardholder in each billing cycle to determine whether the controls are effective in preventing withdrawals that exceeded Agency-established limits;
- Evaluated merchant category codes to determine whether they are effective in flagging questionable charges;
- Evaluated OAS's processes related to the detection, resolution, and prevention of questionable charges and delinquent payments;
- Reviewed a judgmental sample of 54 out of 1,172 questionable travel card transactions and a judgmental sample of 10 out of 1,005 delinquent payments to evaluate related processes and determine if there was a resolution;
- Reviewed supervisory responses to the samples of questionable charges and delinquencies mentioned above;

- Evaluated the timeliness of OAS notifications to the travelers' supervisors, and the associated responses, for the samples of questionable charges and delinquencies mentioned above;
- Reviewed a judgmental sample of 10 transactions that appeared to be questionable, but were not included in the questionable charges report, to determine if the questionable charges report was complete;
- Reviewed a judgmental sample of 10 trips in five tax-exempt states that had the highest transaction amounts to determine if the travelers improperly paid state lodging taxes;
- Reviewed a judgmental sample of 21 transactions that were not included in the questionable charges report to identify if the trips were properly authorized, reported, and supported;
- Reviewed a random sample of 10 employee separations to determine if GSA travel cards were deactivated; and
- Interviewed and corresponded with OAS staff via email and regular status update meetings.

Data Reliability

We assessed the reliability of GSA travel card transactions provided by OAS by performing a reconciliation between the dollar amount of the transactions provided by OAS and the dollar amount of the transactions directly downloaded from US Bank. We determined that the data was sufficiently reliable for the purposes of this audit.

Sampling

We selected our samples of travel card transactions, questionable charges, delinquencies, tax-exempt transactions, ATM withdrawals, employee separations, and travel training completion certificates from reports and information provided by OAS and verified by the audit team. We used nonstatistical (random and judgmental) sampling techniques to choose a variety of employees, supervisors, GSA regions, and other salient characteristics. While these random and judgmental samples do not allow for projection of the results, they allowed us to sufficiently address the audit objectives.

Internal Controls

We assessed internal controls significant within the context of our audit objectives against GAO-14-704G, *Standards for Internal Control in the Federal Government*. Our assessment of internal controls was limited to those necessary to address the objectives of the audit. Our assessment is not intended to provide assurance on GSA's internal control structure as a whole. GSA management is responsible for establishing and maintaining internal controls.

Compliance Statement

We conducted the audit between December 2023 and June 2024 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.

Appendix B – GSA Comments

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Office of Administrative Services

September 09, 2024

MEMORANDUM TO MICHAEL LAMONICA
REGIONAL INSPECTOR GENERAL FOR
AUDITING GREAT LAKES REGION AUDIT
OFFICE (JA-5)

FROM: ROBERT STAFFORD *Bob Stafford*
CHIEF ADMINISTRATIVE SERVICES
OFFICER OFFICE OF ADMINISTRATIVE
SERVICES (H)

SUBJECT: *Office of Inspector General Audit of GSA's Fiscal
Year 2023 Travel Card Program (A240031) Draft*

The Office of Administrative Services (OAS) appreciates the opportunity to review and respond to the subject draft audit report. OAS has reviewed the report and agrees with the findings and recommendations.

Should you have any questions, please contact Christine Courter, Director of Travel and Events Program Division, at 202-573-6241 or Brian Assia, Branch Chief of Travel & Events Program, at 202-557-1038.

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Appendix C – Report Distribution

GSA Administrator (A)

GSA Deputy Administrator (AD)

Chief Administrative Services Officer (H)

Chief of Staff (H)

Director, Office of Travel and Charge Card Services (H1C)

Branch Chief, Travel and Events Program (H1CT)

Chief Financial Officer (B)

Deputy Chief Financial Officer (B)

Office of Audit Management and Accountability (BA)

Assistant Inspector General for Auditing (JA)

Deputy Assistant Inspector General for Acquisition Audits (JA)

Deputy Assistant Inspector General for Real Property Audits (JA)

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