

# U.S. Department of Labor

Office of Inspector General—Office of Audit

OFFICE OF THE CHIEF  
FINANCIAL OFFICER



## CONTROLS OVER TRAVEL CARD ACCOUNTS NEED STRENGTHENING

Date Issued: September 13, 2013  
Report Number: 17-13-001-13-001

## BRIEFLY...

Highlights of Report Number 17-13-001-13-001,  
issued to the Chief Financial Officer.

### WHY READ THE REPORT

The Travel and Transportation Reform Act of 1998 requires government employees to use the Government travel card (travel card) on official business. Government employees must use the travel card to pay for official expenses, such as hotel rooms and airline tickets. In 2008, the Department of Labor (DOL) selected Citibank to provide purchase and travel card services under GSA's SmartPay 2 program.

A former employee informed the Office of Inspector General (OIG) that he received a new travel card after he had separated from DOL. The Office of the Chief Financial Officer (OCFO) is responsible for the DOL travel card program's administration; however, responsibilities such as travel card applications, travel approval, monitoring, and card/account closure are executed at the component agency and regional level. The Agency/Organization Program Coordinator (A/OPC) serves as the liaison between the DOL agency, Citibank, and the cardholder. The A/OPCs handle travel card applications and closure as well as monitor card use, and are required to receive training before and during their serving in this position.

### WHY OIG CONDUCTED THE AUDIT

The audit objective was to answer the following question:

Did the OCFO adequately administer the DOL travel card program?

### READ THE FULL REPORT

To view the report, including the scope, methodology, and full agency response, go to:  
<http://www.oig.dol.gov/public/reports/oa/2013/17-13-001-13-001.pdf>

September 2013

## CONTROLS OVER TRAVEL CARD ACCOUNTS NEED STRENGTHENING

### WHAT OIG FOUND

Our audit found that improvements are needed in the administration of the DOL travel card program to ensure that travel cards are used for authorized purposes and are cancelled in a timely manner. We found employees using their travel cards while not on official travel or using the cards for unauthorized purposes while on official travel. We also identified employees who had travel card accounts that had no usage for at least two years.

We also identified 68 separated employees who still had open travel card accounts. Furthermore, we identified 1,123 travel card accounts that were not cancelled in a timely manner, several of which were cancelled more than one year after the employee separated. Finally, we found that employees did not always include required supporting documentation in DOL's electronic travel system for travel expenses exceeding \$75 dollars.

### WHAT OIG RECOMMENDED

To improve the administration of the travel card program, we made six recommendations to the Chief Financial Officer covering policies, procedures, and oversight. These recommendations included: (1) close the travel card accounts of separated employees that are still open and develop policies and procedures to close travel card accounts on or before date of separation, (2) enforce established policies and procedures to conduct periodic reviews of travel card accounts, and (3) increase monitoring of the charge card reports to ensure travel card accounts are being used in accordance with regulations and guidance.

The CFO agreed with the recommendations and has planned to take actions to address them.

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**U.S. Department of Labor**

Office of Inspector General  
Washington, D.C. 20210



September 13, 2013

**Assistant Inspector General's Report**

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The Travel and Transportation Reform Act of 1998 requires government employees to use the Government travel card (travel card) for travel expenses<sup>1</sup> when on official business. In 2008, the Department of Labor (DOL) selected Citibank to provide travel card services under the General Services Administration's (GSA) SmartPay program. DOL utilizes an electronic travel service (ETS), E2 Solutions (E2), for authorizing travel; booking flights, hotels, and transportation; and preparing and approving vouchers for reimbursement. This audit was initiated when a former senior level employee informed the OIG that he received a new Government travel card after he had separated from DOL.

Office of Management and Budget (OMB) Circular No. A-123 (OMB A-123), Appendix B, sets the policies and procedures federal agencies should use to maintain internal controls that reduce the risk of fraud, waste, and error in Government charge card programs. OMB A-123 also establishes minimum requirements and suggested best practices for card use. DOL established travel policies and procedures through Department of Labor Manual Series (DLMS), Chapter 7, General Travel Regulations. The Office of the Chief Financial Officer (OCFO) is ultimately responsible for the DOL travel card program's administration; however, responsibilities such as travel card applications, travel approval, monitoring, and card/account closure are executed at the component agency and regional level. The Agency/Organization Program Coordinator (A/OPC) serves as the liaison between the DOL agency, Citibank, and the cardholder. The A/OPCs handle travel card applications and closure as well as monitor card use, and are required to receive training before and during their serving in this position.

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<sup>1</sup> Travel expenses include costs for hotel rooms and airline tickets.

We conducted this audit to answer the following question:

Did the OCFO adequately administer the DOL travel card program?

The audit covered the use of travel cards by active employees who participated in the travel card program from Fiscal Year (FY) 2011 through the first two quarters of FY 2012 and by separated employees who participated in the travel card program from FY 2009 through FY 2011 and the first two quarters of FY 2012. We interviewed OCFO officials and A/OPCs from the national and regional offices to gain an understanding of the travel card program. We identified federal and DOL requirements related to the use and closure of travel cards, and reviewed DOL's Human Resource and Citibank databases to identify separated and active employees who were issued a travel card while employed with DOL. Our testing of active employees included comparing account activity in the Citibank database to approved travel authorizations and related vouchers to determine if the activity was authorized and amounts were accurate. Our testing of separated employees included determining if any accounts were open and if activity had occurred after the employee was separated.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. Our objective, scope, methodology, and criteria are detailed in Appendix B.

## **RESULTS IN BRIEF**

Our audit found that improvements are needed in the administration of the DOL travel card program to ensure that travel cards are used for authorized purposes and are cancelled in a timely manner. Specifically, we reviewed a sample of 174 active employees' travel card accounts and found employees using their travel cards while not on official travel or using the cards for unauthorized purposes while on official travel. Furthermore, we identified 934 out of 8,959 employees that had travel card accounts, but did not need them because they were never used over a 2-year period. Additionally, we reviewed 1,482 travel card accounts of separated employees and found that DOL did not timely cancel 1,123 of these accounts upon the employees' separation, several of which were cancelled more than 1 year after the employee separated. Finally, we found that employees did not always include required supporting documentation in E2 for travel expenses exceeding \$75 dollars. These conditions occurred because management did not have appropriate controls in place to prevent them.

To improve the administration of the travel card program, we made six recommendations to the Chief Financial Officer (CFO) covering policies, procedures, and oversight.

## OCFO RESPONSE

The CFO agreed with all of the recommendations and the need to further enhance the internal controls over the use of travel cards. The CFO stated that while he agrees certain employees improperly incurred charges on their travel cards, employees are responsible for charges and they do not represent a financial liability to DOL. We agree with the CFO's assertion; however, any travel card accounts that remain open after employee separation, are not closed in a timely manner, or are used inappropriately represent internal control deficiencies that should concern DOL in its management over the travel card program.

The CFO also stated that employee expense reports go through a review and approval process for compliance with DOL policies and are only paid after this process. In addition, DOL has in place an audit process where targeted travel expense reports are reviewed for compliance with DOL policies. Our audit work indicated that employee travel vouchers were approved without required supporting receipts in E2 for lodging and transactions incurred that exceeded \$75.

The CFO's entire response is contained in Appendix D.

## RESULTS AND FINDINGS

### **Objective — Did the OCFO adequately administer the DOL travel card program?**

*Travel card accounts could be suspended due to unauthorized activity.*

DOL does not have adequate controls to administer the travel card program. We found employees that incurred unauthorized transactions on their travel cards, employees that did not travel who received travel cards anyway, and employee travel card accounts that remained open after employees separated from DOL. In addition, we identified vouchers within E2 that did not always include required supporting documentation for travel expenses exceeding \$75 dollars.

### **Finding — OCFO did not adequately administer the DOL travel card program.**

**Employees used their travel cards while not on official travel and for unauthorized purchases while on official travel.**

Our review of a statistical sample of 174 active travel card accounts from October 1, 2010, through March 31, 2012, identified 37 accounts where employees incurred \$50,094 in transactions while not on official travel, and 7 accounts incurring \$5,367 in unauthorized transactions while on official travel. We noted that 1 account incurred more than \$10,000 in unauthorized transactions (see Exhibit 1).



DLMS, Payment of Expenses Connected with Official Expenses, Section 1-1-105, states, “Employees may not use a Government contractor-issued travel charge card for purposes other than those associated with official travel.”

The Employee Guide for the Use of the Travel Charge Card states:

Your government contractor-issued travel card is to be used for authorized official travel expenses only. Unauthorized purchases on your government contractor-issued travel card can result in suspension and/or cancellation of your travel card account as well as other disciplinary actions as deemed appropriate.

According to the U.S. DOL Charge Card Management Plan for Travel Card Services, Section 4.4, the OCFO will monitor charge card reports to ensure that the travel card is not used for the purchase of unauthorized or improper items and items not authorized for use by the Government.

Our review of the Citibank database and E2 identified transactions employees incurred while not on official travel that included retail purchases and ATM withdrawals, such as those listed in Table 1 below.

<b>Table 1: Retail Purchases Not Associated with Official Travel</b>	
<b>Vendor</b>	<b>Amount</b>
Penske Rental	\$ 1,748.21
Target	\$888.09
Delta Tire Center	\$731.22
Wal-Mart	\$528.94
Air Tran Airlines	\$404.90
Hilton Naples Grande	\$210.10
Chick-fil-A	\$126.67
<b>Total</b>	<b>\$4,638.13</b>

We identified 7 accounts from our review of a statistical sample of 174 travel card accounts on which the following unauthorized transactions totaling \$5,367 were incurred while on official travel:

- 3 accounts totaling \$1,247.78 were used for transactions that were claimed at a higher amount on the approved vouchers than what was actually charged in the Citibank database. In addition, the associated receipts were not in E2 as required.
- 1 account totaling \$477.88 was used for the unauthorized purchase of an additional hotel room while on official DOL travel. This transaction was neither claimed on a voucher nor documented in E2.

- 3 accounts totaling \$3,641.22 were used for ATM withdrawals that exceeded the cash transaction expenses allowed on the approved travel authorization (see Table 2).

**Table 2 - ATM Withdrawals in Excess of Authorized Amount**

Traveler	No. of Trips	Authorized Amount	Amount Withdrawn	Amount in Excess
1	6	\$952.53	\$3,677.56	\$2,725.03
2	1	\$198.99	\$231.09	\$231.09 <sup>2</sup>
3	3	\$552.66	\$1,237.76	\$685.10
Total	10	\$1,704.18	\$5,146.41	\$3,641.22

DLMS, Advance of Funds, Section 1-10-3 (2)1, states:

The advance is limited to the cash transaction expenses shown on the travel authorization. These are expenses for local transit system, taxis and tips, parking, tolls, laundry and dry cleaning, and other authorized miscellaneous expenses that cannot be charged using a Government contractor-issued charge card and for which a cost can be estimated.

Projected to all 8,959 active employee travel card accounts, we estimated:

- 960 employees incurred unauthorized transactions and ATM charges totaling an estimated \$659,691 while on both official and non-official travel (see Exhibit 2).
- 822 incurred unauthorized transactions and ATM charges totaling an estimated \$538,436 while not on official travel (see Exhibit 2).
- 302 incurred unauthorized transactions and ATM charges totaling an estimated \$121,215 while on official travel (see Exhibit 2).

We found that while OCFO's monitoring was limited to identifying delinquent accounts, it did not include identifying travel cards used for unauthorized transactions. This lack of monitoring enabled employees to use travel cards for unauthorized transactions, thereby encouraging travel card abuse.

Government Charge Card Abuse Prevention Act of 2012, Section 3(I)(4), states:

... each executive agency shall provide for appropriate adverse personnel actions to be imposed in cases in which employees of the executive agency fail to comply with applicable travel charge card terms and

<sup>2</sup> Entire amount withdrawn is unauthorized because the traveler purchased food on the travel card and withdrew cash in excess of the per diem allowance.

conditions or applicable agency regulations or commit fraud with respect to a travel charge card, including removal in appropriate cases.

We provided OCFO officials with the names of the employees who were using their travel cards for unauthorized transactions for OCFO's follow up with component agency officials to determine if disciplinary action is appropriate.

Employees were issued travel cards that were not used for at least two years.

Our review of 10,441<sup>3</sup> active and separated employees travel card accounts identified 1,133<sup>4</sup> travel cards that were issued, but the account had no usage for at least 2 years.

According to Section 2.2 of the U.S. DOL Charge Card Management Plan for Travel Card Services:

Prior to issuing an employee a travel card, the supervisor of the employee or appropriate senior official (e.g. administrative officer, division chief) must demonstrate the employee has a need for a travel card. The supervisory official must only approve card issuance for employees who must travel for the Department at least 2 times per year and must ensure that the employees have successfully completed the DOL travel card training requirements.

In addition, the Government Charge Card Abuse Prevention Act of 2012, signed by the President on October 5, 2012, requires that periodic reviews be conducted to determine whether each cardholder has a need for the card.

According to OCFO officials, agency officials request travel cards for staff that they expect to travel at least two times per year, although program and budget changes may prevent that travel from taking place. Furthermore, due to the time necessary to obtain a travel card, OCFO officials said that agency officials want staff that may need to travel to have a travel card just in case. However, we found DOL has an alternative for making travel arrangements for employees who travel infrequently by using DOL's centrally billed account through which the appropriate component agency is charged the travel expenses associated with air, rail, and bus transportation. Cash advances can also be allowed in cases where financial hardship would be incurred by the employee if sufficient funds are not advanced to cover expected transactions.

While OCFO officials were aware that travel cards were issued and maintained by employees who traveled less than two times a year, they did not enforce the provision outlined in their own policies and procedures.

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<sup>3</sup> 8,959 active employees and 1,482 separated employees

<sup>4</sup> 934 active employees and 199 separated employees

Employee travel card accounts were still open after separation.

Travel card accounts were not always cancelled in a timely manner when employees separated. We reviewed the travel card accounts of 1,482 employees who separated from DOL between October 1, 2010, and March 31, 2012, and found that 68 separated employees still had open travel card accounts with Citibank as of March 31, 2012 (see Exhibit 3). Of the remaining 1,414 travel card accounts, the DOL did not timely cancel 1,123<sup>5</sup> of these accounts upon the employees' separation. DOL cancelled more than half<sup>6</sup> within 30 days after the employee separated; however, 198 accounts were cancelled a year or more after the employee separated, and 71 accounts were cancelled between six months and a year after the employee separated (see Table 3).

**Table 3 - Timing of Account Closures**

Number of Accounts	Percentage of Universe	When Account was Cancelled after Separation
198	14%	1 year or greater
71	5%	At least 6 months but less than 1 year
83	6%	At least 3 months but less than 6 months
53	4%	At least 2 months but less than 3 months
87	6%	At least 1 month but less than 2 months
631	45%	At least 1 day but less than 1 month
278	20%	Cancelled on or before separation
13	<1%	Temporary Closures <sup>7</sup>
1,414	100%	Total

According to Section 2.3 of the U.S. DOL Charge Card Management Plan for Travel Card Services, the cancellation of accounts must be performed on or before the date of separation in instances where the employee is transferring to another federal agency, retiring from federal service, or terminated. However, we learned from interviews with all 13<sup>8</sup> of the Department's A/OPCs that DOL had not established standard policies and procedures to notify them about separating travel cardholders, causing delays in cancelling cardholders' travel card accounts. Form DL 1-107, Separation Clearance, is the principal document used for the clearance of Government funds and property in the possession of departing employees. However, OCFO officials stated that it is not their policy to use the form as a control to identify separating employees in order to cancel their travel card accounts. A/OPCs stated that they are notified about employees whose travel cards need to be cancelled through various means that include the

<sup>5</sup> 1,414 travel card accounts less 13 accounts that were temporarily closed and 278 accounts that were cancelled on or before separation

<sup>6</sup> 631 accounts (45 percent) were cancelled at least one day after the employee separated, but less than one month and 278 accounts (20 percent) were cancelled on or before the employee separated.

<sup>7</sup> Accounts are temporarily cancelled if a travel card or official Citibank mail is returned due to an incorrect address. An account may also be temporary cancelled if it is behind in payments, suspended two times within a 12-month period, suspected of fraud, or Citibank failed to verify information on the account.

<sup>8</sup> This excludes the A/OPC from the Office of Inspector General.

Form DL 1-107, email, word of mouth, and/or from the separating employee themselves.

According to OCFO officials, A/OPCs are required to request an agency separation report(s) on a monthly basis, and close the account(s) of separated cardholders accordingly. While this requirement is included in the U.S. DOL Charge Card Management Plan for Travel Card Services, A/OPCs told us they were not aware of it.<sup>9</sup> However, based on the design of this control, even if the A/OPCs knew about and requested the report, received it, and acted accordingly, the control would not ensure timely account closure on or before the employee's separation date because it is only prepared monthly.

While none of the open travel card accounts had balances or appeared to have unusual activity after the employee separated, any accounts remaining open or not cancelled timely represent internal control deficiencies in the administration of the travel card program that should concern DOL.

Travel vouchers were approved without required documentation in E2.

During the course of the audit, we found that employees did not always submit required supporting receipts for lodging and transactions incurred that exceeded \$75. Of the 174 employee travel accounts reviewed, we observed that 25 employees violated the Federal Travel Regulations (FTR) by not submitting required supporting receipts for transactions over \$75, such as lodging, air fare, and car rental in E2 with the travel vouchers for 46 trips totaling \$34,162. While we were able to verify the transactions in question in the Citibank database, agency officials approved vouchers for these trips in the absence of supporting receipts in E2.

We projected to all 8,959 active employees' travel card accounts and estimated that 1,240 lack supporting documentation in their travel vouchers for transactions over \$75, totaling an estimated \$2.4 million (see Exhibit 2).

FTR, Section 301-11.25, states:

You must provide a lodging receipt and 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). ...Hard copy receipts should be electronically scanned and submitted with your electronic travel claim when your agency has fully deployed ETS and notifies you that electronic scanning is available with your agency.

The DLMS, Payment of Expenses Connected with Official Expenses, Section 1-1-105, g - Charge Card Usage, states:

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<sup>9</sup> We found that only 1 of the Department's 13 A/OPCs received the position-specific training required by OMB A-123, Appendix B, prior to being placed in their position as an A/OPC. The training requires A/OPCs to certify that they understand the travel regulations and procedures.

Approving officials, when checking receipts for common carrier transportation, lodging, and all other claimed expenditures of \$75.00 or more, and will ensure that the Government contractor-issued charge card had been used to incur such travel expenses.

According to OCFO officials, they are required to review about 15 percent of submitted travel vouchers for supporting receipts, but mostly rely on agency approving officials to ensure travelers submit supporting receipts over \$75 with their vouchers. However, the OCFO is responsible for ensuring component agency adherence to program requirements.

As a result of unauthorized travel card transactions and potential unauthorized travel card transactions by employees that have active travel card accounts when there is no need for one, DOL is at risk of the travel card accounts being suspended for unauthorized use and not being available when needed for official business. In addition, by not closing travel card accounts of separated employees timely, DOL is at risk of separated employees receiving new travel cards that could be used, because Citibank automatically renews open travel card accounts every 3 years. Finally, without ensuring that supporting receipts over \$75 are included in E2, DOL is at risk of approving vouchers for incorrect amounts or for travel expenses that were never incurred.

## **RECOMMENDATIONS**

We recommend the CFO:

1. Require A/OPCs to close the travel card accounts of separated employees that are still open and develop policies and procedures for informing A/OPCs to close travel card accounts on or before date of separation to meet the requirements of the U.S. DOL Charge Card Management Plan for Travel Card Services.
2. Enforce established policies and procedures to conduct periodic reviews of travel card accounts to ensure cards are needed by the employees to which they are issued.
3. Increase monitoring of the travel card program to ensure A/OPCs receive required training and are closing travel card accounts timely.
4. Increase monitoring of the charge card reports and E2 to ensure travel card accounts are being used in accordance with regulations and guidance.
5. Follow up with component agency officials to ensure that appropriate actions are taken against employees who have used their travel card for unauthorized transactions.

6. Provide reminder to DOL component agency staff on their responsibilities when reviewing travel vouchers and increase monitoring of E2 to ensure documentation for expenses over \$75 dollars are included with the vouchers.

We appreciate the cooperation and courtesies that OCFO personnel extended to the Office of Inspector General during this audit. OIG personnel who made major contributions to this report are listed in Appendix E.



Elliot P. Lewis  
Assistant Inspector General  
for Audit

## Exhibits

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**Exhibit 1****Transactions Incurred By Active Employees While Not On Travel**

<b>Employee</b>	<b>Account Status</b>	<b>Agency/ Region</b>	<b>Transaction Description</b>	<b>Total</b>
1	Open	OASAM - Chicago	Purchases and ATM	\$ 10,586.47
2	Open	OASAM - Atlanta	Purchases and ATM	5,972.04
3	Closed by DOL	OASAM - Chicago	Purchases and ATM	5,822.75
4	Temporary Closure	OASAM - Philadelphia	Purchases and ATM	5,592.91
5	Closed by DOL	MSHA	ATM	2,531.73
6	Closed by Citibank	ESA	Purchases and ATM	2,211.10
7	Closed by DOL	OASAM - Chicago	ATM	1,651.32
8	Open	OASAM - Atlanta	Purchases and ATM	1,532.66
9	Open	MSHA	Purchases	1,385.20
10	Closed by DOL	OASAM - San Francisco	ATM	1,078.75
11	Closed by DOL	OASAM - San Francisco	ATM	1,022.00
12	Open	OASAM - Dallas	Purchases	926.93
13	Temporary Closure	OASAM - Dallas	Purchases	888.09
14	Closed by DOL	OASAM - Dallas	Purchases	823.30
15	Open	OASAM - Philadelphia	Purchases and ATM	806.53
16	Open	OASAM - Atlanta	Purchases	747.25
17	Closed by DOL	OASAM - Chicago	ATM	745.21
18	Closed by DOL	ESA	Purchases	626.03
19	Temporary Closure	ETA	Purchases and ATM	555.95
20	Closed by DOL	OASAM - San Francisco	ATM	511.25
21	Open	OASAM - Chicago	Purchases	486.67
22	Closed by DOL	OASAM - National Office	Purchases	434.60
23	Closed by DOL	OASAM - New York	Purchases	425.00
24	Open	BLS	Purchases	404.90
25	Closed by DOL	MSHA	Purchases	380.74
26	Closed by DOL	MSHA	Purchases	304.74
27	Open	OASAM - National Office	Purchases	297.98
28	Open	OASAM - Atlanta	ATM	292.34
29	Closed by DOL	ETA	ATM	254.58
30	Temporary Closure	OASAM - Boston	Purchases	182.66
31	Open	OASAM - New York	Purchases and ATM	121.38
32	Closed by DOL	OASAM - Dallas	ATM	105.32
33	Open	OASAM - Dallas	ATM	104.30
34	Closed by DOL	OASAM - Chicago	Purchases	93.37
35	Open	OASAM - Philadelphia	Purchases	84.46

Employee	Account Status	Agency/ Region	Transaction Description	Total
36	Closed by DOL	OASAM - National Office	Purchases	78.17
37	Open	ESA	Purchases	25.00
			Total	\$ 50,093.68

**Exhibit 2****Statistical Results and Projections****Financial Results and Projections**

Condition	Universe Size	Sample Size	Exceptions (\$)	Point Estimate	Sampling Precision	Lower Limit	Upper Limit
95 % Confidence level							
Unauthorized transactions and ATM charges incurred while on and not on authorized official DOL travel.	8959	174	\$55,461	\$659,691	\$508,327	\$151,363	\$1,168,018
Unauthorized transactions and ATM charges incurred while not on authorized official DOL travel.	8959	174	\$50,094	\$538,436	\$34,170	\$504,266	\$572,605
Unauthorized transactions and ATM charges incurred while on authorized official DOL travel.	8959	174	\$5,367	\$121,215	\$14,573	\$106,642	\$135,788
Lack of supporting documentation for transactions over \$75	8959	174	\$34,162	\$2,436,482	\$2,017,622	\$418,860	\$4,454,103

**Attributes Results and Projections**

Condition	Universe Size	Sample Size	Exceptions (#)	Point Estimate	Sampling Precision	Lower Limit	Upper Limit
95 % Confidence level							
Unauthorized transactions and ATM charges incurred while on and not on authorized official DOL travel. <sup>10</sup>	8959	174	41	10.72% 960	660	300	1,621
Unauthorized transactions and ATM charges incurred while not on authorized official DOL travel.	8959	174	37	9.17% 822	648	174	1,469
Unauthorized transactions and ATM charges incurred while on approved official DOL travel.	8959	174	7	3.37% 302	395	7	697
Lack of supporting documentation for transactions over \$75	8959	174	25	13.84% 1,240	706	534	1946

<sup>10</sup> 3 accounts had unauthorized transactions and ATM Charges incurred while on and not on authorized official travel

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**Exhibit 3****Separated Employees With Open Travel Card Accounts**

<b>Employee</b>	<b>Agency/ Region</b>	<b>Separation Date</b>	<b>Date account cancelled<sup>11</sup> (If applicable)</b>	<b>Days account was open after separation</b>
1	OASAM - Dallas	10/6/2008		1272
2	OASAM - Philadelphia	10/11/2008		1267
3	OASAM - National Office	10/11/2008		1267
4	SOL	10/25/2008		1253
5	MSHA	10/31/2008		1247
6	MSHA	11/3/2008		1244
7	OASAM - National Office	11/7/2008		1240
8	OASAM - New York	11/8/2008		1239
9	OSHA	11/8/2008	8/13/2012	1239
10	OASAM - National Office	11/21/2008		1226
11	OASAM - National Office	11/22/2008		1225
12	OASAM - National Office	12/20/2008		1197
13	OASAM - National Office	1/20/2009		1166
14	OASAM - Atlanta	5/18/2009	7/13/2012	1048
15	OASAM - National Office	6/3/2009		1032
16	OASAM - Atlanta	6/5/2009	7/11/2012	1030
17	OASAM - National Office	6/11/2009		1024
18	OASAM - National Office	6/20/2009		1015
19	OASAM - Atlanta	6/20/2009		1015
20	OASAM - New York	6/30/2009		1005
21	MSHA	6/30/2009		1005
22	OASAM - National Office	6/30/2009	12/4/2012	1005
23	BLS	7/3/2009		1002
24	OASAM - Atlanta	7/25/2009	7/11/2012	980
25	OSHA	7/30/2009	8/13/2012	975
26	MSHA	7/31/2009		974
27	MSHA	7/31/2009		974
28	MSHA	7/31/2009		974
29	OASAM - National Office	8/15/2009		959
30	OASAM - Atlanta	8/29/2009		945
31	OASAM - Atlanta	8/29/2009	7/13/2012	945
32	OSHA	9/26/2009		917
33	OASAM - National Office	10/10/2009		903
34	OASAM - New York	10/23/2009		890

<sup>11</sup> 16 accounts cancelled subsequent to March 31, 2012

Employee	Agency/ Region	Separation Date	Date account cancelled <sup>11</sup> (If applicable)	Days account was open after separation
35	OASAM - National Office	10/31/2009		882
36	OASAM - Atlanta	12/31/2009	7/11/2012	821
37	OASAM - National Office	1/2/2010		819
38	OASAM - Atlanta	2/13/2010		777
39	OASAM - Atlanta	6/5/2010	7/11/2012	665
40	OASAM - Chicago	7/12/2010		628
41	OASAM - Chicago	7/31/2010		609
42	OSHA	7/31/2010		609
43	OASAM - National Office	9/3/2010	10/25/2012	575
44	OSHA	9/30/2010		548
45	BLS	10/1/2010		547
46	BLS	10/1/2010	10/24/2012	547
47	MSHA	11/16/2010		501
48	OASAM - Atlanta	12/31/2010	7/11/2012	456
49	BLS	12/31/2010		456
50	OASAM - National Office	12/31/2010		456
51	OASAM - National Office	12/31/2010		456
52	OASAM - Dallas	12/31/2010	11/8/2012	456
53	OASAM - Chicago	12/31/2010	8/6/2012	456
54	BLS	1/1/2011		455
55	BLS	1/1/2011		455
56	BLS	1/29/2011		427
57	OASAM - Chicago	5/7/2011		329
58	OASAM - Atlanta	5/7/2011	7/11/2012	329
59	OASAM - Philadelphia	5/30/2011	12/4/2012	306
60	BLS	6/3/2011		302
61	OASAM - Chicago	7/7/2011		268
62	OASAM - Chicago	7/11/2011		264
63	SOL	10/1/2011		182
64	SOL	10/8/2011		175
65	OASAM - National Office	10/31/2011		152
66	OASAM - National Office	11/19/2011		133
67	MSHA	12/31/2011		91
68	MSHA	3/24/2012		7

## Appendices

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**Appendix A****Background**

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The Travel and Transportation Reform Act of 1998 requires government employees to use the travel card on official business to pay for official expenses, such as hotel rooms and airline tickets. In 2008, DOL selected Citibank to provide purchase and travel card services under GSA's SmartPay 2 program. OMB A-123, Appendix B, sets forth the policies and procedures federal agencies should use to maintain internal controls that reduce the risk of fraud, waste, and error in Government charge card programs. OMB A-123 also establishes minimum requirements and suggested best practices for card use. DOL has established travel policies and procedures through DLMS, Chapter 7, General Travel Regulations.

In late 2006, DOL migrated to E2 as part of the OMB E-Government initiative. This end-to-end automated travel management solution allows travelers to electronically generate and submit travel authorizations for approval, and make online travel bookings through the DOL's Travel Management Center. E2 is DOL's ETS for authorizing travel; booking flights, rooms, and cars; and processing vouchers for reimbursement.

The OCFO is responsible for the DOL travel card program's administration, in accordance with the U.S. DOL Charge Card Management Plan for Travel Card Services and DLMS, Chapter 7. However, responsibilities such as travel card applications, approval of travel, monitoring and account closure are executed at the component agency and regional level. The A/OPCs serve as the liaison between the DOL agency/organization, Citibank, and the cardholder. Their responsibilities include ensuring that appropriate steps are immediately taken to cancel the travel card accounts for cardholders who separate and/or transfer from or within the Department. The OCFO is responsible for ensuring that A/OPCs complete all required travel related training and A/OPCs are required to complete the GSA's A/OPC travel card training once appointed to the position, and to complete refresher training every 3 years.

This audit was initiated when a former senior level employee informed the OIG that he received a new Government travel card after he had separated from DOL.

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**Appendix B****Objective, Scope, Methodology, and Criteria**

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**Objective**

Did the OCFO adequately administer the travel card program?

**Scope**

The audit covered separated employees who participated in the travel card program from FYs 2009 through 2011 and the first two quarters of FY 2012, and active employees who participated in the travel card program during FY 2011 through the first two quarters of FY 2012. We conducted fieldwork at the OCFO national office in Washington, DC, and conducted phone interviews with the regional offices.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

**Methodology**

We interviewed OCFO officials and all 13<sup>12</sup> of DOL's A/OPCs from the national and regional offices to gain an understanding of the travel card program and the account closure process. We identified federal and departmental requirements related to travel cards, and reviewed DOL's Human Resource and Citibank databases to identify separated employees who were issued a travel card while employed with DOL.

To develop our universe of active DOL employees who had a travel card account and incurred transaction activity during the period of FY 2011 through the first two quarters of FY 2012, the OASAM Office of Human Resources provided us with a list of all DOL employees (active and separated) for our audit period; and Citibank Officials provided us with all open and cancelled DOL travel card accounts from Citibank travel card database. We merged the information from both sources using employee social security numbers, and sorted the data by employment status, last transaction date, and agency/region. We identified 8,959 travel card accounts (see Table 4).

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<sup>12</sup> This excludes the Office of Inspector General.

**Table 4: Universe of Active Employees with Citibank Travel Accounts**

Agency/Region	Active Employees with Citibank Accounts
ESA	235
ETA	128
OSHA	177
OASAM NY	667
OASAM Boston	308
OASAM Philadelphia	691
OASAM Atlanta	1134
OASAM Chicago	1096
OASAM Dallas	1027
OASAM Kansas City	204
OASAM Denver	0
OASAM San Francisco	911
OASAM NO	564
MSHA	1409
BLS	408
Total	8959

We selected a statistical sample from each agency/region. From the universe of 8,959 Citibank travel card accounts, we used a single-stage stratified sample design to select 174 accounts. This sample was estimated using a 95 percent confidence level with a precision of plus or minus 10 percent. We projected the sample results to the universe of 8,959 accounts, as shown in Exhibit 2.

To determine if travel accounts were being used in accordance with departmental guidance and included supporting documentation in E2, we reviewed every transaction incurred from October 1, 2010, through March 31, 2012, for the 174 sampled accounts. We compared account activity for the 174 sampled accounts in the Citibank database to approved travel authorizations and related vouchers to determine if the activity was used in accordance with departmental guidance. We also determined whether all supporting documentation was included in E2 as required.

To develop our universe of separated employees who had travel card accounts, OASAM's Office of Human Resources provided us with a list of all DOL employees (active and separated) from the DOL Web-Par database for our audit period; and Citibank Officials provided us with all open and cancelled DOL travel card accounts from the Citibank travel card database. We merged the information from both sources using employee social security numbers, which identified 1,482 separated employees who had travel card accounts (see Table 5).

**Table 5: Universe of Separated Employees with Citibank Travel Accounts**

Agency/Region	Separated Employees with Citibank Accounts
BLS	81
ESA	67
ETA	32
OSHA	46
OASAM NY	98
OASAM Boston	45
OASAM Philadelphia	102
OASAM Atlanta	178
OASAM Chicago	160
OASAM Dallas	146
OASAM Kansas City	22
OASAM Denver	0
OASAM San Francisco	126
OASAM N.O.	142
MSHA	237
Total	1482

We analyzed the travel card accounts of all 1,482 separated employees to determine if any were open. For those open accounts, we reviewed the Citibank bank database to determine if the account had a current balance and if activity had occurred after the employee was separated. For any employees who had cancelled accounts, we compared the account status code and the last account status change date in the merged databases to identify the date that travel cards were cancelled. We compared the cancelled date to the employees' separation date to determine if the travel card was cancelled in a timely manner.

We performed a data reliability assessment to ensure we had complete and accurate data by comparing the list obtained from OASAM HR to the universe provided by Citibank before merging the two databases together. We also reviewed the computer program used to extract the list of all DOL employees (active and separated), to ensure its accuracy. We concluded the data to be sufficiently reliable for our audit purposes.

In planning and performing our audit, we considered OCFO's internal controls that were relevant to our audit objective. We confirmed our understanding of these controls through interviews and reviews of policies and procedures. Our consideration of internal controls relevant to our audit objective would not necessarily disclose all matters that might be significant deficiencies. Because of inherent limitations in internal controls, noncompliance may nevertheless occur and not be detected.

## **Criteria**

- DLMS, Chapter 7, dated June 2000
- The Government Charge Card Abuse Prevention Act of 2011
- OMB Circular A-123, Appendix B, revised January 2009
- U.S. Department of Labor Charge Card Management Plan for Travel Card Services, dated January 2011
- DOL Personnel Regulations, Chapter 179 – Separation Clearance for DOL Employees
- FTR – GSA, Office of Government Wide Policy – Chapter 301 – Temporary Duty Travel Allowances, issued January 2004

**Appendix C****Acronyms and Abbreviations**

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A/OPC	Agency/Organization Program Coordinator
CFO	Chief Financial Officer
DLMS	Department of Labor Manual Series
DOL	Department of Labor
E2	E2 Solutions
ETS	Electronic Travel Service
FTR	Federal Travel Regulations
FY	Fiscal Year
GSA	General Services Administration
OASAM	Office of the Assistant Secretary for Administration and Management
OCFO	Office of the Chief Financial Officer
OIG	Office of Inspector General
OMB	Office of Management and Budget



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Appendix D

OCFO Response to Draft Report

U.S. Department of Labor

Office of the Chief Financial Officer  
Washington, D.C. 20210



AUG - 7 2013

MEMORANDUM FOR: ELLIOT P. LEWIS  
Assistant Inspector General for Audit

FROM: JAMES L. TAYLOR  
Chief Financial Officer

SUBJECT: Audit of DOL Travel Card Program  
Draft Audit Report No. 17-13-001-13-001

We appreciate the opportunity to comment on the revised Draft Audit Report No. 17-13-001-13-001 dated July 30, 2013 issued by the Office of the Inspector General (OIG), as a result of the OIG's recent audit of the Department's travel card program. We agree with the OIG recommendations and the need to further enhance internal controls over the use of travel cards and will continue to make needed improvements.

The DOL travel card program has various controls in place that we believe properly safeguard government resources. First, in order to obtain a travel card, employees must complete the DOL required training on travel card procedures and policies (which training must be repeated every 3 years) and meet the requirements for the travel card from the travel card issuer, which is Citibank. The travel cards that employees obtain are similar to personal credit cards in that the employees are responsible for all charges to the cards and for the payment of the charges incurred to Citibank. Therefore, the employees are personally liable for these charges and those charges will not be reimbursed to them. Even though we agree with the OIG that certain employees improperly incurred charges on their travel cards, issues 1, 2, and 3 discussed below do not represent financial liability to the Department.

New legislation has been enacted by Congress that will enable federal agencies to take more aggressive measures to prevent the misuse/abuse of Government charge cards and strengthen internal controls. As an example, this legislation includes provisions which enable agencies to suspend and terminate the employment of employees who misuse/abuse the cards. Federal agencies must implement this legislation within the next 3-4 months. DOL has begun the implementation.

Second, in order to be reimbursed for any travel costs, employees must submit an expense report detailing all costs incurred, including appropriate charges on the travel cards. The expense reports go through a review and approval process for compliance with DOL policies. It is only after this review and approval that employees are reimbursed for appropriate travel costs. In addition, DOL has in place an audit process where targeted travel expense reports are reviewed for compliance with DOL policies.

The following are the OCFO's comments with respect to the specific findings and recommendations presented in the OIG draft report.

1. **Improper use of travel cards.** Employees used their travel cards while not on official travel and for unauthorized purchases while on official travel. The OIG determined that of 174 active travel card accounts reviewed during the period from October 1, 2010 through March 31, 2012, there were 41 instances in which cardholders incurred expenses that were not related to official travel.

**OIG Recommendations:**

- a) Increase monitoring of the charge card reports and E2 to ensure travel card accounts are being used in accordance with regulations and guidance.
- b) Follow up with component agency officials to ensure that appropriate actions are taken against employees who have used their travel card for unauthorized transactions.

**Response:** While it must be understood that these charges are the responsibility of the individual, and do not obligate the department, the OCFO is taking the following actions to improve internal controls:

- 1) Explore the feasibility of lowering the account credit limits to one dollar after 30 days of no travel to reduce instances of personal use of the travel card. When an employee is next scheduled for official travel, the National and Regional Agency Organization Program Coordinators (A/OPCs) as well as OCFO's Travel Management Division will have the ability to restore the credit limits.
  - 2) Provide additional training, as needed, to the travel card holders and A/OPCs through informational emails to ensure that everyone understands the Departmental policy as to the appropriate use of travel cards and that the A/OPCs are monitoring travel card transaction activities on a regular basis.
2. **Employees were issued travel cards that were not used for at least two years.** The OIG reviewed 10,441 active (October 1, 2010 through March 31, 2012) and separated employees (October 1, 2009 through March 31, 2012) travel card accounts and identified 1,133 travel cards that were issued but the account had no usage for at least two years.

**OIG Recommendations:**

- a) Enforce established policies and procedures to conduct periodic reviews of travel card accounts to ensure cards are needed by the employees to which they are issued.
- b) Increase monitoring of the travel card program to ensure A/OPCs receive required training and are closing travel card accounts timely.

**Response:** To strengthen controls the OCFO will:

Institute a Travel Card account inactivity monitoring procedure whereby the OCFO will notify the A/OPCs of any travel card accounts that were inactive for 180 days or more to cancel the card if determined that the cardholder no longer has a need for the card.

3. **Employee travel card accounts were still open after separation.** Travel card accounts were not always cancelled timely when employees separated. The OIG reviewed the travel card accounts of 1,482 employees who separated from DOL between October 1, 2009 and March 31, 2012 and found that 68 separated employees still had open travel card accounts with Citibank as of March 31, 2012. Of the remaining 1,414 travel card accounts, the Department did not timely cancel 1,123 of these accounts upon the employees' separation. The OIG did note that none of the open travel card accounts had balances or appeared to have unusual activity after the employee separated.

**OIG Recommendations:**

- a) Require A/OPCs to close the travel card accounts of separated employees that are still open and develop policies and procedures for informing A/OPCs to close travel card accounts on or before date of separation to meet the requirements of the U.S. DOL Charge Card Management Plan for Travel Card Services.
- b) Increase monitoring of the travel card program to ensure A/OPCs receive required training and are closing travel card accounts timely.

**Response:** To strengthen controls the OCFO will:

- 1) Explore an update to the DLMS to centralize the cancellation of travel related accounts within OCFO's Travel Management Division.
  - 2) Utilize Form DL 1-107, Separation Clearance and the bi-weekly employee separation report from the HR system to ensure that travel card accounts of separated employees have been cancelled.
4. **Receipts documentation.** The OIG determined that of the 174 travel vouchers reviewed during the period from October 1, 2010 through March 31, 2012, 25 vouchers did not include receipts for travel expenses over \$75, as required by Federal regulation and Departmental policy.

**OIG Recommendation:**

Provide reminder to DOL component agency staff on their responsibilities when reviewing travel vouchers and increase monitoring of E2 to ensure documentation for expenses over \$75 dollars are included with the vouchers.

**Response:** To strengthen controls the OCFO will:

- 1) Provide additional training, as needed, to the travel card holders and the expense report reviewing/approving officials through informational emails to ensure that everyone understands the Departmental policy as to the requirement for receipts for all travel expenses of \$75 or more for validating charges claimed for reimbursements.
- 2) Continue to conduct targeted audits to determine that travel approving officials (i.e., the supervisors/managers of travelers) are ensuring that adequate and appropriate receipts or documentation are attached to travel vouchers to support all expenses charged.

If there are any questions regarding this matter, please contact Madhuri Edwards at [edwards.madhuri.m@dol.gov](mailto:edwards.madhuri.m@dol.gov).

Cc: Karen Tekleberhan, Deputy Chief Financial Officer  
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## **Appendix E**

### **Acknowledgements**

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Key contributors to this report were Tracy Katz, Zaunder Saucer, Tinuke Aruwayo, Steven Johnson, Deborah Jarmon, and Ajit Buttar.

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