



Office of Audits
Office of Inspector General
U.S. General Services Administration

Audit of GSA's Fiscal Year 2016 Travel Card Program

Report Number A170019/O/R/F17003
September 20, 2017

Executive Summary

Audit of GSA's Fiscal Year 2016 Travel Card Program

Report Number A170019/O/R/F17003

September 20, 2017

Why We Performed This Audit

We conducted this audit due to an increase in travel card spending, from \$4.2 million in fiscal year 2013 to \$9.7 million in fiscal year 2016, and the moderate risk rating noted in our fiscal year 2015 charge card risk assessment.¹ The objectives of our audit were to determine whether: (1) GSA's travel card program has controls in place to ensure travel cardholders are in compliance with GSA's travel card policies; and (2) GSA travel card transactions processed in fiscal year 2016 were properly and fully supported, reported, and approved.

What We Found

Based on our audit of GSA's fiscal year 2016 travel card program, we found that GSA has improved controls over certain program areas that we identified as issues in our fiscal year 2015 charge card risk assessment. As a result, we have no reportable findings related to our audit objectives. However, we have three observations regarding the travel card program that present opportunities for improvement to protect against travel card misuse. Specifically, we noted that:

1. GSA personnel did not follow up on all questionable travel card transactions;
2. Cardholders are using their personal credit cards instead of a GSA travel card, in violation of GSA policy; and
3. GSA's travel card policy does not specify a time period for closure of a departing employee's travel card account.

¹ GSA Office of Inspector General's Fiscal Year 2015 Risk Assessment of GSA's Charge Card Program (Memorandum Number A160054-1, September 26, 2016).

Table of Contents

Introduction	1
Results	
<i>Observation 1 – GSA personnel did not follow up on all questionable travel card transactions</i>	<i>3</i>
<i>Observation 2 – Cardholders are using their personal credit cards instead of a GSA travel card, in violation of GSA policy.....</i>	<i>4</i>
<i>Observation 3 – GSA’s travel card policy does not specify a time period for closure of a departing employee’s travel card account.....</i>	<i>4</i>
Conclusion.....	6
<i>GSA Comments</i>	<i>6</i>
Appendixes	
Appendix A – Scope and Methodology	A-1
Appendix B – GSA Comments	B-1
Appendix C – Report Distribution.....	C-1

Introduction

We performed an audit of GSA's fiscal year 2016 travel card program.

Purpose

In our fiscal year 2015 charge card risk assessment, we rated GSA's travel card program as moderate risk for illegal, improper, or erroneous transactions.² We identified the following concerns:

- Travel card transactions lacked supporting documentation in the system of record;
- GSA lacked effective controls to identify and review questionable travel card transactions; and
- The travel card program lacked refresher training.

Based on our fiscal year 2015 moderate risk assessment and the trend of increased travel card spending, we determined that an audit of the travel card program was necessary.

Objectives

The objectives of our audit were to determine whether: (1) GSA's travel card program has controls in place to ensure travel cardholders are in compliance with GSA's travel card policies; and (2) GSA travel card transactions processed in fiscal year 2016 were properly and fully supported, reported, and approved.

See **Appendix A** – Scope and Methodology for additional details.

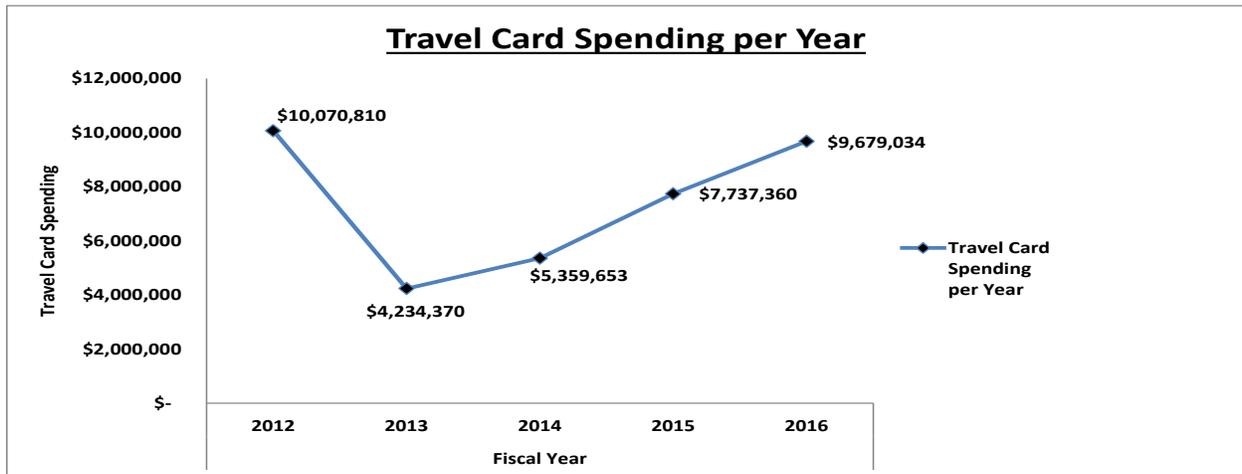
Background

GSA's Travel Policy and Charge Card Program Office (Charge Card Program Office), housed within its Office of Administrative Services (OAS), has oversight responsibility for the Agency's travel card program. The primary policies guiding the travel card program are OAS Order 5740.1, *Government Travel Charge Card Program*, and the *Charge Card Management Plan for General Services Administration Purchase and Travel Card Programs (Charge Card Management Plan)*.

As shown in *Figure 1*, fiscal year 2016 travel card spending was \$9.7 million, a \$1.9 million increase from fiscal year 2015 spending.

² GSA Office of Inspector General's Fiscal Year 2015 Risk Assessment of GSA's Charge Card Program (Memorandum Number A160054-1, September 26, 2016).

Figure 1 – Travel Card Spending from Fiscal Year 2012 to Fiscal Year 2016



The Government Charge Card Abuse Prevention Act of 2012 (Charge Card Act, Pub. L. 112-194) was signed on October 5, 2012. Under this act, Inspectors General are to conduct annual charge card risk assessments and use the assessments to determine the necessary scope, frequency, and number of audits or reviews of agency charge card programs.

Results

We found that GSA has improved controls over certain program areas that we identified as issues during our fiscal year 2015 charge card risk assessment. Specifically, officials in GSA's Office of Administrative Services corrected previous query issues in MasterCard's Expert Monitoring System (EMS), the system that OAS uses to help identify questionable charges. OAS also implemented a biannual refresher training for the travel card program. Finally, we found that cardholders were uploading required supporting documentation to the system of record.

Accordingly, we have no reportable findings related to our objectives. However, we have three observations regarding the travel card program that present opportunities for improvement to protect against travel card misuse. Specifically we noted that:

1. GSA personnel did not follow up on all questionable travel card transactions;
2. Cardholders are using their personal credit cards instead of a GSA travel card, in violation of GSA policy; and
3. GSA's travel card policy does not specify a time period for closure of a departing employee's travel card account.

Observations

Observation 1 – GSA personnel did not follow up on all questionable travel card transactions.

Regional coordinators did not consistently obtain an explanation from the program offices for all transactions the Agency identified as questionable. GSA uses MasterCard's EMS tool to evaluate high-risk transactions that may require further review. These transactions are compiled into a monthly questionable charges report. GSA's Charge Card Management Plan requires the program office to review all questionable charges and take appropriate action for any fraud, misuse, or abuse within 30 days. As part of this process, regional coordinators contact program offices to determine if the transactions identified as questionable are valid GSA travel expenses.

We reviewed each of the monthly questionable charges reports for fiscal year 2016 and found that, of the 339 questionable charges identified, OAS did not receive a follow-up response from the regional coordinators for 55 (16 percent) of the questionable charges. Without following up on transactions, GSA cannot be certain that these unresolved transactions are for legitimate travel expenses. This limits the effectiveness of the EMS tool as a primary control method and increases the overall risk to the travel card program.

OAS officials stated that its previous organizational structure made it difficult to manage the follow-up of non-responses. GSA has recently restructured, bringing the travel card

program's regional coordinators under OAS in order to gain more control and oversight over the regional coordinators' work. As their main duties previously were traditional GSA mission-specific roles (e.g., activities related to the Public Buildings Service and Federal Acquisition Service), regional coordinators did not report to OAS and charge cards were an additional duty on top of their primary role. OAS asserted that the recent reorganization will improve this response issue by giving OAS's Charge Card Program Office more control and oversight over the regional coordinators' work.

Observation 2 – Cardholders are using their personal credit cards instead of a GSA travel card, in violation of GSA policy.

We found that GSA cardholders are not always using their travel card for business travel transactions, as required. Per the GSA Charge Card Management Plan, unless otherwise exempt from use, all GSA employees who travel are required to obtain and use a GSA-issued government travel card to pay for official expenses. Additionally, OAS Order 5740.1 states that official travel will be paid using the travel card unless the employee or expense is exempt from use, the merchant does not accept the card, or it is impracticable for use.

We reviewed cash-reimbursed travel transactions to determine if these transactions should have been made using the travel card.³ Of the 60 transactions we reviewed, we identified 41 instances (68 percent) where the use of a GSA travel card for purchases such as lodging, car rentals, taxis, and parking was required (unless impracticable for use, such as for coin operated parking), but was not used. Travel approvers do not appear to ensure that GSA cardholders are using their government travel card when required. If a personal card is used, GSA loses opportunities for rebates on these transactions. Additionally, the travel card program's risk potentially increases with personal card use, as transactions using personal cards would not be subject to queries in the EMS tool used to identify questionable charges.

Observation 3 – GSA's travel card policy does not specify a time period for closure of a departing employee's travel card account.

We reviewed the Charge Card Program Office's practices used when employees separate from GSA to determine if their travel card accounts were closed in a timely manner. GSA's Charge Card Management Plan states that GSA will "ensure that travel cardholders who separate from GSA are closed in Citibank in a timely manner." The policy is not specific on the number of days in which the card account should be closed. OAS officials stated that they consider 7 to 10 days to be timely.

We sampled the travel cards of 35 separated GSA employees and found that 6 (17 percent) travel card accounts were closed outside of the 7 to 10 day window. An OAS official informed us that there is sometimes a delay in the Office of Human Resources Management informing OAS that an employee has separated. Without clear standards

³ For these transactions, the traveler requested a direct deposit reimbursement instead of paying off a travel card directly through GSA's travel system.

on when a travel card should be closed, OAS will continue to close accounts inconsistently, which could lead to cards remaining open for use well past an employee's separation from GSA. Having open accounts for separated employees increases risk to the travel card program.

Conclusion

OAS has made improvements to strengthen the travel card program. However, we identified opportunities for OAS to strengthen controls surrounding follow-up on questionable charges, use of the GSA travel card when on official travel, and timely closure of travel card accounts after employee separation. Improvement in these areas may provide OAS with greater assurance that travel cards are used properly and in accordance with GSA policy.

GSA Comments

The Chief Administrative Services Officer appreciated our observations and had no official comments. See GSA's full written response in its entirety at **Appendix C**.

Audit Team

This audit was managed by the Real Property and Finance Audit Office and conducted by the individuals listed below:

Marisa A. Roinestad	Associate Deputy Assistant Inspector General for Auditing
Cairo Carr	Audit Manager
John Brandon	Auditor-In-Charge
Joy Wright	Auditor
Christopher Mattocks	Auditor

Appendix A – Scope and Methodology

We examined travel card transactions processed and approved by GSA travel cardholders, approving officials, and regional coordinators during fiscal year 2016.

To accomplish our objectives, we:

- Examined relevant criteria, including public laws, executive orders, Office of Management and Budget memoranda, and GSA directives, travel card policies, and procedures;
- Reviewed prior audit reports related to the travel card program issued by the GSA Office of Inspector General;
- Performed analysis of fiscal year 2016 travel card transactions;
- Performed detailed testing of travel card transactions to determine the validity of purchases made, to confirm the completeness of documentation maintained in the travel system, and to determine compliance with GSA travel card policies;
- Reviewed questionable travel card transactions to determine whether there was adequate resolution through the review process;
- Analyzed queries used to identify questionable charge transactions using the EMS tool to determine whether EMS is flagging the appropriate transactions;
- Reviewed a list of separated employees to determine if their travel card accounts were closed in accordance with travel card policy; and
- Selected a random sample of 35 and a judgmental sample of 25 travel card transactions to determine whether the GSA travel card was used for official travel in accordance with travel card policy. The judgmental sample was chosen based on the five individuals with the highest dollar amount of cash-reimbursed travel vouchers in an effort to identify if individuals were using their personal cards for GSA-related travel.

We conducted the audit between October 2016 and April 2017 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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Internal Controls

Our assessment of internal controls was limited to those necessary to address the objectives of the audit. Identified internal control issues are discussed in the Results section of this report.

Appendix B – GSA Comments



Office of Administrative Services

September 7, 2017

MEMORANDUM FOR: MARISA A. ROINESTAD
ASSOCIATE DEPUTY ASSISTANT INSPECTOR GENERAL FOR
AUDITING
REAL PROPERTY AND FINANCE AUDIT OFFICE (JA-R)

FROM: CYNTHIA A. METZLER *Cynthia Metzler*
CHIEF ADMINISTRATIVE SERVICES OFFICER (H)

SUBJECT: Audit of GSA's Fiscal Year 2016 Travel Card Program
Audit Number: A170019

I am writing in response to the Office of Inspector General's (OIG) draft audit of "GSA's Fiscal Year 2016 Travel Card Program".

I appreciate this audit and the opportunity to improve our operations. The Office of Administrative Services (OAS) has reviewed the report. We thank you for providing observations to assist GSA with enhancements to the Travel Card Program. OAS has no comments on the report.

If you have any questions, please do not hesitate to contact me at (202) 357-9697 or Ms. Christine Courter, Supervisory Financial Management Analyst, at (202) 501-9136 or via e-mail at christine.courter@gsa.gov.

U.S. General Services Administration
1800 I Street, Northwest
Washington, DC 20405

Appendix C – Report Distribution

Acting GSA Administrator (A)

Chief Administrative Services Officer (H)

GAO/IG Audit Management Division (H1G)

Assistant Inspector General for Auditing (JA)

Director, Audit Planning, Policy, and Operations Staff (JAO)