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MEMORANDUM FOR: ALAN D. LEBOWITZ
Deputy Assistant Secretary for Program Operations

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

SUBJECT: Evaluation of DOL's Travel Card Program
Pension and Welfare Benefits Administration
Report No. 2E-12-001-0004

This final report presents the results of our evaluation of the use of the government travel card in the Pension and Welfare Benefits Administration (PWBA). 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 the pertinent travel card-related regulations, policies and procedures for PWBA.

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 PWBA in order to closely examine the relationship and adequacy of OCFO's and OASAM's administration of the program for PWBA employees.

TRAVEL CARD PROGRAM IN PWBA

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 PWBA employees; and inadequate guidance exists for program managers on how disciplinary policies apply to travel card misuse and delinquency. We encourage PWBA management to work with the Department to strengthen the DOL travel card program and reduce travel card misuse and delinquency. Since no issues requiring independent corrective action by PWBA 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 PWBA nationwide. Currently there are eight OASAM A/OPCs that administer the travel card program for PWBA.

In order to determine whether the Department had adequate internal controls to address travel card abuse and delinquency issues in PWBA, we examined Citibank transaction and delinquency data from April 1, 2000 to March 31, 2001. Our review of the transaction data indicated that PWBA employees conducted over 22,000 transactions during that period. These transactions accounted for approximately 10% of the total transactions (229,824) reviewed by A/OPCs nationwide. In addition to looking at agency transaction and delinquency data, we interviewed DOL's Travel Card Coordinator, appropriate OASAM A/OPCs, and PWBA 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: OASAM A/OPCs' Review and Monitoring of PWBA Travel Card Transactions is Inconsistent

OASAM A/OPCs help to manage the day-to-day operations of the travel card program for PWBA. One key responsibility of the A/OPC is to review and monitor delinquency and transaction activity of employees. We noted that OASAM A/OPCs provide inadequate review of PWBA travel card transactions. Further, OASAM A/OPCs varied greatly in how they addressed possible abuse once it was identified. A/OPCs need additional guidance in these areas from OCFO and OASAM in order to improve the thoroughness of the review and eliminate disparate treatment based on which OASAM A/OPC reviews a PWBA employee's account.

Based on interviews with PWBA regional directors and our analysis of the transaction and delinquency data, we concluded that PWBA managers were not adequately apprised of the extent of possible travel card abuse in the agency. We believe the lack of clear procedural/referral guidelines from the Department to the A/OPCs contributed to (1) disparate levels of reviews, (2) "de facto" criteria being used by A/OPCs, and (3) the abuse not being properly documented.

PWBA's transaction data indicated that the largest percentage of the employees' transactions was under the category of purchases, which primarily involves lodging and passenger transportation transactions. However, we also identified a large number of transactions that indicated employees used their cards for personal use, which is prohibited by regulation. We identified transactions such as medical services; clothing stores (Victoria's Secret, Nordstrom, and Macy's); miscellaneous retail purchases (Old Navy, Levi's, Banana Republic); and variety stores (Target, Wal-Mart, Walgreens).

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

PWBA Management should work with OCFO/OASAM to ensure that their employees are provided with adequate information regarding proper use of the travel card. Existing practice

includes Citibank sending an employee a cardholder agreement with the government travel card. In addition, the Department distributes bi-annually a memo (*Spotlight*) explaining proper employee conduct and responsibilities with regard to travel card use and payment. More recently, PWBA issued a memorandum to all PWBA employees which reminded them that the use of the travel card for personal purposes is prohibited and of employees' obligation to make payments by due dates. We agree that the current process provides valuable information; however, we believe that PWBA employees need additional travel card information.

PWBA should work with the Department to develop informational material that gives the employee examples of what constitutes authorized and unauthorized use of the government travel card. PWBA should also establish an annual process aimed at reminding all employees and supervisors of their respective roles and responsibilities in relation to the travel card. For example, providing this instruction during routine orientation and ethics training. 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.

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

PWBA 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 PWBA program managers on how disciplinary policies apply to these areas. 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 should not remain unaddressed.

Because of the lack of clear guidance, we found inconsistency in the process OASAM A/OPCs use to refer possible misuse and travel card abuse to PWBA management. In some instances, the OASAM A/OPCs notified the Regional Directors of possible abuse; at other times OASAM A/OPCs notified the employees and/or the employee and their supervisors. Once an OASAM A/OPC has identified a problem that needs to be referred to PWBA, agency management is responsible for taking appropriate corrective action. Most of the Directors told us they informally (verbally) address the identified abuse with the employee and/or supervisor. Management indicated the problem was usually resolved. Our review of the data indicated that several employees repeatedly abused the card, yet many of these employees had not been disciplined by management. One PWBA official cautioned us that notifying supervisors at the first occurrence of possible abuse could put a strain on the employee-supervisor relationship. We believe it is paramount that PWBA Management work with OASAM A/OPCs to establish a standardized notification process and a formal reporting chain for all levels, including referrals to top-level management. Further, PWBA and OASAM A/OPCs should maintain documentation on the reason for the misuse and how the situation was resolved. This feedback would serve as a means to document the disciplinary process.

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 policy to effectively implement disciplinary actions for travel card abusers.

We encourage PWBA 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, PWBA should continue to take a proactive role in ensuring that PWBA 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: Susan Ugelow
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