



**U.S. OFFICE OF PERSONNEL MANAGEMENT
OFFICE OF THE INSPECTOR GENERAL
OFFICE OF AUDITS**

Final Audit Report

**AUDIT OF THE U.S. OFFICE OF PERSONNEL MANAGEMENT'S
TRAVEL CARD PROGRAM**

**Report Number 4A-CF-00-15-049
January 16, 2018**

OFFICE OF
PERSONNEL MANAGEMENT

EXECUTIVE SUMMARY

Audit of the U.S. Office of Personnel Management's Travel Card Program

Report No. 4A-CF-00-15-049

January 16, 2018

Why Did We Conduct the Audit?

The objective of our audit was to determine whether the U.S. Office of Personnel Management's (OPM) internal controls for travel cards were effectively developed and implemented to prevent and detect travel card fraud, misuse, and abuse by program participants.

What Did We Audit?

The Office of the Inspector General has completed a performance audit of OPM's travel card program. Our audit fieldwork was conducted from December 17, 2015, through September 27, 2016, at OPM headquarters, located in Washington D.C.

What Did We Find?

We determined that the Office of the Chief Financial Officer needs to strengthen their controls over its travel card program. Our audit identified eight areas requiring improvement, as follows:

1. Travel Operations lacks clear, concise, and accurate policies and procedures, governing their Travel Charge Card Program.
2. Out of 75 travel card program participants sampled, we determined that 93 percent of the participants had not completed the required training.
3. Out of the 324 travel card transactions selected for testing, we found that 33 transactions, totaling \$8,158, were missing travel authorizations and 28 transactions, totaling \$27,627, were missing required receipts.
4. We determined that 21 restricted cardholders made 68 cash advance transactions that exceeded their seven-day limit, totaling \$17,493. Three of the 21 restricted cardholders also exceeded their billing cycle limits, totaling \$3,509.
5. Travel Operations did not provide support that cardholder accounts with delinquencies of 61 days or more were suspended or cancelled.
6. Travel Operations did not immediately cancel 176 travel card accounts of employees that separated from OPM.
7. We were unable to determine if inactive cardholder's accounts had been deactivated because documentation was not provided to show that periodic reviews of cardholder activity had been completed.
8. Travel Operations does not have controls in place to ensure that the travel card data reported in the Annual Financial Report is accurate.



Michael R. Esser
Assistant Inspector General for Audits

ABBREVIATIONS

AFR	Annual Financial Report
ATM	Automatic Teller Machine
CBIS	Consolidated Business Information System
CFO	Chief Financial Officer
E2	Carlson Wagonlit’s E2 Solutions Travel System
FTR	Federal Travel Regulation
FY	Fiscal Year
GAO	U.S. Government Accountability Office
GSA	U.S. General Services Administration
HR	Human Resources
IBA	Individually Billed Account
MCC	Merchant Category Code
OCFO	Office of the Chief Financial Officer
OIG	Office of the Inspector General
OMB	U.S. Office of Management and Budget
OPM	U.S. Office of Personnel Management
The Charge Card Act	The Government Charge Card Abuse Prevention Act of 2012
TOC	Travel Organizational Contact
TTRA	The Travel and Transportation Reform Act

TABLE OF CONTENTS

	<u>Page</u>
EXECUTIVE SUMMARY	i
ABBREVIATIONS	ii
I. BACKGROUND	1
II. OBJECTIVE, SCOPE, AND METHODOLOGY	7
III. AUDIT FINDINGS AND RECOMMENDATIONS	10
1. Policies and Procedures	10
2. Training.....	13
3. Controls over Travel Card Transactions.....	16
4. Excessive Cash Advances.....	19
5. Delinquent Cardholder Accounts.....	20
6. Cancellation of Travel Cards	23
7. Periodic Reviews of Cardholder Activity	24
8. Agency Financial Report	26
APPENDIX The Chief Financial Officer’s response to the draft report, dated August 17, 2017.	
REPORT FRAUD, WASTE, AND MISMANAGEMENT	

I. BACKGROUND

This final audit report details the findings, conclusions, and recommendations resulting from our performance audit of the U.S. Office of Personnel Management's (OPM) travel card program. The audit was performed by OPM's Office of the Inspector General, as authorized by the Inspector General Act of 1978, as amended.

The Travel and Transportation Reform Act (TTRA) of 1998 (Public Law 105-264) requires government employees to use the Government travel card for travel expenses when on official business. The purpose of the TTRA is to reduce the overall administrative costs of travel for the Federal government and take advantage of rebates offered by card-issuing banks under the U.S. General Services Administration (GSA) SmartPay 2 program¹. OPM selected JPMorgan Chase as its card-issuing bank.

In accordance with the TTRA, GSA issued the Federal Travel Regulation (FTR), which sets forth policies and procedures governing the use of Government travel cards and restricts usage to official travel expenses only.

PROGRAM PARTICIPANTS

OPM's travel card program is administered by the Office of the Chief Financial Officer's (OCFO) Travel Operations, under the oversight of the Deputy Chief Financial Officer (CFO). OCFO is responsible for issuing internal travel policy guidance and processing procedures. Travel Operations serves as the intermediary between the cardholder, JPMorgan Chase, and OPM. Travel Operations is also responsible for administering and managing the travel card program and providing oversight and administration assistance for the travel card program throughout OPM at the agency level, as follows:

Deputy CFO: Oversees and reviews reports sent to OPM program offices from Travel Operations.

Acting Chief: Oversees OPM's travel operations and travel card management program.

¹ GSA SmartPay 2 is the name of the Federal government's purchase, travel, and fleet charge card program. Each Federal agency issued a task order to one of the three card-issuing banks (Citibank, JPMorgan Chase, and U.S. Bank) contracted with the Federal government to provide purchase, travel, and fleet card services.

Agency Program Coordinator: Provides day-to-day activities relating to travel cards, including processing travel card applications, answering questions, and submitting monthly reports to OPM programs.

Travel Compliance Officer: Handles the compliance and internal control reviews for travel transactions, reimbursement and payments.

Agency Charge Card Program Manager: Provides charge card policy and serves as the liaison between OPM and GSA's Office of Charge Card Management.

Travel Operations Coordinator: Oversees Carlson Wagonlit's E2 Solutions Travel System (E2)².

Numerous OPM program offices and individuals are also involved in the travel card program at the program level, including:

Organizational Program Coordinator: An individual within an OPM program office responsible for the overall management and oversight of the accounts under their span of control.

Approving Official: The approving official is the individual, typically a supervisor responsible for approving the cardholder's travel authorization and signing the cardholder's voucher, indicating approval for payment and for its content.

Travel Cardholder: The individual who is issued and authorized to receive a charge card. OPM's travel card program has the following travel cardholder accounts:

- Individually billed accounts: A charge card account established by JPMorgan at the request of the agency program coordinator for the individual traveler to pay for official travel and travel related expense. OPM reimburses employees for authorized expenses related to official Government travel. The employee is responsible for making payment to JPMorgan Chase.
- Centrally billed accounts: A centrally billed account is established to pay for official travel expenses and is paid by the program office to which the account is assigned. Centrally billed accounts are paid daily and directly by OPM programs to JPMorgan Chase.

² E2 is a comprehensive electronic travel service employees use to plan, book, track, approve, and request reimbursement for official Government travel. OPM makes E2 available to agency employees and requires them to use the system to initiate authorizations prior to embarking on travel and to request reimbursement for expenses upon their return.

See Figure #1– *GSA User Guide for the Travel Card* for some of the cardholder responsibilities.

GSA User Guide for the Travel Card

Figure 1. DOs and DON'Ts for travel card use provided by the U.S. General Services Administration users guide for the travel cardholder.

DOs	DON'Ts
DO use your government travel charge card to pay for official travel expenses.	DON'T use your travel charge card for personal use.
DO obtain travel advances for official travel through an ATM, if authorized by your agency.	DON'T obtain travel advances through the ATM which exceed your expected out of pocket expenditures for a trip.
DO track your expenses and keep receipts while on travel so you have accurate information for filing your travel claim.	DON'T obtain travel advances through the ATM unless you are on travel or will be on travel shortly.
DO file your travel claim within five days after you complete your trip or every 30 days if you are on continuous travel.	DON'T allow your monthly bill to become overdue because this could result in suspension or cancellation of your card.
DO submit payment in full for each monthly bill.	DON'T wait for receipt of your monthly billing statement to file your travel claim.
DO follow your bank's dispute process for charges that are incorrect.	DON'T forget that the card is issued in your name and liability for payment is your responsibility.
DO contact your bank's customer service number if you have questions about your monthly bill.	DON'T write your personal identification number (PIN) on your card or carry your PIN in your wallet.
DO be aware that misuse of the travel charge card could result in disciplinary actions by your agency.	DON'T use card to cover the expenses of other government employees (except when sharing transportation, such as taxi).
DO be aware that failure to pay your bill in a timely manner can result in suspension or cancellation of your card.	
DO return your travel charge card to your Agency/Organization Program Coordinator (A/OPC) to be destroyed if you leave your agency or retire.	
DO immediately report your lost or stolen card to your A/OPC and the card-issuing bank.	
DO destroy any lost or stolen cards that are recovered.	
DO be aware of identity theft schemes attempting to gain access to financial information.	
DO check with your a/OPC and/or agency policy before using your travel card to cover local travel expenses.	

POLICIES AND PROCEDURES

Travel Operations is regulated by the Government Charge Card Abuse Prevention Act of 2012 (the Charge Card Act) and the U.S. Office of Management and Budget (OMB) A-123, Appendix

B (OMB A-123). The Charge Card Act requires all Federal agencies to establish and maintain safeguards and internal controls, while OMB A-123 sets the policies and procedures used to maintain internal controls that reduce the risk of fraud, waste, and error in the Government charge card programs. OMB A-123 also establishes statistical reporting requirements and suggested best practices for card use.

To provide FTR guidance for OPM employees' conduct while on travel, adherence to the requirements of the Charge Card Act, and assist OPM employees with the aspects of the charge card program³, the following documents have been issued:

OPM's Financial Management Manual, Chapter 17, provides travel policy guidance to be followed by OPM employees who travel on official government business. The guidance contained in chapter 17 implements or references the FTR and provides specific procedures to OPM. Specifically, it discusses:

- OCFO and program office responsibilities pertaining to travel;
- Travel authorizations⁴ and travel vouchers⁵;
- Government travel cards;
- Rental vehicles;
- Travel advances;
- Transportation expenses and per diem allowances;
- Foreign and local travel; and
- Relocation expense allowances.

³ The charge card program includes Federal government purchase, travel and fleet charge cards. For the purposes of this audit, we focused on the travel card section of the program.

⁴ A travel authorization is written permission allowing an individual or group of individuals to take one or more specific official business trips, which must include specific purpose, itinerary, and estimated costs.

⁵ A travel voucher is a written request, supported by documentation and receipts, for reimbursement of expenses incurred in the performance of official travel.

*OPM's Charge Card Management Plan*⁶ outlines the policies and procedures for the management of the GSA SmartPay 2 program and specifically addresses personnel management; training; and risk management. The transaction data related to OPM's travel card program is maintained in OPM's Consolidated Business Information System (CBIS)⁷, which is used to reconcile transactions from centrally billed accounts, E2, and PaymentNet. Travel Operations relies on the information produced by these collective systems to perform oversight of the travel card program activities.

AUDITS AND REVIEWS

Public Law 112-194 requires charge card managers to perform periodic reviews to determine whether each travel charge cardholder has a need for the travel charge card. Currently, Travel Operations performs the following reviews:

Compliance Review: Individually billed accounts are reviewed monthly at the end of the reporting cycle⁸. All account activities available from PaymentNet, are compared to travel authorizations available in E2, to look for card activity not consistent with travel authorizations. In addition, Travel Operations looks at the merchant category code (MCCs), date, amount, and city and state of the transaction. Incidents of potential misuse are reported to the appropriate managers of the cardholder, Organizational Program Coordinators and OPM's Human Resources' (HR) office for follow-up and appropriate disciplinary action. Appropriate disciplinary actions could be, but are not limited to, reprimand, suspension, or cancellation of the employee's travel card. OPM's HR office makes decisions about appropriate employee disciplinary actions; however, once these decisions are made, Travel Operations is not updated on the status of the disciplinary action taken.

Voucher Review: As required by the FTR, employees must submit a voucher within five working days of returning from official travel. Once the travel cardholder has submitted the appropriate documentation in E2, their Approving Official certifies that this information is correct. On a monthly basis, Travel Operations performs a review of this process by selecting a certain number of vouchers. The number of vouchers selected depends on the number of vouchers submitted for that reporting period. If Travel Operations considers there to be a "high" amount of vouchers, they select only the vouchers [REDACTED] for review. However,

⁶ The Charge Card Management Plan is required by OMB Circular A-123 Appendix B. Each agency must develop and maintain written policies and procedures for the appropriate use of charge cards consistent with the requirements of the guidance. Agencies must submit a copy of their plan to the OMB MAX website on an annual basis, and no later than January 31 of each calendar year.

⁷ CBIS is OPM's financial management system that aids in OPM's management of the agency's financial resources. CBIS provides functionality for OPM's general ledger, accounts payable, accounts receivable, and other financial resources management.

⁸ The reporting cycle ends on the 28th of each month.

if they consider there to be a “low” amount of vouchers, they select the entire population for review.⁹ During this voucher review, Travel Operations reviews travel authorizations, mode of travel, reservations, type of airfare, actual expenses, and submitted documentation.

Automatic Teller Machine and Delinquency Report Review: Travel Operations and the Deputy Chief Financial Officer both review and distribute monthly, to OPM program offices, an automatic teller machine (ATM) Report that shows every cardholder who received an ATM cash advance, and a Delinquency Report that shows accounts with past due balances. Travel Operations does not require program offices to respond confirming the receipt and/or review of the ATM Report that has been distributed to them.

Cardholder Status Review: Quarterly, Travel Operations uses the Cardholder Status Report from PaymentNet to review the employees’ accounts to identify employees who have not used their travel cards for one year or more.

PREVIOUS OFFICE OF THE INSPECTOR GENERAL REPORTS

In fiscal year (FY) 2001 and 2002, the Office of the Inspector General (OIG) conducted two audits related to travel cards: the Audit of Internal Controls over OPM’s Travel Card Program and the Audit of OPM’s Travel Card Transactions¹⁰. The final reports were issued in 2001 and 2002, respectively, and all recommendations from both audits have been closed.

⁹ Travel operations was unable to define what is considered a “high” and “low” amount of vouchers that are selected for their voucher review process.

¹⁰ OPM-Office of the Inspector General Audit Report Number 4A-CF-00-01-102 and 4A-CF-00-01-103, respectively.

II. OBJECTIVE, SCOPE, AND METHODOLOGY

OBJECTIVE

The objective of our audit was to determine whether OPM's internal controls for travel cards were effectively developed and implemented to prevent and detect travel card fraud, misuse, and abuse by program participants.

The recommendations included in this final report address the objective.

SCOPE AND METHODOLOGY

We conducted this performance audit in accordance with generally accepted government auditing standards as established by the Comptroller General of the United States. These 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 objective.

The scope of our audit covered the travel card program's policies and procedures and individually billed account transactions from October 1, 2014, to September 30, 2015. We performed our audit fieldwork from December 17, 2015, through September 27, 2016, at OPM headquarters, located in Washington, D.C.

To accomplish our audit objective noted above, we:

- Interviewed Travel Operations personnel;
- Reviewed training records to ensure that training requirements were met for the sampled agency program coordinator, organization program coordinators, approving officials, and Individually Billed Account (IBA) travel card holders;
- Analyzed travel card accounts of separated employees;
- Sampled and tested travel card transactions to determine if the transactions were properly authorized, adequately documented, monitored and for legitimate business purposes;
- Analyzed MCCs¹¹ to determine if blocked MCCs were processed;

¹¹ Merchant category codes are established by the card issuing bank and are assigned to vendors as a means to identify the merchant type. Each cardholder account is set up with default merchant category codes that will allow

- Analyzed ATM cash advances to test for individuals who exceeded the established withdrawal limits; and
- Performed an analysis on the necessity of travel cards.

In planning our work and gaining an understanding of the internal controls over OPM's travel card program, we considered, but did not rely on, Travel Operations' internal control structure to the extent necessary to develop our audit procedures. These procedures were analytical and substantive in nature. We gained an understanding of management procedures and controls to the extent necessary to achieve our audit objective. The purpose of our audit was not to provide an opinion on internal controls but merely to evaluate controls over OPM's travel card program.

Our audit included such tests and analysis of Travel Operation's records; documented policies and procedures; transactional data; and other applicable information, as we considered necessary under the circumstances. The results of our tests indicate that with respect to the items tested, Travel Operations needs to strengthen controls over its' processes.

In conducting the audit, we relied to varying degrees on computer-generated data. Due to the nature of the audit, we did not verify the reliability of the data generated by the systems involved. However, while utilizing the computer-generated data during our audit, nothing came to our attention to cause us to doubt its reliability. We believe that the data was sufficient to achieve our audit objectives. We did not evaluate the effectiveness of the general application controls over computer-processed performance data.

Stratified random sampling was used to select samples for testing, utilizing Microsoft Excel, in order to accomplish our audit objective. Our sampling methodology consisted of selecting:

- 1,626 ATM cash advances, out of 8,674 IBA transactions, by filtering the data to test for individuals who exceeded the established ATM withdrawal limits of \$300 every seven days/\$1,200 per billing cycle for unrestricted travel card holders and \$200 every seven days/\$600 per billing cycle for restricted travel card holders;
- 25 random IBA travel cardholders, out of 1,863, to ensure their transactions were properly authorized, adequately documented, monitored and for legitimate business purposes; and

the processing of transactions that fall under the specified merchant category code. If a transaction is attempted with any merchant that is categorized by a merchant category code blocked by the OCFO, the transaction will be electronically denied at the point of attempted purchase.

- Training records for 25 random IBA travel cardholders, out of 1,863, all 26 approving officials, the agency program coordinator, and all 23 organization program coordinators.

The samples selected during our review were not statistically based. Consequently, the results from our samples were not projected to the populations.

III. AUDIT FINDINGS AND RECOMMENDATIONS

The sections below detail the results of our audit on OPM's travel card program.

1. Policies and Procedures

Travel Operations lacks clear, concise, and accurate policies and procedures governing their Travel Charge Card Program. Specifically, we found:

- Travel Operations did not corroborate with OPM's Employee Services to formulate written penalties to deter misuse of the Government charge cards.
- Travel Operations does not have concise, written procedures for their Compliance and Voucher Review processes.
- OPM's annually mandated *Charge Card Management Plan* on THEO, OPM's intranet, is over 10 years old; the last plan published on OPM's intranet is dated May 5, 2006.
- The guidance regarding ATM Limits in OPM's *Charge Card Management Plan* contradicts with chapter 17 of OPM's *Financial Management Manual*. In addition, the Agency Program Coordinator and Organizational Program Coordinator's roles and responsibilities overlap.

Public Law 112-194, requires that, "Each executive agency has specific policies regarding travel charge cards issued for various component organizations and categories of component organizations, the credit limits authorized for various categories of card holders, and categories of employees eligible to be issued travel charge cards, and designs those policies to minimize the financial risk to the Federal Government of the issuance of the travel charge cards and to ensure the integrity of travel charge card holders."

OMB Circular A-123, Appendix B requires that "each agency must develop and maintain written policies and procedures for the appropriate use of charge cards consistent with the requirements of this Guidance. The plan should be updated annually, or more frequently, if necessary to remain current. Agencies shall submit a copy of their plan to OMB, Office of Federal Financial Management, on an annual basis, not later than January 31st of each calendar year."

OMB Memorandum 13-21 states, "Additional requirements of the Charge Card Act include augmentation of existing internal controls. At a minimum, all agency Charge Card Management Plans shall be reviewed and updated, as necessary, to ... deter employee misuse of Government cards, by implementing penalties for charge card violations that are jointly developed by agency charge card management and human resources components. ... Because Government charge card program oversight involves multiple agency functions, successful implementation of the Charge Card Act will require collaboration across agency charge card and human capital components, and Inspectors General (IGs)."

OPM's Charge Card Management Plan outlines the policies and procedures within OPM critical to the management of the Travel, Purchase, and Fleet Charge Card Programs. This guidance is intended to ensure systems of internal controls are followed and help mitigate the potential for fraud, misuse, and delinquency.

OPM's Financial Management Manual, chapter 17, references the FTR and provides guidance on certain procedures specific to OPM, such as the on-line travel authorization and travel voucher system not covered by the FTR. The travel activities discussed in this chapter include preparation and approval of travel authorizations, preparation and submission of travel vouchers, and the payment process.

Policies and procedures are not clear, concise and accurate.

By Travel Operations not issuing a current, clear, and accurate set of policies and procedures for OPM employees to follow, the potential for fraud, waste, and abuse of the travel card program is increased. Furthermore, lack of consistency creates confusion among users and decreases the accountability between employees and their program managers.

Recommendation 1

We recommend that Travel Operations ensure that all travel card policies and procedures, governing OPM's travel card program, are accurate and consistent with one another and contain all areas/requirements outlined by laws and regulations pertaining to OPM's government travel card program.

OCFO's Response

The OCFO concurs with the recommendation and they are "in the process of enhancing its travel program policies and procedures to mitigate the identified risks and promote greater accountability in the use of OPM funding resources."

Recommendation 2

We recommend that Travel Operations ensure that roles and responsibilities are clearly articulated to avoid ambiguity of delegated duties.

OCFO's Response

The OCFO concurs with the recommendation. “[CFO Management] will be updating the Travel Policy and Government Travel Charge Card Plan to clarify roles and responsibilities for all components of OPM's travel card program to include annual training and reminders on travel card policies and procedures.”

Recommendation 3

We recommend that Travel Operations collaborate with OPM's Employee Services to formulate written penalties to deter misuse of OPM's travel charge cards.

OCFO's Response

“CFO Management generally agrees with OIG's recommendation. However, we request that Employee Services (ES) be designated the lead with CFO serving in an analytical and consultative role to formulate written penalties and disciplinary procedures. We believe this more accurately reflects our respective roles in defining and implementing any disciplinary actions related to card misuse.”

OIG Comment

Since the OCFO oversees the travel card program, and should ensure successful implementation of the program, we believe that OCFO should take the lead and collaborate with OPM's Employee Services. Our recommendation is supported by *Memorandum 13-21*, which specifies a joint effort to develop written penalties by the agencies' charge card managers and human resources components.

Recommendation 4

We recommend that Travel Operations immediately replace the Charge Card Management Plan, dated May 5, 2006, located on THEO, with the version dated January 2017. Travel Operations should also ensure that THEO is immediately updated when a new version of the Charge Card Management Plan is released or updated.

OCFO’s Response

The OCFO concurs with the recommendation. The OCFO plans to issue an updated Travel Policy and Government Travel Charge Card Plan and will post them on THEO.

2. Training

We judgmentally selected travel cardholders and managers (approving officials, agency program coordinator, and organization program coordinators) to determine if initial and refresher training requirements were met. Details of our review were provided to Travel Operations separate from this report; however, we found cardholders and managers had not taken the required training, as summarized below:

Cardholders and managers did not take the required training.

Employee Role:	Total Universe	Number of Employees Sampled:	Number of Employees Missing Initial Cardholder Training Certification:	Number of Employees Missing Refresher Cardholder Training Certification:
Cardholder	1863	25	20	2
Approving Officials	26	26	26	26
Agency Program Coordinator	1	1	1	1
Organization Program Coordinator	23	23	23	23

Travel Operations stated that the authority to manage and control travel cards is specifically delegated to individual OPM program approving officials and program coordinators who are responsible for the review, authorization, and approval of travel cards under their jurisdiction, as well as ensuring that their employees have undertaken training. We were not provided any documentation, such as an appointment or delegation letter, that formally appoints approving officials and program coordinators with the responsibilities as outlined by Travel Operations. Such documentation should outline the approving officials and program coordinators responsibilities and duties as it relates to managing travel cards for their respective program office.

OMB’s Circular A-123, Appendix B, requires all program participants, including cardholders and charge card managers (agency organizational program coordinator, approving officials, and other accountable/billing officials), to be trained in charge card management. The Circular states that “The general training requirements for all charge card programs are:

- All program participants must be trained prior to appointment;
- All program participants must take refresher training, at a minimum, every 3 years; [and]
- All program participants must certify that they have received the training, understand the regulations and procedures, and know the consequences of inappropriate actions.”

OMB’s Circular A-123 Appendix B, Section 3.5.2, requires travel charge card program training as follows:

- “Cardholder[:] Training for travel charge cardholders ... must provide general information on traveling for the government and review how to use a travel charge card, including agency travel charge card policy and procedures, and proper card use. ... Even if the approving official is not a travel charge cardholder, this individual is required to take the same training as travel charge cardholders.
- [Agency Organizational Program Coordinator:] Training on the roles and responsibilities of the [agency organizational program coordinators] is required prior to appointment, including proper management, control and oversight tools and techniques ... The [agency organizational program coordinators] must also receive the same training as the cardholders.”

OMB’s Circular A-123, Appendix B, Chapter 4, Risk Management, also requires charge card managers to oversee “the establishment and maintenance of master file/official cardholder records, including training, appointment, single and monthly purchase limits, and related records”

OPM’s *Charge Card Management Plan* requires training for the travel card program as follows:

- Cardholders: Travel card applicants are required to complete the online GSA Travel Card Web-Based Training available at: <https://training.smartpay.gsa.gov/training/travel-card-cardholders> prior to being issued a charge card. Cardholders must certify they have received the training, understand the regulations and procedures, and know the consequences of inappropriate actions. Each organizational program coordinator will maintain a copy of the certification of completion. For refresher training, cardholders must complete the above training again at a minimum of every three years.

- Agency/Organization Program Coordinators: OPM uses GSA’s online training website: <https://training.smartpay.gsa.gov/training/travel-card-aopc> for training and refresher training for agency organizational program coordinators. This training teaches the basic roles and responsibilities of agency organizational program coordinators. The agency organizational program coordinators are required to maintain and retain copies of the training certifications for three years.

Without adequate training and the absence of documents to support that travel cardholders and managers have been trained, there is an increased risk that there are participants who have not been properly trained in the proper usage of the travel card. Individuals not properly trained can lead to an increase in card misuse and abuse and failure to comply with requirements of the travel card program.

Recommendation 5

We recommend that Travel Operations ensure all travel cardholders, approving officials, the agency program coordinator, and agency organizational program coordinators, that have not taken the mandatory initial and refresher training, complete the training within an appropriate timeframe, or suspend the use of their travel card and/or oversight duties until training is completed.

OCFO’s Response

“CFO Management concurs with OIG’s recommendation, noting that it released the Travel Card training for cardholders in July 2017 as an annual refresher on travel card policies and procedures. Records of training will be maintained by the CFO’s [Financial Operations Management] FOM organization. In addition, the CFO will be drafting new guidance for approving officials (to include appointment letters) of their oversight role and responsibilities.”

Recommendation 6

We recommend that Travel Operations formally appoint approving officials and program coordinators through appointment letters, which outline their basic responsibilities and duties related to the travel card operations for their respective program office.

OCFO’s Response

“CFO Management concurs with OIG’s recommendation, noting that the CFO will also draft new guidance for approving officials (to include appointment letters) of their oversight role and responsibilities.”

Recommendation 7

We recommend that Travel Operations coordinate and partner with OPM program approving officials, program coordinators, and any appropriate program offices to implement controls to ensure card users and oversight personnel receive the required training on the appropriate use, controls and consequences of abuse before they are given a card, and/or appointment to the position. Documentation should be maintained to support the completion of initial and refresher training.

OCFO’s Response

The OCFO concurs with the recommendation and has “taken steps to deliver an annual refresher training that provides procedures and guidelines for travel card use.”

3. Controls over Travel Card Transactions

We selected a judgmental sample of 324 travel card transactions, totaling \$73,713, out of 25,259 travel card transactions, totaling \$5,240,987, from October 1, 2014, to September 30, 2015, to ensure that the transactions were properly authorized and approved; adequately documented; and for legitimate government business purposes. We reviewed the transactions to determine whether the transactions were approved and supported government business expenses. We also checked Travel Operations’ compliance reviews to determine if transactions that were not approved and/or did not support government business expenses were captured during the Travel Operations’ one hundred percent transaction compliance review process.

Out of the 324 transactions selected for testing we found that 33 transactions, totaling \$8,158, were missing travel authorizations and 29 transactions, totaling \$27,627, were missing required receipts. As a result, we were unable to validate that the travel card transactions were properly authorized and that employee travel vouchers, along with the required supporting receipts for transactions over \$75, were approved in E2. Details of our review were provided to Travel Operations separate from this report. For the transactions we reviewed, Travel Operations did not ensure that travel card transactions were properly authorized and adequately documented for appropriate, legitimate government business purpose.

Travel Operations stated that they perform one hundred percent travel card transaction reviews during their monthly required travel charge card compliance review, as outlined by OPM’s *Charge Card Management Plan*; however, due to a lack of supporting documentation, we were

unable to verify that one hundred percent of travel card transactions were reviewed during these reviews. Travel Operations regularly reviews JP Morgan Chase's reports and OPM's E2 travel system to determine if cardholders' activities are in compliance with policies. For example, charges on the travel cards are compared with travel authorizations to determine if the cardholder was on travel during the period the charge card was used. We determined that there was a weakness in Travel Operations' compliance review methodology because they do not review the travel authorizations and vouchers associated with the transactions during the one hundred percent transaction compliance review, which only looks at certain aspects of transactions which appear to be anomalies. The current compliance review process cannot capture unauthorized travels or missing voucher submissions without comparing the travel authorizations and vouchers with the transactions.

The U.S. Government Accountability Office's (GAO) *Standards for Internal Control in the Federal Government* states that "Transactions are authorized and executed only by persons acting within the scope of their authority. This is the principal means of assuring that only valid transactions to exchange, transfer, use, or commit resources are initiated or entered into. ... Management clearly documents internal control and all transactions and other significant events in a manner that allows the documentation to be readily available for examination."

OPM's *Financial Management Manual*, Chapter 17, section 17.5 states, "The traveler must enter the TA [Travel Authorization] in the Travel Authorization/Voucher application of GSA's FEDdesk system to initiate trip. The authorizing official must enter his/her approval of the TA [Travel Authorization] in FEDdesk before the traveler incurs expenses."

The FTR, Section 301-11.25 states that "You must provide a lodging receipt and a receipt for every authorized expense over \$75, or provide a reason acceptable to your agency explaining why you are unable to furnish the necessary receipt(s)"

OPM's *Charge Card Management Plan*, states that "travel charge card accounts are generally reviewed monthly and always at the end of the reporting cycle. Account activity is compared to travel authorizations to look for card activity not consistent with a travel authorization. Incidents of potential misuse are reported to appropriate managers, O[rganizational] P[rogram] C[ordinator]s and OPM's Human Resources Office for follow-up and appropriate disciplinary action, to include: reprimand, suspension or termination."

Unsupported transactions provide an increased risk for abuse or misuse of the travel card and subsequently agency resources.

Recommendation 8

We recommend that Travel Operations strengthen its oversight and monitoring of travel card transactions, to include but not be limited to, ensuring travel cards are being used and approved in accordance with regulations and guidance.

OCFO's Response:

“CFO Management concurs with OIG’s recommendation. To ensure travel card monitoring activity is adequately documented, the Agency / Organization Program Coordinator (A/OPC) within CFO and the program coordinators within OPM program offices, will maintain supporting documentation to support each month the monitoring control activity performed and any actions taken to notify employees and their supervisors of any infractions identified. If there is evidence of fraud, waste, or abuse, the matter will be submitted to the Deputy CFO who will report the matter to ES and the OIG’S for investigation, if applicable. The CFO will maintain a record of any notifications submitted to the OIG and ES.”

Recommendation 9

We recommend that Travel Operations provide frequent reminders to the approving officials on their responsibilities when reviewing travel authorizations and vouchers. Reminders should include such things as GSA’s best practices for travel charge cards to ensure travel cardholders submit receipts for expenses over \$75 when submitting their vouchers, and that travel authorizations are approved prior to travel.

OCFO's Response

The OCFO concurs with the recommendation. Travel operations staff will communicate quarterly with the Travel Organizational Contacts (TOCs) and will provide additional training on an as needed basis. In addition, CFO's [Financial Operations Management] FOM will conduct targeted audits to evaluate the TOCs’ travel voucher review process.

Recommendation 10

We recommend that Travel Operations develop written procedures for their Compliance Review and Voucher Review processes. At a minimum, procedures should include verifying and validating travel authorizations, receipts, and vouchers.

OCFO's Response

“CFO Management generally concur with OIG’s recommendation. A post audit compliance checklist was documented and executed. However, the CFO FOM organization will

document formal compliance review procedures and will include a modified travel approval procedure task list to assist supervisors in their review, verification, and validation of travel authorizations, receipts, and vouchers before approval.”

4. Excessive Cash Advances

We reviewed all 1,626 ATM cash advances, from October 1, 2014, through September 30, 2015, and determined that:

- Twenty-one restricted cardholders made 68 cash advance transactions, totaling \$17,493, which exceeded their seven-day limit of \$200. Travel Operations only detected 2 of the 68 transactions during their compliance review.
- Three out of the aforementioned 21 restricted cardholders made cash advance transactions, totaling \$3,509, which exceeded their billing cycle limit of \$600.

Details were provided to the OCFO separate from this report.

Travel Operations’ monitoring procedures include providing monthly *ATM Activity Reports* to office heads and organization program coordinators, and requesting that they review and verify specific information about each employee listed. However, Travel Operations could not provide documentation to support that the program offices were actually reviewing the reports and responding to Travel Operations with the results of their reviews. In addition, Travel Operations’ monitoring procedures did not include identifying the travel cards used for unauthorized transactions.

OPM’s *Charge Card Management Plan* states, “Applicants who do not consent to a credit check; or who consent to a credit check but attain a FICO score of less than 660, are issued a restricted travel card with a limit of \$2,000 and an ATM limit of \$200 every seven days/\$600 per billing cycle.”

Lack of a robust system of internal controls for preventing cardholders from exceeding their ATM cash advance limit of \$200 every seven days/\$600 per billing cycle, increases the risk that cash advances are used for expenses unrelated to Government travel.

Recommendation 11

We recommend that Travel Operations ensure organizational program coordinators review and certify monthly ATM Reports to help identify cardholder cash advances taken in excess of their ATM limit.

OCFO's Response

The OCFO concurs with the recommendation and stated that they will work with their bank card provider and agency program coordinators to perform quarterly reviews of travel cardholder ATM limits.

Recommendation 12

We recommend that Travel Operations follow up with organizational program coordinators to ensure that appropriate actions are taken against employees who have used their travel card for unauthorized transactions during each billing cycle.

OCFO's Response

“CFO Management concurs with OIG’s recommendation. The CFO FOM organization will update the Travel Policy to officially direct OPM organizational program coordinators to review travel card transactions on a monthly basis for validity. Management will require organizational program coordinators to report any employee travel card activity that is identified as misuse (i.e. double airfare, cancelled airfares, and charges and cash advances without related travel authorization, etc.) to the CFO travel manager and employee supervisor and approving manager. CFO Management will also retrain all organizational program coordinators and Centrally Billed Account travel cardholders to ensure any suspicious or inappropriate activity or abuses are communicated to the approving manager. This notification will require the OPC to respond with actions they have taken against the cardholder.”

5. Delinquent Cardholder Accounts

Travel Operations did not provide support that cardholder accounts with delinquencies of 61 days or more were suspended or canceled. Specifically, we were unable to verify that:

- All 22 delinquent cardholder accounts, totaling \$61,189, listed in the *Cancellation Report* for July 1 to October 31, 2015, were suspended.
- Six out of 22 delinquent cardholders were suspended after appearing twice or more, during a 12-month period, on the delinquency reports.

Details regarding the delinquent cardholder accounts were provided to the OCFO separate from this report.

OMB's Circular A-123, Appendix B, section 4.3 states, "The general responsibilities of charge card managers in implementing risk management controls, policies and practices [for travel charge card program] are [as follows]: ... Ensuring that cardholder statements of account and supporting documentation are reviewed and utilized to monitor delinquency, misuse, and other transaction activities" Section 4.4 states, "Charge card managers are responsible for ensuring that payment obligations are paid on time and that all relevant Prompt Payment Act requirements are met." The specific risk management controls, policies, and practices for addressing payment delinquencies, "Where individual cardholders are responsible for making payments to the charge card vendor, charge card managers are required to:

- Closely monitor delinquency reports from charge card vendors;
- Contact the delinquent cardholder promptly to ensure payment is made or to obtain a remediation plan;
- Formally notify the cardholder that delinquency in payment may result in disciplinary action; [and]
- Incorporate all controls, practices and procedures related to individually billed account delinquencies into the agency's charge card management plan"

Moreover, OMB A-123, Appendix B, section 4.5 states, "Payment delinquency associated with a Government travel charge card is prohibited."

SmartPay 2 Master Contract, C.1.18.2.1 Suspension Procedures, states, "If payment for the undisputed principal amount has not been received by the close of the 60th calendar day from the billing date of the billing period in which the charge appeared, the Contractor may suspend the account on the 61st day, unless otherwise directed by the [Agency Organizational Program Coordinator]."

OPM's *Financial Management Manual*, Chapter 17, specifically states, "Employees with a delinquent account may be subject to disciplinary action. An account may be cancelled if the account has been suspended twice during a 12-month period for non-payment of undisputed

principal amounts and becomes past due again in accordance with the terms of the vendor bank's Cardholder Agreement."

OPM's *Charge Card Management Plan* states, "It is the cardholder's responsibility to pay all outstanding balances on individually billed travel cards. If the cardholder fails to pay the balance, the serving bank or its collection agency may use whatever lawful garnishment and

salary offset remedies available in the collection process, including reports to credit bureaus in accordance with the servicing bank’s individually billed travel cardholder agreement.”

With delinquent accounts, totaling \$61,189, not being suspended after 61 days or more, OPM is at risk of not being in compliance with Federal law, and leaving the cards in the hands of the cardholder increases the chances for fraud, misuse, and abuse of the travel card.

Recommendation 13

We recommend that Travel Operations ensure that payments are made or to obtain a remediation plan for all outstanding balances on delinquent accounts, totaling \$61,189.

OCFO’s Response

The OCFO concurs with the recommendation and states that delinquent accounts totaling \$61,189 have been reduced to zero percent.

OIG Comment

The OCFO did not provide support with their response to show that the delinquent accounts have been reduced to zero percent; therefore, we will verify this information during the audit resolution process.

Recommendation 14

We recommend that Travel Operations strengthen internal controls to confirm that delinquent accounts are monitored and ensure that all delinquent cardholder accounts are either suspended or canceled, as appropriate.

OCFO’s Response

The OCFO agrees that delinquent cardholder accounts should be suspended or cancelled. “CFO’s FOM organization prepares monthly reports for management review based on data provided by the bank card provider. Delinquent Cardholder Accounts are reviewed by organization program coordinators to identify accounts for possible suspension or cancellation. Accounts with delinquencies after 61 days are suspended and accounts with delinquencies after 120 days are canceled.”

6. Cancellation of Travel Cards

Travel Operations did not immediately cancel 176 travel card accounts of employees that separated from OPM.

Number of accounts	Percentage of universe	When Account was Cancelled after Separation
3	2%	1 year or greater
17	10%	At least 3 months but less than 6 months
17	10%	At least 2 months but less than 3 months
48	27%	At least 1 month but less than 2 months
91	52%	At least 1 day but less than 1 month
176	100%	Total

OPM’s *Charge Card Management Plan* provides best practice to ensure effective risk management controls when cardholders terminate employment with OPM. However, the policies and procedures do not provide guidance on verifying if separated employees’ travel card accounts are immediately cancelled upon employment termination.

Public Law 112-194, Government Charge Card Abuse Prevention Act of 2012, requires each executive agency to ensure “that the travel charge card of each employee who ceases to be employed by the agency is invalidated immediately upon termination of the employment of the employee”

GAO’s *Standards for Internal Control in the Federal Government, Principle 10 – Design Control Activities*, advises management to limit “access to resources and records to authorized individuals, and assigns and maintains accountability for their custody and use. Management may periodically compare resources with the recorded accountability to help reduce the risk of errors, fraud, misuse, or unauthorized alteration.” Additionally, management is advised to “clearly [document] internal control and all transactions and other significant events in a manner that allows the documentation to be readily available for examination.”

OPM’s *Charge Card Management Plan*, dated January 2015, states that “When a cardholder resigns, retires, or transfers to another Government agency, the cardholder must return the destroyed card to his/her [Organization Program Coordinators]; or to the [Agency Program Coordinator] for cancellation.”

OPM’s *Financial Management Manual*, Chapter 17 – Travel Policy, states that “Employee participation in the [Government Travel Card Program] will be terminated under the following conditions: The cardholder is no longer employed by OPM[;] Misuse of the card by the cardholder[;] Employee goes on leave of absence without pay for over 12 months[; and] Vendor decides to cancel the card at its discretion.”

As a result of separated employees' travel cards not being cancelled immediately upon termination of employment; it increases the opportunity for continued use, which can result in travel card misuse and abuse.

Recommendation 15

We recommend that Travel Operations ensure that an analysis is routinely performed to certify that travel cards are not used after the separation date.

OCFO's Response

The OCFO concurs with the recommendation and states that they “will generate a monthly report of active and suspended cards and distribute to organization program coordinators to review, confirm, and cancel travel card accounts for employees who have separated from OPM”

Recommendation 16

We recommend that Travel Operations implement stronger internal controls to ensure that travel card accounts are immediately cancelled upon separation of the cardholder's employment.

OCFO's Response

The OCFO concurs with the recommendation and stated that they “will utilize the employee separation report received from the payroll provider to ensure that travel card accounts of separated employees have been cancelled on a monthly basis.”

7. Periodic Reviews of Cardholder Activity

We reviewed cardholder reports to determine if Travel Operations was monitoring and tracking cardholders who have not used their travel card for 365 days or more and to verify if inactive accounts had been suspended. We were unable to determine if inactive cardholder's accounts had been deactivated because Travel Operations did not provide evidence that they had completed quarterly reviews to identify cardholders who have not used their cards within 365 days and that those accounts were deactivated. Due to organizational turnover of human capital, documents were not retained to support that periodic reviews were conducted.

However, our testing identified that from October 1, 2014, through September 30, 2015, there were a total of 361 employee travel card accounts that had not been deactivated due to lack of

activity for a year or more. The number of days of inactivity for the 361 employee travel card accounts, which had a status of either active or new, ranged from 365 to 2,464 days.

Public Law 112-194 - OCT. 5, 2012 126 STAT. 1445, Government Charge Card Abuse Prevention Act of 2012, states, “Periodic reviews [shall be] performed to determine whether each travel charge card holder has a need for the travel charge card.”

OPM’s *Charge Card Management Plan* states, “On an annual basis, employees’ accounts are reviewed to identify employees who have not used the travel charge card for one year or more. Travel cards that have not been used for one year or more are deactivated.”

GAO’s *Standards for Internal Control in the Federal Government, Principle 10* states, “Management should design control activities to achieve objectives and respond to risks.” More specifically, that “Management clearly documents internal control and all transactions and other significant events in a manner that allows the documentation to be readily available for examination. ... Documentation and records are properly managed and maintained.”

As a result of Travel Operations not performing and documenting the periodic reviews to identify travel charge cardholder that have not used the travel charge card for one year or more, there is an increased potential for misuse, abuse, and fraud.

Recommendation 17

We recommend that Travel Operations identify cardholders that have not used their travel card for one year or more and deactivate travel cards in a timely manner.

OCFO’s Response

“CFO Management concurs with OIG’s recommendation and will institute a Travel Card account inactivity monitoring procedure where we will notify organization program coordinators of travel card accounts that are inactive for 365 days or more.”

Recommendation 18

We recommend that Travel Operations enforce policies and procedures to conduct periodic reviews of travel card accounts to ensure cards are needed by the employees to which they are issued.

OCFO’s Response

“CFO Management concurs with OIG’s recommendation and will institute a Travel Card account inactivity monitoring procedure where we will notify organization program coordinators of travel card accounts that are inactive for 180 days or more. Organization program coordinators will be required to provide a response to cancel the card if it is determined that the cardholder no longer has a need for the card or has separated from OPM. Responses not received from identified organization program coordinators will be reported to the Deputy Chief Financial Officer for further action.”

Recommendation 19

We recommend that Travel Operations establish and implement controls to properly document and retain support for the periodic reviews of inactivity.

OCFO’s Response

“CFO Management concurs with OIG’s recommendation and will maintain records of information received from organization program coordinators and that [are] generated by the CFO’s FOM organization on the periodic reviews of travel card accounts.”

8. Agency Financial Report

Travel card usage is reported in Table 18 of OPM’s FY 2015 Annual Financial Report (AFR). Table 18 reports the effectiveness of OPM's travel card usage by monitoring the percentage of the total outstanding balances that are 61 or more days old. Table 18 also compares OPM's percentages that are 61 or more days old to Government-wide percentages.

Travel Operations does not have controls in place to ensure that the travel card information reported in the AFR is accurate. When we requested support for the travel card reporting they provided data from GSA. GSA compiles financial data from JPMorgan Chase, Citibank, and U.S. Bank for the Federal government's travel card program and reports on it broken out by Federal agency on their website. Travel Operations retrieves OPM’s travel card program and the Government-wide travel card program data from GSA's website and forwards that information to OCFO's Financial Services for inclusion in OPM’s AFR.

Travel Operations did not analyze or validate OPM's travel card data from the GSA for accuracy prior to the results being reported in the Table 18 of OPM's FY2015 AFR. In addition, Travel Operations did not properly cite GSA as the source of the travel card data reported in AFR.

GAO’s *Standards for Internal Control in the Federal Government, Principle 10*, advises that “Management clearly documents internal control and all transactions and other significant

events in a manner that allows the documentation to be readily available for examination. ... Documentation and records are properly managed and maintained.”

Principle 13 - Use Quality Information/ Relevant Data from Reliable Sources, states, “Management should use quality information to achieve the entity’s objectives.” More specifically, it states that “Management obtains relevant data from reliable internal and external sources in a timely manner based on the identified information requirements. Relevant data have logical connection with, or bearing upon, the identified information requirements. Reliable internal and external sources provide data that are reasonably free from error and bias and faithfully represent what they purport to represent.”

By not validating OPM’s travel card data received from GSA, information reported in OPM’s FY 2015 AFR may be erroneous. In addition, by not properly citing the source of the travel card data in the AFR, readers may be misled to believe that the data presented is OPM generated.

Recommendation 20

We recommend that Travel Operations provide support to validate the travel card information provided in Table 18. Furthermore, we recommend Travel Operations improve internal controls over its travel card reporting process to ensure the integrity of the travel card data reported in the AFR. These controls should include verification and validation of the travel card information prior to reporting it in the AFR.

OCFO’s Response

The OCFO concurs with the recommendation and stated that they “will utilize officially sourced data from [GSA]. ... Source data from GSA will be verified and validated using data received from the bank card provider prior to reporting within the AFR.

Recommendation 21

We recommend that Travel Operations properly cite the source of the travel card data reported in OPM's AFR when the data is provided from sources external to OPM.

OCFO’s Response

The OCFO concurs with the recommendation “and will make the proper citations as recommended.”

APPENDIX



Chief Financial
Officer

UNITED STATES OFFICE OF PERSONNEL MANAGEMENT
Washington, DC 20415

AUG 17 2017

MEMORANDUM FOR [REDACTED]

Chief Internal Audits Group

THROUGH:

DENNIS D. COLEMAN
Chief Financial Office

Handwritten signature of Dennis D. Coleman in black ink.

FROM:

ROCHELLE BAYARD
Associate Chief Financial Officer, Financial Operations Management

SUBJECT:

Management Response to Draft Report on the Audit of OPM's
Travel Card Program (Report No. 4A-CF-00-15-049)

The Office of the Chief Financial Officer appreciates the opportunity to provide a response on the Inspector General's Draft Report on the Audit of OPM's Travel Card Program (Report No. 4A-CF-00-15-049). We are committed to ensuring proper oversight of OPM's travel card program to mitigate risk of fraud or inappropriate use.

We generally agree with the findings and recommendations in the report and recognize that there are opportunities for enhancing OPM's internal controls and guidance around the Travel Card Program and usage of the Travel Card to the extent feasible in supporting OPM's mission. However, for Recommendation #3, we request that Employee Services be designated the lead with CFO serving in an analytical and consultative role to formulate written penalties and disciplinary procedures. We believe this more accurately reflects our respective roles in defining and implementing any disciplinary actions related to card misuse.

**Deleted by OIG
Not Relevant to Final Report**

Additionally, OPM's delinquency rates for individually billed accounts, for the timeframe indicated in Finding #5 where delinquent accounts totaled \$61,189.00, have been reduced to 0% confirming that all outstanding accounts have been paid or charged off.

We hope your staff will take these comments into consideration as part of the final report. In addition, we are including our initial response to the recommendations in the report. If you have any questions, please contact me by email or a member of your staff may contact [REDACTED] at [REDACTED].

Attachment

Report No. 4A-CF-00-15-049

cc:

Jason Simmons
Chief of Staff

Norbert Vint
Acting Inspector General

Mark Lambert
Associate Director, Merit System Accountability and Compliance

Dan Marella
Deputy Chief Financial Officer

Janet Barnes
Director, Internal Oversight and Compliance

[REDACTED]
Senior Team Leader, Internal Audits Group

[REDACTED]
Chief, Policy and Internal Controls

**CHIEF FINANCIAL OFFICER'S MANAGEMENT RESPONSE TO
DRAFT REPORT ON THE AUDIT OF OPM'S TRAVEL CARD PROGRAM
(REPORT NO. 4A-CF-00-15-049)**

Recommendation 1

We recommend Travel Operations ensure that all travel card policies and procedures, governing OPM's travel card program, are accurate and consistent with one another and contain all areas/requirements outlined by laws and regulations pertaining to OPM's government travel card program.

Management Response: CFO Management concurs with OIG's recommendation and is in the process of enhancing its travel program policies and procedures to mitigate the identified risks and promote greater accountability in the use of OPM funding resources. These updated policies and procedures will address the recommendation above, and will include enhanced controls to monitor and verify OPM's government travel card program with specific guidelines outlined by Federal Travel Regulations.

Recommendation 2

We recommend Travel Operations ensure that roles and responsibilities are clearly articulated to avoid ambiguity of delegated duties.

Management Response: CFO Management concurs with OIG's recommendation and as noted in Response #1 above, we will be updating the Travel Policy and Government Travel Charge Card Plan to clarify roles and responsibilities for all components of OPM's travel card program to include annual training and reminders on travel card policies and procedures.

Recommendation 3

We recommend Travel Operations collaborate with OPM's Human Resources to formulate written penalties to deter misuse of OPM's travel charge cards.

Management Response: CFO Management generally agrees with OIG's recommendation. However, we request that Employee Services (ES) be designated the lead with CFO serving in an analytical and consultative role to formulate written penalties and disciplinary procedures. We believe this more accurately reflects our respective roles in defining and implementing any disciplinary actions related to card misuse.

Recommendation 4

We recommend Travel Operations immediately replace the Charge Card Management Plan, dated May 5, 2006, located on THEO, with the version dated January 2017. Travel

Operations should also ensure that THEO is immediately updated when a new version of the Charge Card Management Plan is released or updated.

Management Response: CFO Management concurs with OIG's recommendation, noting that it plans to issue an updated Travel Policy and Government Travel Charge Card Plan to include specific guidelines outlined by Federal Travel Regulations. The documents will be officially posted to OPM internal intranet (THEO) and communicated to all OPM employees upon posting on THEO.

Recommendation 5

We recommend that Travel Operations ensure all travel cardholders, approving officials, the agency program coordinator, and agency organizational program coordinators, that have not taken the mandatory initial and refresher training, complete the training within an appropriate timeframe, or suspend the use of their travel card and/or oversight duties until training is completed.

Management Response: CFO Management concurs with OIG's recommendation, noting that it released the Travel Card training for cardholders in July 2017 as an annual refresher on travel card policies and procedures. Records of training will be maintained by the CFO's FOM organization. In addition, the CFO will be drafting new guidance for approving officials (to include appointment letters) of their oversight role and responsibilities.

Recommendation 6

We recommend that Travel Operations formally appoint approving officials and program coordinators through appointment letters which outline their basic responsibilities and duties related to the travel card operations for their respective program office.

Management Response: CFO Management concurs with OIG's recommendation, noting that the CFO will also draft new guidance for approving officials (to include appointment letters) of their oversight role and responsibilities.

Recommendation 7

We recommend that Travel Operations coordinate and partner with OPM program approving officials, program coordinators, and any appropriate program offices to implement controls to ensure card users and oversight personnel receive the required training on the appropriate use, controls and consequences of abuse before they are given a card, and/or appointment to the position. Documentation should be maintained to support the completion of initial and refresher training.

Management Response: CFO Management concurs with OIG's recommendation and have taken steps to deliver an annual refresher training that provides procedures and guidelines for travel card use. Where appropriate, the CFO will coordinate with program offices as it develops draft guidance for approving officials and resulting appointment letters role and responsibilities.

Recommendation 8

We recommend that Travel Operations strengthen its oversight and monitoring of travel card transactions, to include but not be limited to, ensuring travel cards are being used and approved in accordance with regulations and guidance.

Management Response: CFO Management concurs with OIG's recommendation. To ensure travel card monitoring activity is adequately documented, the Agency / Organization Program Coordinator (A/OPC) within CFO and the program coordinators within OPM program offices, will maintain supporting documentation to support each month the monitoring control activity performed and any actions taken to notify employees and their supervisors of any infractions identified. If there is evidence of fraud, waste, or abuse, the matter will be submitted to the Deputy CFO who will report the matter to ES and the OIG'S for investigation, if applicable. The CFO will maintain a record of any notifications submitted to the OIG and ES.

Recommendation 9

We recommend that Travel Operations provide frequent reminders to the approving officials on their responsibilities when reviewing travel authorizations and vouchers. Reminders should include such things as GSA's best practices for travel charge cards to ensure travel cardholders submit receipts for expenses over \$75 when submitting their vouchers and travel authorizations are approved prior to travel.

Management Response: CFO Management concurs with OIG's recommendation. CFO travel operations staff will communicate quarterly with approving officials, organization program coordinators, Travel Organizational Contacts (TOCs) and will provide additional training, as needed, through informational emails to ensure that everyone understands the agency's policy as to the requirement for receipts for all travel expenses of \$75 or more for validating vouchers claimed for reimbursements. CFO's FOM organization will ensure that targeted audits are conducted to assess that travel approving officials (i.e., the supervisors/ managers of travelers) are reviewing travel vouchers for adequate and appropriate receipts or documentation to support all expenses charged.

Recommendation 10

We recommend Travel Operations develop written procedures for their Compliance Review and Voucher Review processes. At a minimum, procedures should include verifying and validating travel authorizations, receipts, and vouchers.

Management Response: CFO Management generally concur with OIG's recommendation. A post audit compliance checklist was documented and executed. However, the CFO FOM organization will document formal compliance review procedures and will include a modified travel approval procedure task list to assist supervisors in their review, verification, and validation of travel authorizations, receipts, and vouchers before approval.

**Deleted by OIG
Not Relevant to Final Report**

Recommendation 12

We recommend that Travel Operations ensure organizational program coordinators review and certify monthly ATM Reports to help identify cardholder cash advances taken in excess of their ATM limit.

Management Response: CFO Management concurs with OIG's recommendation. The CFO's FOM organization will work with our bank card provider and agency program coordinators to perform a periodic review of travel cardholder ATM limits. The review will be conducted quarterly beginning October 1, 2017 with the quarterly results being finalized within 30 days after the end of the quarter.

Recommendation 13

We recommend that the Travel Operations follow up with organizational program coordinators to ensure that appropriate actions are taken against employees who have used their travel card for unauthorized transactions during each billing cycle.

Management Response: CFO Management concurs with OIG's recommendation. The CFO FOM organization will update the Travel Policy to officially direct OPM organizational program coordinators to review travel card transactions on a monthly basis for validity. Management will require organizational program coordinators to report any employee travel card activity that is identified as misuse (i.e. double airfare, cancelled airfares, and charges and cash advances without related travel authorization, etc.) to the CFO travel manager and employee supervisor and approving manager. CFO Management will also retrain all organizational program coordinators and Centrally Billed Account travel cardholders to ensure any suspicious or inappropriate activity or abuses are communicated to the approving manager. This notification will require the OPC to respond with actions they have taken against the cardholder.

Recommendation 14

We recommend that Travel Operations ensure that payments are made or to obtain a remediation plan for all outstanding balances on delinquent accounts, totaling \$61,189.00.

Management Response: CFO Management concurs with OIG's recommendation and OPM's delinquency rates for individually billed accounts, for the timeframe indicated in Finding #5 where delinquent accounts totaled \$61,189.00, have been reduced to 0%, a confirmation that all outstanding accounts for the reviewed timeframe have been paid or charged off.

Recommendation 15

We recommend that Travel Operations strengthen internal controls to confirm <Deleted by OIG, Not Relevant to Final Report> delinquent accounts are monitored; and ensure that all delinquent Cardholder accounts are either suspended or canceled, as appropriate.

Management Response: CFO Management partially concurs with OIG's recommendation.

**Deleted by OIG
Not Relevant to Final Report**

CFO's FOM organization prepares monthly reports for management review based on data provided by the bank card provider. Delinquent Cardholder Accounts are reviewed by organization program coordinators to identify accounts for possible suspension or cancellation. Accounts with delinquencies after 61 days are suspended and accounts with delinquencies after 120 days are canceled.

Recommendation 16

We recommend that the Travel Operations ensure that an analysis is routinely performed to certify that travel cards are not used after the separation date.

Management Response: CFO Management concurs with OIG's recommendation. To ensure proper oversight in reviewing and assessing open Travel Card for separated employee, the CFO's FOM organization will generate a monthly report of active and suspended cards and distribute to organization program coordinators to review, confirm, and cancel travel card accounts for employees who have separated from OPM on a monthly basis.

Recommendation 17

We recommend that Travel Operations implement stronger internal controls to ensure that travel card accounts are immediately cancelled upon separation of the cardholder's employment.

Management Response: CFO Management concurs with OIG's recommendation. To ensure proper oversight in reviewing and assessing open Travel Card for separated employee, the CFO's FOM organization will utilize the employee separation report received from the payroll provider to ensure that travel card accounts of separated employees have been cancelled on a monthly basis.

Recommendation 18

We recommend that Travel Operations identify cardholders that have not used their travel card for one year or more and deactivate travel cards in a timely manner.

Management Response: CFO Management concurs with OIG's recommendation and will institute a Travel Card account inactivity monitoring procedure where we will notify organization program coordinators of travel card accounts that are inactive for 365 days or more.

Recommendation 19

We recommend that Travel Operations enforce policies and procedures to conduct periodic reviews of travel card accounts to ensure cards are needed by the employees to which they are issued.

Management Response: CFO Management concurs with OIG's recommendation and will institute a Travel Card account inactivity monitoring procedure where we will notify organization program coordinators of travel card accounts that are inactive for 180 days or more. Organization program coordinators will be required to provide a response to cancel the card if it is determined that the cardholder no longer has a need for the card or has separated from OPM. Responses not received from identified organization program coordinators will be reported to the Deputy Chief Financial Officer for further action.

Recommendation 20

We recommend that Travel Operations establish and implement controls to properly document and retain support for the periodic reviews of inactivity.

Management Response: CFO Management concurs with OIG's recommendation and will maintain records of information received from organization program coordinators and that generated by the CFO's FOM organization on the periodic reviews of travel card accounts.

Recommendation 21

We recommend that Travel Operations provide support to validate the travel card information provided in Table 18. Furthermore, we recommend Travel Operations improve internal controls over its travel card reporting process to ensure the integrity of the travel card data reported in the AFR. These controls should include verification and validation of the travel card information prior to reporting it in the AFR.

Management Response: CFO Management concurs with OIG's recommendation. The CFO's FOM organization will utilize officially sourced data from the General Services Administration (GSA) who administers the master contract for the SmartPay Travel Card Program for all agencies for reporting within the annual Agency Financial Report {AFR}. Source data from GSA will be verified and validated using data received from the bank card provider prior to reporting within the AFR.

Recommendation 22

We recommend that Travel Operations properly cite the source of the travel card data reported in OPM's AFR when the data is provided from sources external to OPM.

Management Response: CFO Management concurs with OIG's recommendation. The CFO's FOM organization will utilize officially sourced data from the General Services Administration (GSA) who administers the master contract for the SmartPay Travel Card Program for all agencies for reporting within the annual Agency Financial Report [AFR] and will make the pro per citations as recommended.



Report Fraud, Waste, and Mismanagement

Fraud, waste, and mismanagement in Government concerns everyone: Office of the Inspector General staff, agency employees, and the general public. We actively solicit allegations of any inefficient and wasteful practices, fraud, and mismanagement related to OPM programs and operations. You can report allegations to us in several ways:

By Internet: <http://www.opm.gov/our-inspector-general/hotline-to-report-fraud-waste-or-abuse>

By Phone: Toll Free Number: (877) 499-7295
Washington Metro Area: (202) 606-2423

By Mail: Office of the Inspector General
U.S. Office of Personnel Management
1900 E Street, NW
Room 6400
Washington, DC 20415-1100