



**EVALUATION OF  
THE DEPARTMENT OF LABOR'S  
TRAVEL CARD PROGRAM**

**OFFICE OF CHIEF FINANCIAL OFFICER**

**AND**

**OFFICE OF THE ASSISTANT SECRETARY FOR ADMINISTRATION  
AND MANAGEMENT**

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## ACRONYMS AND GLOSSARY

### ACRONYMS

|              |   |
|--------------|---|
| <b>A/OPC</b> | Agency/Organization Program Coordinator                             |
| <b>DLMS</b>  | Department of Labor Manual Series                                   |
| <b>DOL</b>   | Department of Labor   |
| <b>FAQs</b>  | Frequently Asked Questions  |
| <b>GSA</b>   | General Services Administration                                     |
| <b>GTR</b>   | Government Transportation Request                                   |
| <b>OASAM</b> | Office of the Assistant Secretary for Administration and Management |
| <b>OCFO</b>  | Office of Chief Financial Officer                                   |
| <b>OIG</b>   | Office of Inspector General   |

### GLOSSARY

|                            |  |
|----------------------------|--|
| <b>A/OPC</b>               | Individual designated by the Agency/Organization to manage the travel card program for the Agency/Organization. Generally serves as the focal point for answering questions, coordinating applications, issuing and destroying cards, and reviewing reports. |
| <b>Citibank</b>            | Bank the Department of Labor chose to service DOL's travel card program.   |
| <b>CitiDirect</b>          | A web-based program management system provided by Citibank.  |
| <b>Department</b>          | OCFO and OASAM collectively.   |
| <b>Department of Labor</b> | The entire Department of Labor, encompassing all of the offices and agencies carrying out the mission.   |

## **EXECUTIVE SUMMARY**

The Travel and Transportation Reform Act of 1998 (Public Law 105-264) requires government employees to use the Government travel charge card (travel card) on official business. Government employees must use their travel card to pay for official expenses, such as hotel rooms and airline tickets.

Federal agencies' roles and responsibilities have changed since the inception of the travel card program in the late 1980's. Originally, Federal agencies had very little oversight responsibility in regard to employees' card use or payment. The terms of the contract were strictly between the issuer and the employee. In 1998, Congress passed the Travel and Transportation Reform Act, which mandated the use of government contractor-issued cards and gave Federal agencies an oversight role in terms of employee travel card use and payment

Concern over the government's travel card program arose at a May 1, 2001, Congressional hearing before the House Government Reform Committee on Government Efficiency, Financial Management and Intergovernmental Relations. The General Services Administration (GSA) testified that as of March 2001, federal employees were delinquent in paying more than \$25 million on their travel card accounts.<sup>1</sup> In addition, the President's Council on Integrity and Efficiency's Inspections and Evaluations Roundtable proposed a government-wide evaluation of travel card use.

This evaluation by the Office of Inspector General focused on the roles of the Office of Chief Financial Officer (OCFO) and the Office of the Assistant Secretary for Administration and Management (OASAM) in the Department of Labor's (DOL's) travel card program. We examined these two agencies because OCFO sets Department policy for the travel card program and most of the Agency/Organization Program Coordinators (A/OPCs), who administer the program, are OASAM employees. Throughout the report, we refer to OCFO and OASAM collectively as "the Department" because we believe that any enhancements or corrective actions to the travel card program will require their collective effort.

## **RESULTS OF EVALUATION**

We found that the Department's policy guidance needs strengthening due to the increased roles and responsibilities of Federal agencies. Specifically, A/OPCs need additional procedural guidance; the Department needs to work with program agencies to develop guidance on how disciplinary policies apply to travel card misuse and delinquency; and employees need more information on the travel card program. This report contains recommendations on how the Department can strengthen the DOL travel card program and decrease travel card misuse and delinquency. Our findings and recommendations are listed below.

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<sup>1</sup> <http://www.govexec.com/dailyfed/0501.050201tl.htm>. Government Executive Magazine – 5/02/01  
"Federal Workers Misuse of Travel Cards."

**Finding A: The Travel Card Program Is Not Administered Consistently Throughout DOL**

The Department does not provide adequate guidance to the A/OPCs on how to review travel card transactions to determine possible misuse. Further, it does not provide adequate guidance on how to handle possible misuse or delinquency once it is identified. This lack of guidance results in policies and procedures being established by each individual A/OPC. Consequently, employees receive disparate treatment based on which A/OPC is reviewing their account.

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

The Department needs to ensure that employees receive adequate information about the proper use of the travel card. Current practice includes Citibank sending an employee a cardholder agreement when an employee receives a government travel card. In addition, the Department bi-annually distributes a memo (*Spotlight*) explaining proper employee conduct and responsibilities with regard to travel card use and payment. However, there is no guarantee that employees are receiving this information and/or understanding their responsibilities. The Department needs to develop materials such as a simple “Do’s and Don’ts” list or “Frequently Asked Questions” to give to all employees. In addition, the Department should cover travel card use in current orientation or ethics classes. Employees should understand that DOL takes misuse and delinquency seriously and that there are consequences for inappropriate actions.

**Finding C: The Department Needs to Provide Guidance on How to Apply DOL Disciplinary Policies to Travel Card Misuse and Delinquency**

The Department needs to work with program agencies to develop guidelines on how to apply the *Standards of Ethical Conduct for Employees of the Executive Branch* to travel card misuse and delinquency. In addition to costing DOL money, misuse and delinquency can be indications of larger employee problems and should not remain unaddressed. While A/OPCs can cancel cards, this alone is not a deterrent to misuse and delinquency. Once an A/OPC has identified a problem that needs to be referred to the employee’s agency, that agency is responsible for taking appropriate corrective action. The Department needs to educate program agencies and managers about what options are available when an employee makes unauthorized use of his travel card and/or is delinquent.

## **RECOMMENDATIONS**

We recommend that the Department take the following actions to improve the travel card program:

1. Develop clear procedural guidelines for A/OPCs in identifying and handling misuse and delinquency. The guidelines should include such items as:
  - A checklist that provides examples of transactions or patterns of transactions that indicate misuse;
  - Procedures for notifying employees or agencies of misuse and/or delinquency;
  - Provisions for following-up with employees or agencies;
  - Procedures for canceling cards for repeated misuse; and
  - Instructions for record keeping.
2. Survey all A/OPCs to learn how they are using Citidirect and what problems they are encountering, as well as best practices that can be shared with other A/OPCs.
3. Provide better information to employees about the travel card program by doing such things as:
  - Developing materials such as a simple list of practical “Do’s and Don’ts” or FAQs to be distributed to employees;
  - Covering travel card issues with employees during current orientation or ethics classes;
  - Informing employees that their transactions are being reviewed; and
  - Advising employees that disciplinary will be taken regarding misuse and delinquency.
4. Work with program agencies to develop guidance on what disciplinary options are available if an employee makes unauthorized use of his travel card and/or is delinquent.

## **DEPARTMENT RESPONSE AND OIG CONCLUSION**

In response to the OIG’s official draft report, the Department generally agreed with our findings and recommendations. As a result of corrective actions planned or already taken by OCFO and OASAM, we consider all four recommendations to be resolved. The recommendations will be closed after those corrective actions are completed and appropriate documentation is provided, as specified in the report. The Department’s complete response is found in the Appendix.

## **BACKGROUND**

This evaluation focused on the roles of the Office of Chief Financial Officer (OCFO) and the Office of the Assistant Secretary for Administration and Management (OASAM) in the Department of Labor's (DOL's) travel card program. OCFO provides high integrity financial information, services and products in support of DOL's goals and develops DOL-wide travel card policy. In addition, the DOL Coordinator for the travel card program is located in OCFO. The DOL Coordinator works with Citibank to develop the DOL task order under the GSA contract and provides training for A/OPCs. OASAM serves as the principal advisor to the Secretary on the administration and management of DOL. Most of the Agency/Organization Program Coordinators (A/OPCs), who administer the travel card program, are OASAM employees.

Concern over the government's travel card program arose at a May 1, 2001, Congressional hearing before the House Government Reform Committee on Government Efficiency, Financial Management and Intergovernmental Relations. The General Services Administration (GSA) testified that as of March 2001, federal employees were delinquent in paying more than \$25 million on their travel card accounts.<sup>1</sup> In addition, the President's Council on Integrity and Efficiency's Inspections and Evaluations Roundtable proposed a government-wide evaluation of travel card use.

The Travel and Transportation Reform Act of 1998 (Public Law 105-264) requires government employees to use the Government Travel charge card (travel card) on official business. Government employees must use their travel card to pay for official expenses, such as hotel rooms and airline tickets. In 1998, GSA awarded contracts to four banks to provide travel card services. The GSA contracts set up a point system that allows federal agencies to receive rebates from the banks based on travel card use. Each federal agency chooses one of the four banks to provide the services. DOL chose Citibank.

The Department of Labor Manual Series (DLMS) contains DOL-wide policies and procedures. DLMS – 7, Part 15 covers the DOL's Travel Management Programs. DOL's policy is to issue a travel card to any employee who expects to travel more than twice a year. The travel cards are individually billed accounts. Employees receive bills from Citibank at their home and use the money they receive from their travel vouchers to make payments. Citibank holds employees personally responsible for any unpaid bills. Payment is due within 25 calendar days of the billing date; however, Citibank does not charge interest or impose late fees. If a bill is not paid within 45 days, it is considered past due. At 61 days, Citibank will suspend an employee's card and at 126 calendar days Citibank will cancel it. Federal regulations allow Citibank to write-off unpaid amounts at 181 days past due.

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<sup>1</sup> <http://www.govexec.com/dailyfed/0501.05020tl.htm>. Government Executive Magazine -- 5/02/01 "Federal Workers Misuse of Travel Cards."

## **PURPOSE, SCOPE AND METHODOLOGY**

### **PURPOSE**

The purpose of this evaluation was to determine whether DOL is adhering to regulations, policies, and procedures regarding the use of travel cards. The evaluation focused on whether DOL has a system in place to effectively identify and address travel card misuse and delinquency.

### **SCOPE**

This evaluation focused on OCFO and OASAM, referred to collectively as “the Department” throughout the report. Because OCFO sets DOL policy for the travel card program and most of the A/OPCs, who administer the program, are OASAM employees, we believe that any enhancements or corrective actions to the travel card program will require their collective action.

In addition to this report, we are issuing separate reports on the Pension and Welfare Benefits Administration, the Veterans’ Employment and Training Services, and the Office of Inspector General.

### **METHODOLOGY**

To determine whether DOL has adequate internal controls governing travel card use we looked at 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 Smartpay Monthly Performance Reports, which monitor government-wide delinquency, from April 2000 to March 2001.

Because Citibank sorts their data by A/OPC and not by DOL agency, we matched the transaction and delinquency data using account numbers and social security numbers provided by Citibank, with social security numbers, agency listings and duty stations provided by OASAM. This match enabled us to sort by agency and look at agency-specific information. OCFO informed us that they now include agency names with cardholder information. This enhancement will facilitate any future data analysis.

In addition to examining agency transaction and delinquency data, we interviewed the DOL Coordinator and all A/OPCs. 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 AND RECOMMENDATIONS**

### **FINDING A – THE TRAVEL CARD PROGRAM IS NOT ADMINISTERED CONSISTENTLY THROUGHOUT DOL**

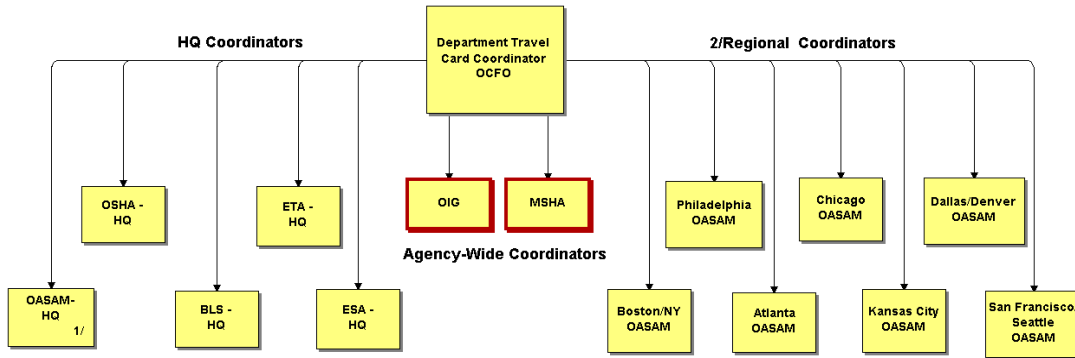
The Department does not provide adequate guidance to the A/OPCs on how to review travel card transactions to determine possible misuse. Further, it does not provide adequate guidance on how to handle possible misuse or delinquency once it is identified. This lack of guidance results in policies and procedures being established by each individual A/OPC. Consequently, employees receive disparate treatment based on which A/OPC is reviewing their account.

#### **Travel Card Program Responsibilities and Organization**

To help manage the day-to-day operation of the program, the Department has set up a system of A/OPCs. The role of the A/OPC has evolved along with federal agencies' oversight responsibilities. When the Government-wide travel card program started in the late 1980's, employee participation was strictly voluntary. Diner's Club, who provided the travel cards, allowed employees to use the card for personal use, as long as employees paid their bills on time. A/OPCs' responsibilities were mainly processing applications. In the 1990's GSA strongly encouraged the use of travel cards in an effort to eliminate agencies' need for cash. Then in 1998, Congress passed the Travel and Transportation Act, which mandated the use of travel cards for official travel and gave Federal agencies an oversight role in terms of employee travel card charges and payment. As Congress has given the agencies an increased role in the travel card program, the responsibilities of the A/OPC have also increased.

Currently, 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 most DOL agencies, except for the Office of Inspector General and the Mine Safety and Health Administration. Both of these agencies have appointed one of their employees as A/OPC to handle their entire agency. The Employment Standards Administration, Employment and Training Administration, Occupational Safety and Health Administration and the Bureau of Labor Statistics each appoint an A/OPC to handle only their national-office employees. For regional employees, these agencies rely on a regional OASAM employee to function as A/OPC for the region. Currently there are a total of 14 A/OPCs who handle DOL's travel card program. Eight are OASAM employees. The chart below shows the organization of the DOL travel card program.

## DOL Agency/Organization Program Coordinators



1/ OASAM HQ A/OPC handles the following agencies in addition to OASAM HQ employees: ARB, ASP, BRB, ECAB, ILAB, NSSB, OALJ, OCFO, OCIO, ODEP, OPA, OSBP, OSEC, PWBA, SOL, VETS, and WB.

2/ Regional A/OPC handles regional employees in the following agencies: BLS, ETA, ESA, OALJ, OSHA, OSEC, PWBA, SOL, VETS, and WB.

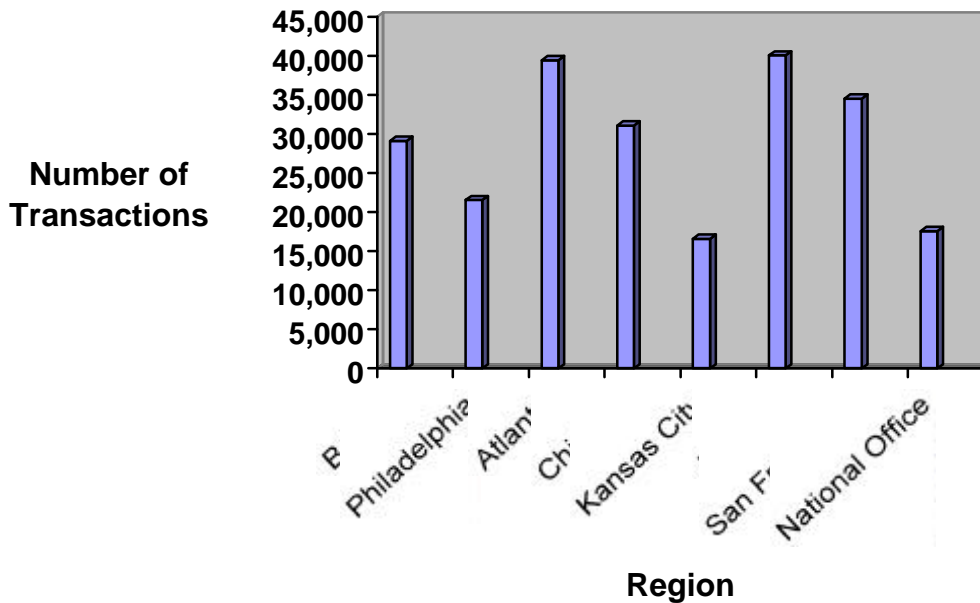
As part of DOL’s task order with Citibank, Citibank provides a series of hard-copy reports each month. Examples include the Account Activity Report, which lists all activity for the travel card program and the Delinquency Report, which lists all delinquent account balances. In addition, Citibank provides A/OPCs with access to CitiDirect, Citibank’s electronic reporting system. CitiDirect allows A/OPCs to access electronic reports and create ad hoc reports. An A/OPC may also use Citidirect to modify accounts, and to request and cancel cards.

We obtained a year’s worth of transaction data covering April 2000 to March 2001. We determined that during that time period, DOL employees charged a total of \$35,030,472 on their government travel card accounts. Of that amount, as shown in the chart below, OASAM A/OPCs reviewed 229,824 transactions. In addition, the chart shows that the A/OPCs’ workloads vary by region. For instance, Denver and Atlanta reviewed twice as many transactions as Kansas City and the National Office during the same period.

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## Total Number of Transactions by OASAM A/OPC

April 2000 - March 2001



### Identifying and Handling Possible Misuse

The only DOL-wide guidance concerning review of travel card use is the DLMS 7. In covering the A/OPCs responsibilities, the DLMS simply states that the A/OPC shall review the contractor's reports to identify employees who have billed personal items to the card. The Department needs to develop clear procedural guidelines to help A/OPCs combat misuse.

The A/OPCs receive several monthly reports from Citibank. One report lists each travel card transaction for the employees the A/OPC services. The report lists the employee's name, amount of the transaction, name of seller, Merchant Commercial Code, date and place of purchase. The A/OPC reviews the report looking for signs of possible misuse.

A/OPCs varied greatly in how they identified possible misuse. For example, one A/OPC looks for improper store names, such as department stores, and notifies the employee and the employee's supervisor if the charge is over \$100. While another A/OPC, in addition to looking for improper store names, looks for use in or around the employee's duty station and notifies the agency regardless of the amount. Most A/OPCs stated that identifying possible misuse is highly subjective.

While examining the data, we identified the following examples of possible misuse.

- From August to December, an employee charged \$12,090 to her government travel card. She used her travel card at Automatic Teller Machines, department stores, restaurants and grocery stores, among other places. She did not have any travel-related expenses. The employee made payments on her bill until November. Citibank suspended her card and in January she set up a payment plan with the bank's collection department. Since the A/OPC did not keep records of employees she cited for misuse, we do not know if the A/OPC identified this particular case.
- An employee spent \$1,144 at automatic fuel dispensers and service stations near his duty station. He did not incur any other travel-related expenses. The A/OPC did not notify the employee or the agency until the employee spent \$179 at a car dealership. By this time, the employee was already \$770 past due on his government travel card.

A/OPCs also varied greatly in how they handled possible misuse once they identified it. Only three of the eight OASAM A/OPCs were able to provide us with the names of the employees they had flagged for possible misuse and none of the A/OPCs followed up with the employees or the agencies. Several of the A/OPCs we talked to outside of OASAM contact the employee either by e-mail or letter and ask the employee to explain the questionable transaction by a certain date. The employee then has a chance to explain the questionable charges. Sometimes an employee doesn't understand the definition of "official travel." For example, one A/OPC had an employee who charged a book on her travel card because she needed something to read on the plane while traveling on official business.

A/OPCs have the discretion to cancel the travel cards for repeated misuse. Several of the A/OPCs that we talked to outside of OASAM will cancel travel cards because of repeated misuse. Several OASAM A/OPCs noted that misuse and delinquency usually go together. Citibank will cancel a card due to delinquency, which effectively stops the misuse. However, the Department does not currently have procedures addressing canceling the cards of employees who misuse their card, yet continue to pay their travel card bill on time.

The Department needs to develop clear procedural guidelines to help A/OPCs identify and handle possible misuse. Instead of A/OPCs using a subjective standard, the Department should create an objective standard, such as a checklist, to ensure that all employees are treated equally. The checklist should contain the types of transactions or patterns of transactions that warrant contacting an employee or an employee's agency, or checking an employee's travel voucher to ensure the expenses were incurred on official travel.

Once possible misuse is identified, the A/OPCs need to be given instructions on what to do next. Currently, one OASAM A/OPC sends a letter to the employee and the employee's supervisor, while another forwards a list of names to the Regional Administrator. None of the OASAM A/OPCs followed up with the employee or the

agency. Either the agency or the employee needs to contact the A/OPC to explain the transaction(s) and let the A/OPC know that the situation has been addressed. The Department also needs to establish procedures for canceling cards after repeated misuse.

Additionally, A/OPCs should be encouraged to use CitiDirect, which can provide valuable information. Few of the A/OPCs are utilizing CitiDirect to the extent that they could be. The Department should survey all A/OPCs to find out how they are using CitiDirect and what are the barriers to A/OPCs using it more. For example, one A/OPC noted that she had a hard time reviewing monthly transaction data because of the font. Another noted that it was hard to see an entire transaction on the screen. The survey would also help the Department identify best practices that could be shared with other A/OPCs. The Department could serve as a clearinghouse for best practices and try to work with Citibank to make CitiDirect more user friendly.

### **Handling Delinquency**

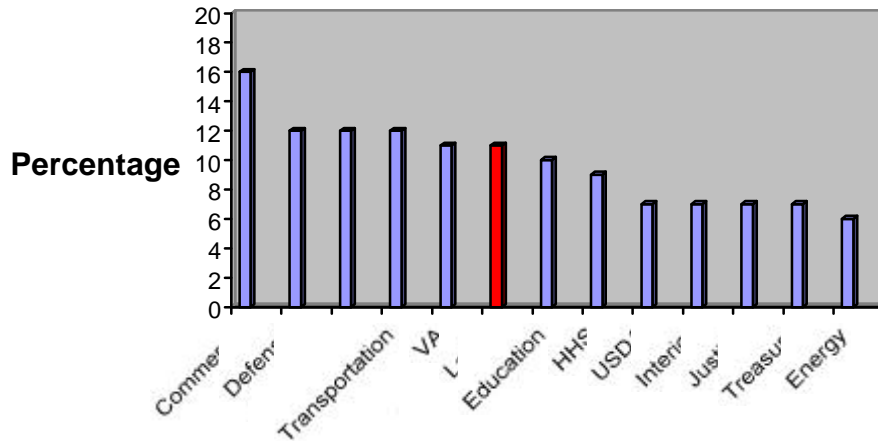
A/OPCs do not have the same problems identifying delinquencies. Citibank provides monthly delinquency reports that list the amount of the delinquency and how long the payment has been past due. However, as with possible misuse, the Department needs to develop clear instructions on how A/OPCs should handle employee delinquency.

Under GSA's Master Contract with Citibank, an account is past due if it is not paid within 45 days of the closing date. At 61 days Citibank suspends the account and the employee is unable to use the card until the principal amount is paid. Citibank will cancel a card if an employee is 126 days past due or has a card suspended two times in twelve months.

Based on information provided by GSA, we compared DOL's delinquency rate to other cabinet-level agencies. GSA tracks each agency's monthly outstanding balance and the percentage of that balance that is 61+ days past due. As the chart below illustrates, seven of the cabinet-level agencies had lower delinquency rates than DOL.

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**Percentage of Outstanding Total Travel Card Balance  
61+ Days Delinquent -- Agency Yearly Average  
April 2000 - March 2001**



After 180 days, federal regulations allow Citibank to write-off unpaid amounts as credit losses. To encourage federal agencies to address employee travel card delinquency, on October 24, 2001, GSA amended the Citibank contract to allow Citibank to deduct from the net charge volume the total amount of credit losses. DOL's SmartPay Refunds are based on DOL's net charge volume; thus, an employee failing to pay their travel card bill costs DOL rebate money. Cumulative write-offs from the inception of the Citibank contract (1998) until the end of March 2001 totaled \$362,048.\*

All the OASAM A/OPCs inform the agencies once an employee is 61 days delinquent. One A/OPC sends a letter to the employee and the supervisor. Regional A/OPCs forward the names to each agency's Administrative Officer for that region. As with possible misuse, none of the A/OPCs follow-up with the agency or the employee.

**Conclusion**

A/OPCs do not have adequate guidance on how to handle employee travel card misuse and delinquency. This lack of guidance results in employees being treated differently depending on which A/OPC monitors their account.

To ensure that all employees are treated equally, the Department needs to develop clear procedural guidelines for A/OPCs. The guidelines should include such items as a checklist that provides examples of transactions or patterns of transactions that indicate possible misuse. The Department should also provide A/OPCs with procedures for handling the possible misuse and delinquency once it is identified. The procedures should address who should be notified of the possible misuse and/or delinquency and provide for follow-up with the employee or agency. A/OPCs also need to keep a record of employees who have been cited for misuse and delinquency. Records will be

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\* This amount does not include any payments Citibank may have collected after 180 days.

particularly important in cases of misuse, because the Department should establish procedures for canceling cards for repeated misuse.

Finally, A/OPCs should be encouraged to take advantage of all the tools at their disposal, including access to travel vouchers and CitiDirect, as well as the ability to cancel cards. Stricter monitoring of the travel card accounts should result in a decrease in misuse and delinquency.

## **RECOMMENDATIONS**

### **We recommend that the Department:**

1. Develop clear procedural guidelines for A/OPCs in identifying and handling possible misuse and delinquency. The guidelines should include such items as:
  - A checklist that provides examples of transactions or patterns of transactions that indicate possible misuse;
  - Procedures for notifying employees or agencies of possible misuse and/or delinquency;
  - Provisions for following-up with employees or agencies;
  - Procedures for canceling cards for repeated misuse; and
  - Instructions for record keeping.
2. Survey all A/OPCs to learn how they are using CitiDirect and what problems they are encountering, as well as best practices that can be shared with other A/OPCs.

### **The Department's Response to Recommendations**

1. *“OCFO and OASAM concur with the recommendation. The reevaluation of the program infrastructure will strengthen A/OPC effectiveness by ensuring these individuals possess the proper skill sets to perform their card oversight responsibilities. OCFO will also enhance existing A/OPC policy and procedural guides to address the above areas in accordance with new oversight requirements. OASAM will designate a regional Servicing Finance Officer to assist the DOL Travel Card Program Coordinator with documenting related operating procedures. The target completion date for policy and procedural updates is July 1, 2002.”*
2. *“OCFO and OASAM concur with the recommendation due to the new oversight requirements. Reexamining the current infrastructure will impact this recommendation. OCFO and OASAM will reevaluate the current A/OPC infrastructure to determine if A/OPCs possess the technical skills necessary to utilize CitiDirect and analyze financial management reports. OASAM will determine what, if any, staffing adjustments can be made.”*

*“OCFO conducted an A/OPC survey in February 2002. The prominent response among the A/OPCs is that CitiDirect is laborious, time consuming, and detracts*

*from more critical mission-related work priorities. Other responses included printer limitations and the need for additional training. OCFO and OASAM will continue to encourage the use of CitiDirect by coordinating A/OPC training through Citibank, lending technical support, and demonstrating ways in which CitiDirect can enhance A/OPC effectiveness.”*

**OIG’s Conclusion**

We concur with the Department’s proposed corrective actions and consider recommendations 1 and 2 resolved. These recommendations will be closed pending receipt of a copy of the policy and procedural updates. Please provide the written documentation by **July 31, 2002**.



**FINDING B – EMPLOYEES ARE NOT RECEIVING ADEQUATE INFORMATION ABOUT THE TRAVEL CARD PROGRAM**

The Department needs to ensure that employees receive information about the proper use of the travel card. Current practice includes Citibank sending an employee a cardholder agreement when an employee receives a government travel card. In addition, the Department bi-annually distributes a memo (*Spotlight*) explaining proper employee conduct and responsibilities with regard to travel card use and payment. However, there is no guarantee that employees are receiving this information and/or understanding their responsibilities. The Department needs to distribute more specific travel card information and consider alternative methods of delivery.

According to our interviews with A/OPCs, the amount of additional information an employee receives depends on the region. In many cases, the A/OPC does not interact with the employee requesting the travel card. He may simply get a stack of applications to review and forward to Citibank.

While it seems 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. For example, according to OCFO, it is not appropriate for an employee to use his travel card if the employee loses his luggage while traveling. However, an A/OPC that we interviewed believed that replacing items lost in your luggage was an allowable use. The Department needs to develop materials such as a simple “Do’s and Don’ts” list or “Frequently Asked Questions” (FAQs) to give to all employees. The list should be as specific as possible. Employees also need to know that their transactions are being reviewed and what actions will be taken if they misuse their cards or are delinquent.

This information should not only be given to new employees, but existing cardholders as well. The Department should cover travel card use in current orientation or ethics classes. Employees should understand that DOL takes misuse and delinquency seriously and that there are consequences for inappropriate actions.

**RECOMMENDATION**

**We recommend that the Department:**

3. Provide more information to employees about the travel card program by doing such things as:
  - Developing materials such as a simple list of practical “Do’s and Don’ts” or FAQs to be distributed to employees;
  - Covering travel card issues with employees during current orientation or ethics classes;
  - Informing employees that their transactions are being reviewed; and
  - Advising employees that disciplinary action will be taken regarding misuse and delinquency.

### **The Department's Response to Recommendation**

3. *“OCFO and OASAM concur with the recommendation and have recognized the need for supplemental program information. To that end, OCFO has conducted training classes for employees that specifically deal with the travel card and has recently developed a temporary duty travel (TDY) web-based training course. This course includes a travel module that addresses cardholder conduct and responsibility, and it advises employees of transaction review and disciplinary actions for inappropriate card use and delinquency. The course will be available 24 hours a day via LaborNet. OCFO is currently developing Departmental rollout plan for the TDY web-based training course.”*

*“The web-based course will be supplemented with an employee desk reference guide that will refer employees to the new TDY web-based training course. The guide will also be available on LaborNet, and OASAM will package the guide with other routine materials distributed during the new employee orientation classes. OASAM will verbally provide an overview of the guide and the TDY web-based training to new employees during orientation. The target completion date for development of the desk guide is July 1, 2002.”*

### **OIG's Conclusion**

We concur with the Department's proposed corrective actions and consider the recommendation resolved. A web-based course accompanied by a desk guide is an excellent way to provide information about the travel card program to DOL employees. This recommendation will be closed pending receipt of the rollout plan for the TDY web-based course and a copy of the desk guide. Please provide the requested written documentation by **July 31, 2002**.

**FINDING C – THE DEPARTMENT NEEDS TO PROVIDE GUIDANCE ON HOW TO APPLY DOL DISCIPLINARY POLICIES TO TRAVEL CARD MISUSE AND DELINQUENCY**

The Department needs to work with program agencies to develop guidelines on how to apply the *Standards of Ethical Conduct for Employees of the Executive Branch* to travel card misuse and delinquency. In addition to costing DOL money, misuse and delinquency can be indications of larger employee problems and should not remain unaddressed. While A/OPCs can cancel cards, this alone is not a deterrent to misuse and delinquency. Once an A/OPC has identified a problem that needs to be referred to the employee's agency, that agency is responsible for taking appropriate corrective action. The Department needs to better educate agencies on how to handle an employee's travel card misuse and/or delinquency.

Card cancellation alone does not necessarily affect an employee's ability to travel. Several of the A/OPCs we interviewed noted that some employees weren't concerned about misusing or not paying their cards because the only repercussion was cancellation of their card, which is not viewed as a deterrent. If an employee's card is cancelled, the employee may use a Government Transportation Request (GTR) to pay for airline tickets or other types of transportation. A GTR is a centralized account that is directly billed to the agency for payment. In extreme cases of hardship, an employee might be eligible for a cash advance.

*The Standards of Ethical Conduct for Employees of the Executive Branch* 5 CFR 2625.704 (a) states, "Standard. An employee has a duty to protect and conserve Government property and shall not use such property, or allow its use, for other than authorized purposes." The Department needs to educate program agencies and managers about what options are available when an employee makes unauthorized use of his travel card and/or is delinquent.

The Department needs to work with program agencies so they can better understand and utilize disciplinary guidance to address repeated misuse and delinquency. The guidance should include under what circumstances an employee's conduct should be referred to the Office of Inspector General. Once an A/OPC has identified serious or continual misuse or delinquency and informed the employee's agency, the agency needs to have guidelines to properly address circumstances as they arise.

In this regard, GSA has developed suggested guidance for agencies in the *GSA SmartPay® A/OPC Survival Guide*. We have provided this example strictly for informational purposes. The Department should shape its guidance to meet its specific needs.

| TYPE OF DELINQUENCY OR MISCONDUCT   | PENALTY FOR FIRST OFFENSE             | PENALTY FOR SUBSEQUENT OFFENSES |
|---|---------------------------------------|---------------------------------|
| a. Failure to act on a notice of delinquency within 15 days of receipt.   | Verbal counseling to written warning. | Reprimand.                      |
| b. Notice of delinquency (debt more than 60 days delinquent) without proof of payment or an approved repayment agreement. | Written warning.                      | Reprimand.                      |
| c. Unauthorized use of card for other than official purposes (includes purchases and ATM withdrawals less than \$500.00). | Suspension 5 to 10 workdays.          | Removal.                        |
| d. Unauthorized use of card in excess of \$500.00.  | Suspension of 15 workdays to removal. | Removal.                        |
| e. Authorizing another to use the Cardholder's card for an unauthorized purchase/withdrawal.                              | Removal.                              | Removal.                        |

**RECOMMENDATION**

**We recommend that the Department:**

- 4. Work with agencies to develop guidance on what disciplinary options are available if an employee makes unauthorized use of his travel card and/or is delinquent.

**The Department's Response to Recommendation**

- 4. *“The Department’s overall discipline policy is sufficiently broad to deal with all matters of employee misconduct, including unauthorized use of the travel card. Based on experience, OASAM continues to believe that decisions about discipline are best made on a case-by-case basis with technical guidance provided by OASAM’s Human Resources Center and agency employee relations staff, as appropriate. This approach has yielded a proper measure of consistency and flexibility for management.”*

### **OIG's Conclusion**

We agree that the Department's overall discipline policy is sufficiently broad to deal with unauthorized use of the travel card; however, DOL managers lack information about how DOL's discipline policy can be applied to employees' unauthorized use of the travel card and travel card delinquency. We consider this recommendation resolved and will close it pending receipt of the Department's action plan and materials for educating managers about what appropriate corrective action should be taken when an employee repeatedly misuses their travel card or is delinquent making payments. Please provide the requested written documentation by **June 30, 2002**.

**APPENDIX**  
**AGENCY RESPONSE**



MAR 19 2002

MEMORANDUM FOR SYLVIA T. HOROWITZ

FROM:

*Brenda Kyle*  
BRENDA M. KYLE

Deputy Chief Financial Officer, OCFO

JAMES E. MCMULLEN *James E. McMullen*  
Deputy Assistant Secretary for Budget and Strategic  
and Performance Planning, OASAM

SUBJECT:

Evaluation of the Department of Labor's Travel Card  
Program – Agency Response to Report  
No. 2E-07-001-0001

Thank you for the opportunity to respond to the travel card program evaluation. Federal agency travel card program oversight has changed significantly since the program's inception in the late 1980s. Until recently, employee participation in the program was strictly voluntary and federal agencies had little to no oversight of card use or payment. Under this framework, Agency/Organization Program Coordinators (A/OPCs) were responsible for providing administrative support to employees, such as processing card applications and informing the bank when employees left the agency.

The Travel and Transportation Reform Act was enacted in October 1998, and federal regulations promulgated by this Act became effective by early 2000. These new regulations placed stringent program oversight responsibilities on Federal agencies, requiring them to perform financial oversight to ensure employee compliance with rules governing the use of the card and payment of the resulting charges.

Since the new regulations became effective, the Department of Labor (DOL) has taken measures to make the adjustment from general card administration to financial management oversight. Specifically, the Office of the Chief Financial Officer (OCFO) and the Office of the Assistant Secretary for Administration and Management (OASAM) have coordinated efforts to accomplish the following:

- Updated DOL's internal travel policy document (the DLMS 7, Chapter 1) in June 2000;
- Initiated ongoing negotiations with the National Council of Field Labor Locals (NCFLL) concerning the impact of these regulations on DOL employees;

- Published and distributed a user-friendly guide, "Temporary Duty Guide for Department of Labor Employees," which outlines DOL's travel policies;
- Conducted formal classroom training for employees on the new travel policies and procedures;
- Issued written guidelines in the form of a bi-annual notice to apprise and remind employees of the proper conduct and their responsibilities as cardholders; and
- Conducted training classes for A/OPCs on their roles and responsibilities. This training has and continues to be supplemented with procedural guidance on card misuse, delinquency, suspension, and cancellation.

Finally, as part of our ongoing assessment of the travel card program, OCFO and OASAM determined that new travel card regulations necessitate a new skill set among A/OPCs. Previously, A/OPCs performed general administrative functions. Now that financial management oversight is required, OCFO and OASAM will reevaluate the current A/OPC management infrastructure to ensure an effective program oversight model is in place that meets the new program requirements. The evaluation should be completed by July 1, 2002. The results of the evaluation will be shared with your office. Meanwhile, OCFO and OASAM have reviewed the findings and recommendations presented in your evaluation. Attached is management's response to each recommendation.

Attachment

Cc: Samuel T. Mok  
Patrick Pizzella



**Evaluation of the Department of Labor's Travel Card Program  
Agency Response to OIG Report No. 2E-07-001-0001**

**Recommendation 1**

Develop clear procedural guidelines for A/OPCs [Agency/Organization Program Coordinators, also referred to as Agency/Regional Travel Card Coordinators] in identifying and handling misuse and delinquency. The guidelines should include such items as:

- A checklist that provides examples of transactions or patterns of transactions that indicate misuse;
- Procedures for notifying employees or agencies of misuse and/or delinquency;
- Provisions for follow-up with employees or agencies;
- Procedures for canceling cards for repeated misuse; and
- Instructions for record keeping.

**Response** – OCFO and OASAM concur with the recommendation. The reevaluation of the program infrastructure will strengthen A/OPC effectiveness by ensuring these individuals possess the proper skill sets to perform their card oversight responsibilities. OCFO will also enhance existing A/OPC policy and procedural guides to address the above areas in accordance with new oversight requirements. OASAM will designate a regional Servicing Finance Officer to assist the DOL Travel Card Program Coordinator with documenting related operating procedures. The target completion date for policy and procedural updates is July 1, 2002.

**Recommendation 2**

Survey all A/OPCs to learn how they are using CitiDirect and what problems they are encountering, as well as best practices that can be shared with other A/OPCs.

**Response** – OCFO and OASAM concur with the recommendation due to the new oversight requirements. Reexamining the current program infrastructure will impact this recommendation. OCFO and OASAM will reevaluate the current A/OPC infrastructure to determine if A/OPCs possess the technical skills necessary to utilize CitiDirect and analyze financial management reports. OASAM will determine what, if any, staffing adjustments can be made.

OCFO conducted an A/OPC survey in February 2002. The prominent response among the A/OPCs is that CitiDirect is laborious, time consuming, and detracts from more critical mission-related work priorities. Other responses include printer limitations and the need for additional training. OCFO and OASAM will continue to encourage the use of CitiDirect by coordinating A/OPC training through Citibank, lending technical support, and demonstrating ways in which CitiDirect can enhance A/OPC effectiveness.

### Recommendation 3

Provide better information to employees about the travel card program by doing such things as:

- Developing materials such as a simple list of practical "Do's and Don'ts" or FAQs to be distributed to employees;
- Covering travel card issues with employees during current orientation or ethics classes;
- Informing employees that their transactions are being reviewed; and
- Advising employees that disciplinary actions will be taken regarding misuse and delinquency.

Response – OCFO and OASAM concur with the recommendation and have recognized the need for supplemental program information. To that end, OCFO has conducted training classes for employees that specifically dealt with the travel card and has recently developed a temporary duty travel (TDY) web-based training course. This course includes a travel card module that addresses cardholder conduct and responsibility, and it advises employees of transaction review and disciplinary actions for inappropriate card use and delinquency. The course will be available 24 hours a day via LaborNet. OCFO is currently developing a Departmental rollout plan for the TDY web-based training course.

The web-based course will be supplemented with an employee desk reference guide that will refer employees to the new TDY web-based training course. The guide will also be available on LaborNet, and OASAM will package the guide with other routine materials distributed during new employee orientation classes. OASAM will verbally provide an overview of the guide and the TDY web-based training to new employees during orientation. The target completion date for development of the desk guide is July 1, 2002.

### Recommendation 4

Work with program agencies to develop guidance on what disciplinary options are available if an employee makes unauthorized use of the travel card and/or is delinquent.

Response – The Department's overall discipline policy is sufficiently broad to deal with all matters of employee misconduct, including unauthorized use of the travel card. Based on experience, OASAM continues to believe that decisions about discipline are best made on a case-by-case basis with technical guidance provided by OASAM's Human Resources Center and agency employee relations staff, as appropriate. This approach has yielded the proper measure of consistency and flexibility for management.