

## 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  
Myrian M. Myer, Associate Deputy Chief Financial Officer  
Madhuri Edwards, Director of Travel and Quality Assurance  
Cynthia Jones, Director of Financial Policy  
Stanley Karczewski, Director of Financial Reporting and Compliance