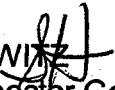




MAR 26 2002

MEMORANDUM FOR: FREDERICO JUARBE JR.
Assistant Secretary
Veterans' Employment and Training Services

FROM: SYLVIA T. HOROWITZ 
Acting Deputy Inspector General
Office of Communications, Inspections and Evaluations

SUBJECT: Evaluation of DOL's Travel Card Program
Veterans' Employment and Training Services
Report No. 2E-02-001-0001

This final report presents the results of our evaluation of the use of the government travel card in the Veterans' Employment and Training Services (VETS). This is one of four reports the Office of Inspector General is issuing on the Department of Labor's (DOL's) travel card program. The purpose of this evaluation was to determine whether the Department, through the guidance of both the Office of Chief Financial Officer (OCFO) and the Office of the Assistant Secretary for Administration and Management (OASAM), is effectively implementing all pertinent travel card-related regulations, policies and procedures for the Veterans' Employment and Training Service.

In addition to this report, we issued a report on the roles of OCFO and OASAM in the travel card program (*Evaluation of the Department of Labor's Travel Card Program, RPT. No. 2E-07-001-0001, issued March 26, 2002*). OCFO establishes DOL-wide travel card policy and most of the A/OPCs, who administer the travel card program, are OASAM employees. We decided to also evaluate VETS in order to closely examine the relationship and adequacy of OCFO's and OASAM's administration of the program for VETS employees.

TRAVEL CARD PROGRAM IN VETS

As we found elsewhere throughout the Department, travel card Agency/Organization Program Coordinators (A/OPCs) need additional procedural guidance for handling misuse and delinquency; insufficient information on the travel card program is reaching VETS employees; and inadequate guidance exists for program managers on how disciplinary policies apply to travel card misuse and delinquency. We encourage VETS management to work with the Department to strengthen the DOL travel card program and reduce travel card misuse and delinquency. Further, VETS should continue to take a proactive role in ensuring that VETS employees understand that misuse and delinquency is taken seriously and that there are consequences for inappropriate actions. Since no issues requiring independent corrective action by VETS were identified during this review, this report is provided for *information purposes only* and does not require a response.

The Department has created a network of A/OPCs to manage the daily operation of the travel card program. A/OPCs are responsible for setting up employee travel card accounts and monitoring account activity and delinquencies. The majority of the A/OPCs are OASAM employees, who perform the A/OPC responsibilities in addition to their regular duties. OASAM handles the administrative aspects of the travel card program for VETS nationwide. Currently there are eight A/OPC's that administer the travel card program for VETS.

To determine whether the Department has adequate internal controls to effectively implement all pertinent regulations, policies and procedures governing travel card use in VETS, we examined the following:

- Citibank transaction data from April 1, 2000 to March 31, 2001
- Citibank delinquency data from April 1, 2000 to March 31, 2001
- GSA data on government-wide delinquency from April 2000 to March 2001.

In addition to looking at agency transaction and delinquency data, we interviewed DOL's Travel Card Coordinator and appropriate A/OPCs, as well as VETS management and staff. We also reviewed pertinent federal laws and regulations, as well as DOL and Citibank guidelines and training materials. We conducted this evaluation in accordance with the *Quality Standards for Inspections* published by the President's Council on Integrity and Efficiency.

FINDINGS

Finding A: A/OPCs' Review and Monitoring of VETS Travel Card Transactions is Inconsistent

A/OPCs provide an inadequate review of VETS travel card transactions to determine possible misuse, as well as how to address possible misuse or delinquency once it is identified. A/OPCs need additional guidance in these areas from OCFO/OASAM in order to improve the thoroughness of the review and eliminate disparate treatment based on which A/OPC reviews a VETS employee's account.

During interviews with VETS regional directors and our analysis of the data, we found discrepancies between each directors' perception of the Travel Card Program and how it actually operates. For example, we found that in each region, VETS directors were unaware of the exact number of delinquent cardholders. Of the seven directors interviewed, each director was unaware of the number of delinquencies or number of incidents of misuse in their region, for the time period reviewed. This was due to 1) A/OPCs not consistently reporting monthly information on travelers activities to the regional directors; 2) regional directors not having access to tools that could apprise them of delinquencies or incidents of possible misuse by agency cardholders; and, 3) regional directors not keeping records on cardholders who were delinquent or had misused the travel card. As new initiatives and corrective actions are implemented in OCFO/OASAM, VETS officials will have access to the management tools necessary to identify and implement disciplinary actions as they relate to delinquency and suspected misuse by cardholders.

We also found that VETS directors were unsure of the total number of travel cards issued to their regional employees. In the past, OCFO/OASAM did not keep records of travel cards within DOL by agency, due to the established hierarchy in the credit card database maintained by Citibank. According to OCFO/OASAM, this issue has been resolved. The ability to sort cardholders by agency will provide VETS with the capacity to periodically obtain a current listing of travel card users. We strongly urge that VETS pursue this issue to ensure that only authorized employees are issued the government travel card.

Finding B: VETS Employees Are Not Receiving Adequate Information About the Travel Card Program

VETS management should work with OCFO/OASAM to ensure that their employees are provided with adequate information regarding proper use of the travel card. Currently, we found that insufficient information on the travel card program is reaching VETS employees. Existing practice includes Citibank sending an employee a cardholder agreement with the government travel card. Further, the Department distributes bi-annually a memo (*Spotlight*) explaining proper employee conduct and responsibilities with regard to travel card use and payment. We agree that the current process provides valuable information; however, we believe that VETS employees need additional travel card information.

We have recommended to OCFO/OASAM that they develop additional materials such as simple “Do’s and Don’ts” lists or “Frequently Asked Questions” to assist all employees. VETS management should assist OCFO/OASAM in developing these additional informational tools and ensure that they are provided to both new employees and existing VETS cardholders as well. Travel card use and responsibilities should be included in VETS current orientation and ethics training classes. While it is unlikely that delinquency or all cases of misuse can be attributed to ignorance, better training could ensure that lack of knowledge is not an issue.

VETS employees should be informed that their transactions are being reviewed and what actions will be taken if they misuse their cards or are delinquent making payments.

FINDING C: VETS Management Does Not Have Sufficient Guidance On How To Apply Disciplinary Policies to Travel Card Misuse and Delinquency

VETS management should work with OCFO/OASAM to develop guidelines for managers on how to apply the *Standards of Ethical Conduct for Employees of the Executive Branch* to unauthorized use of the travel card and/or delinquency. Currently, there is inadequate Departmental guidance for VETS program managers on how disciplinary policies apply to these areas.

Once an A/OPC has identified a problem that needs to be referred to VETS, agency management is responsible for taking appropriate corrective action. While A/OPCs can cancel cards, this alone is not a deterrent to misuse and delinquency. Travel card misuse and delinquency may be indications of larger employee problems and warrant referral to agency management.

As mentioned in Finding B above, regional directors did not adequately record disciplinary actions against travel card abusers. Each regional director noted one case where an employee excessively used the travel card for personal expenses. In those cases, the employees made arrangements for full payment with the travel card company.

The regulations/policies of the travel card program provide the agency with the option of canceling or suspending a travel card when instances of excessive delinquency or misuse are documented. All the regional directors interviewed were unaware of these regulations and did not use this provision to address travel card abuse. As new initiatives and corrective actions are implemented by OCFO/OASAM to allow agencies to be fully aware of their rights and responsibilities under the travel card program, regional directors will have a clear policy to effectively implement disciplinary actions for travel card abusers.

We encourage VETS management to take an active role in working with OCFO/OASAM to improve the travel card program and reduce travel card misuse and delinquency. We understand that it will take OCFO/OASAM time to implement these various changes to the administration of the travel card program; notwithstanding that, VETS should continue to take a more proactive role in ensuring that VETS employees understand that misuse and delinquency is taken seriously and that there are consequences for inappropriate actions.

We appreciate the time and cooperation we received from your staff during this review. Please do not hesitate to address any questions regarding this report to Gregory Simmons, Director, Division of Program Evaluations, at 202-693-5215.

cc: Stanley Seidel