

GAO/OIG

December 2010

GAO TRAVEL CARDS

Opportunities Exist to Further Strengthen Controls





GAO Travel Cards

Opportunities Exist to Further Strengthen Controls

Objective: To assess whether GAO's policies and procedures (controls) are effective in preventing and detecting travel charge card misuse and delinquencies.

What OIG found: GAO's policy and procedures were generally effective in preventing and detecting travel charge card misuse. For example, GAO monitors monthly travel card activity reports to identify potential misuse and contacts employees regarding questionable charges. However, based on our analysis of travel card data, we identified areas where GAO's travel card program could be strengthened by adopting selected best practices identified in related Office of Management and Budget (OMB) guidance. For example, we determined that GAO could lower the spending limits (maximum charge amounts) for many cards and reduce the number of cards in use. After we provided GAO officials with our analysis, the agency lowered the monthly spending limit for individual travel charge cards from \$12,500 to \$7,500 and plans to assess the need for further reductions. In addition, our analysis identified a number of cards that were not being used. In response, GAO in August 2010 eliminated 12 of its 18 centrally billed cards.

In testing the effectiveness of GAO's monitoring of travel card delinquency, we found that the agency could improve its procedures to reduce delinquency. Our analysis of travel card payment information for 17 months showed that 238 employees, or 10 percent of card users, were delinquent one or more times. After we briefed GAO officials on our analysis, the agency changed its procedures to begin monitoring late travel card payments earlier and, to assess its monitoring efforts, has agreed to use a delinquency rate performance metric. While the agency has had a process to take action when employees were delinquent in paying their travel cards, we found that GAO was missing a key component—procedures that set out the requirements and time frames for referring delinquent cardholders for potential disciplinary action.

We also determined whether GAO was using OMB Circular No. A-123, Appendix B guidance and the controls it requires executive branch agencies to use in managing their travel card programs. We found that GAO has implemented some of the controls identified by OMB in its guidance, but is not using other controls, such as statistical and narrative information on travel card use to enhance program oversight and management of its travel card program. Further, GAO had not developed a management plan to help provide a road map for ensuring the ongoing effectiveness of its risk management controls. In addition, we found that OMB's travel card guidance was not used by GAO to manage or assess the effectiveness of its travel card program controls.

Recommendations for executive action:

- Develop procedures to minimize the number of travel cards and review the appropriateness of travel card spending and related ATM cash advance limits.
- Develop policies and procedures, including time frames, for referring delinquent cardholders for disciplinary action and notifying the OIG of actions taken.
- Develop and report statistical and narrative travel card compliance information to oversight managers.
- Establish a goal to gauge agency progress in reducing delinquency.
- Review OMB Circular No. A-123, Appendix B, to identify and adopt, as appropriate, additional controls and best practices to help reduce travel card program risk and improve management's assessment of travel card program controls.



O I G

Memorandum

Date: December 7, 2010

To: Acting Comptroller General Gene L. Dodaro

From: Inspector General Frances Garcia

Subject: *GAO Travel Cards: Opportunities Exist to Further Strengthen Controls*

GAO had 2,884 travel card accounts, primarily issued to employees as individually billed accounts, and about \$10.4 million in related travel card charges as of September 30, 2010. While the charges for centrally billed travel cards go directly to the government for payment,¹ individually billed travel cardholders are directly responsible for all charges incurred on their travel card account and for remitting payments on the monthly bill. The cardholders are expected to use the government travel card only for valid expenses related to official travel. The intent of the travel card program is to improve convenience for the traveler and to reduce the government's costs of administering travel. Audits of agency travel card programs by GAO and others have found varying degrees of waste, fraud, and abuse at a number of agencies because the agencies have failed to implement adequate safeguards against card misuse. In response to these findings, Congress has held hearings and introduced legislation in the current Congress that would enhance travel card management and oversight.² In addition, the Office of Management and Budget (OMB) has issued guidance, OMB Circular No. A-123, Appendix B, for executive branch agencies that establish standard minimum requirements (including internal controls that are designed to minimize the risk of travel card misuse) and suggested best practices for government card programs.³ As a legislative branch agency, GAO is not required to follow any OMB circulars, including OMB Circular No. A-123 or its appendixes. However, as a matter of policy, GAO has indicated that it generally would assess and report on the effectiveness of GAO's internal controls in accordance with the principles of OMB Circular No. A-123.⁴

¹Centrally billed travel cards are generally used by agency units to pay transportation expenses.

²Government Charge Card Abuse Prevention Act of 2009, S. 942, 111th Cong., 1st Sess. (2009). Government Charge Card Abuse Prevention Act of 2009, H.R. 2189, 111th Cong., 1st Sess. (2009).

³OMB Circular No. A-123, Appendix B, *Improving the Management of Government Charge Card Programs* (Jan. 15, 2009).

⁴GAO Order 0201.3, *Management's Responsibility for Internal Controls* (Aug. 23, 2006).

Background

GAO exists to support Congress in meeting its constitutional responsibilities and to help improve the performance and ensure the accountability of the federal government for the benefit of the American people. To help fulfill its mission, GAO requires many of its over 3,200 employees to travel to audit federal expenditure of funds. Federal travel regulations and GAO's travel card order require GAO employees who travel to use the government travel card—a type of charge card—for major official travel-related expenses.

Government Travel Charge Cards

The Travel and Transportation Reform Act (TTRA) of 1998 (P.L. 105-264) expanded the use of government travel cards by mandating the use of the cards for all official travel expenses unless specifically exempted. The act is intended to further reduce the overall cost of travel to the federal government through reduced administrative costs and by taking advantage of rebates from the travel card contractor based on the volume of transactions incurred using the card and on cardholders paying their monthly travel card bills on time. To help cardholders pay their monthly bills on time, the act also requires that agencies reimburse cardholders for proper travel claims within 30 days of submission of accurate travel vouchers. Further, the act allows, but does not require, agencies to offset a cardholder's pay for amounts the cardholder owes to the travel card contractor as a result of travel card delinquencies not disputed by the cardholder. For purposes of this report delinquency occurs when a travel charge card account has an unpaid balance that is outstanding 61 or more days after the billing or closing date on the travel card statement (not the date on which payment is due).⁵

As required by the act, the General Services Administration (GSA) incorporated its requirements into the Federal Travel Regulation (FTR), which governs travel policies for all federal government employees, including overall policies and procedures governing the use of government travel cards. The FTR requires all federal agencies to follow its requirements and allows agencies the flexibility to augment these requirements with their own implementing regulations. For example, while the FTR requires all federal employees to use travel cards for official business travel unless they travel five or fewer times a year, GAO's policy is that employees must use travel cards if they travel two or more times a year.⁶ In accordance with the act, GAO employees must use the travel card for official travel expenses, such as transportation tickets, lodging, and rental cars. The travel card is not to be used for personal purchases, such as books, newspapers, or cash advances through automatic teller machines (ATM) unrelated to official travel.

GAO's travel card order requires employees to pay in full the amount on the travel card bill within 30 days of the billing statement date and does not allow extended or partial payments. The order also states that delinquent cardholders' travel card privileges are automatically suspended by U.S. Bank if the cardholder's outstanding balance has not been paid within 60 days of the billing date. Suspension means the cardholder will be unable to use the travel card until the bank receives payment. Under U.S. Bank's

⁵U.S. Bank travel charge card delinquency data and OMB's Appendix B delinquency rate performance metric are based on a definition of 61 or more days of delinquency. However, there appears to be a conflict with this definition in the Appendix B glossary, which defines delinquency as a charge card account balance that is unpaid for more than 61 days past the statement date. For the purpose of this report, the definition of 61 or more days of delinquency is used since the available data is based on that definition.

⁶GAO Order 0300.5, *Government Accountability Office Travel Charge Card Program* (May 5, 2010).

cardholder agreement, the amount on the travel card billing statement is due upon receipt and must be paid in full by cardholders each billing period.

GAO uses a GSA contract to obtain government-sponsored travel cards services. GAO travel card services were provided by Bank of America from November 30, 1998, through November 29, 2008, and by U.S. Bank starting on November 30, 2008. GAO receives quarterly rebates from U.S. Bank based on the volume of card-based transactions and prompt cardholder payments. Rebates are based on the timeliness of payments and are reduced if significant numbers of cardholders do not pay their bills on time.

GAO has a program coordinator who monitors travel card usage, serves as a focal point for answering questions, submits travel card applications to the bank on behalf of GAO travelers, issues travel cards, and retrieves the cards from employees when they leave the agency. GAO's program coordinator (located in GAO's Office of Financial Management) was given this responsibility as a collateral duty, in addition to other travel-related and administrative duties. Another key unit is the agency's Office of Workforce Relations, which is responsible for determining whether employees who misuse their travel card should be subject to disciplinary actions.

Internal Control

Internal control, which comprises the plans, methods, and procedures used to meet missions, goals, and objectives, is a major part of managing an organization. Internal control does not guarantee the elimination of waste, fraud, and mismanagement; rather, it is a means of managing the risk associated with federal programs and operations. It also serves as the first line of defense in safeguarding assets and preventing and detecting errors and fraud. The three objectives of internal control are to ensure the effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations. Managers should define the control environment (e.g., travel card program or financial reporting) and then perform risk assessments to identify the most significant areas within that environment for placing or enhancing internal controls. The risk assessment is a critical step in the process to determine the extent of controls. Once significant areas have been identified, control activities should be implemented. Continuous monitoring and testing should help identify poorly designed or ineffective controls and should be reported on periodically. Management is then responsible for redesigning or improving those controls.

GAO's *Standards for Internal Control in the Federal Government* provides the overall framework for establishing and maintaining internal controls and for identifying and addressing areas at greatest risk of fraud, waste, abuse, and mismanagement.⁷ GAO issued these standards pursuant to requirements of the Federal Managers' Financial Integrity Act of 1982 (FMFIA). The act specifies that agencies must annually state whether their internal control systems comply with standards for internal control prescribed by the Comptroller General and provide reasonable assurance that, among other things, funds, property, and other assets are safeguarded against waste, loss, unauthorized use, or misappropriation. OMB Circular No. A-123, *Management Accountability and Control*, is based on GAO's standards for internal control, and provides executive branch agencies specific requirements for assessing and reporting on controls. OMB Circular No. A-123 covers all aspects of an executive branch agency's operations and has three

⁷GAO, *Standards for Internal Control in the Federal Government*, [GAO/AIMD-00-21.3.1](#) (Washington, D.C.: November 1999).

appendices that govern internal controls over financial reporting (Appendix A),⁸ government charge cards (Appendix B),⁹ and improper payments (Appendix C).¹⁰

GAO's order on internal controls¹¹ states the Comptroller General is committed to the spirit and intent of FMFIA and OMB Circulars. While the internal control order does not specifically refer to Appendix B, it does state that "management's responsibility for internal control is defined in OMB Circular No. A-123." GAO's Controller through the Office of Program Analysis and Operations annually conducts assessments of GAO's internal controls in accordance with the principles of OMB Circular No. A-123. We noted that GAO's order on travel cards¹² does not refer to Appendix B and the agency travel card program officials told us that they do not follow the appendix in managing the program; and it is also not used in assessing the effectiveness of the program's internal controls.

According to OMB's Circular No. A-123, Appendix B guidance, risk management controls, policies, and practices are a critical tool for ensuring the efficiency and integrity of charge card programs by eliminating payment delinquencies, charge card misuse, fraud, and other forms of waste and abuse. OMB's guidance requires executive branch agencies to have a charge card management plan that describes how the agencies will ensure the ongoing effectiveness of charge card program risk management controls. The general responsibilities of charge card managers in implementing these risk management controls, policies, and practices are as follows:

- Implementing the appropriate controls to ensure compliance with federal laws and applicable regulations and for monitoring program effectiveness.
- Ensuring that any risk management policies and practices established in the agency's charge card management plan are carried out effectively and that the charge card management plan is updated with enhanced risk management policies and practices, as applicable.
- Ensuring that cardholder statements of account and supporting documentation are reviewed and utilized to monitor delinquency, misuse, and other transaction activities.
- Reviewing available data to detect instances of delinquency, fraud, and misuse and identify trends and outliers in relevant indicators of charge card program performance.
- Maintaining a policy that ensures that administrative and disciplinary actions are initiated in the event cardholders or other program participants fail to meet their responsibilities with respect to appropriate use and timely payment of charge cards.

OMB's guidance also identifies controls and best practices that executive branch travel card managers should use. One control is split pay disbursement, which allows cardholders to route part of their travel voucher reimbursement, such as hotel, airfare, and rental car costs, directly to the bank (e.g., U.S. Bank). Cardholders would only be

⁸OMB Circular No. A-123, Appendix A, *Internal Controls Over Financial Reporting* (July 2005).

⁹OMB Appendix B applies to all types of government charge cards, including purchase cards and travel cards.

¹⁰OMB Circular No. A-123, Appendix C, *Requirements for Effective Measurement and Remediation of Improper Payments* (August 2006).

¹¹GAO Order 0201.3.

¹²GAO Order 0300.5.

responsible for those expenses selected not to be paid directly to vendors by the bank, such as meals. Best practices include deactivating travel cards or lowering spending limits during periods of inactivity. OMB also requires executive branch agencies to have travel card delinquency performance metrics, which assess every 4 months individually and centrally billed travel card balances that are unpaid for 61 or more days past the closing date on the travel card statement.

Objective, Scope, and Methodology

To assess whether GAO's policies and procedures are effective in preventing and detecting travel charge card misuse and delinquencies, we interviewed GAO officials in charge of the travel card program and U.S. Bank officials who provide travel card services to GAO, to understand their responsibilities, to determine how the program is managed, and to identify applicable policies and procedures. We also reviewed GAO travel card program policy and procedures to understand how they help prevent and detect travel charge card misuse and delinquencies. Our criterion for reviewing GAO's policies and procedures was OMB Circular No. A-123, Appendix B, which establishes minimum requirements and suggested best practices for travel card programs within the executive branch. To test the effectiveness of these controls, we obtained U.S. Bank transaction data for GAO employees with individually billed travel cards and for GAO centrally billed travel cards from December 2008 (the first month these cards were available for use) through April 2010 and performed a number of analyzes to assess the effectiveness of GAO controls intended to reduce misuse and delinquency. We also assessed the reliability of U.S. bank data and found it to be sufficiently reliable to support the findings of our review. (See attachment I for details on our scope and methodology.)

We conducted this performance audit from December 2009 through December 2010 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.

Recommended Controls and Best Practices Could Help Reduce Potential Misuse and Delinquencies

Our review found that GAO could further reduce the risk of travel card misuse and delinquency by making greater use of recommended controls and best practices of OMB's Circular No. A-123, Appendix B. We tested agency controls over the travel card program by analyzing U.S. Bank transaction data on individually and centrally billed accounts and determined that (1) the number of travel cards could be reduced, (2) travel card spending limits could be lowered, and (3) increased monitoring of delinquent accounts was needed. We also identified that having additional procedures on certain aspects of the program, such as procedures that set out the requirements and time frames for referring delinquent cardholders for possible disciplinary actions, would strengthen GAO's program. In response to our work, GAO management has taken a number of actions to reduce the risk of delinquency, such as lowering the monthly spending limit for most individually billed cards from \$12,500 to \$7,500.

In addition, we reviewed GAO's policy and procedures for detecting misuse and found them to be generally effective. For example, we determined that the GAO travel card program coordinator monitors travel card misuse by reviewing U.S. Bank reports every month. Specifically, to identify charges that may not be official travel expenses, the coordinator each month reviews a standard

report that lists questionable transactions to help identify charges (e.g., alcohol, flowers, and gifts) that may be a misuse of the travel card. To identify ATM cash advances that may not involve government travel, the coordinator reviews data from the reports and confirms that a travel authorization or voucher exists for the time frame during which the ATM advance was received. When questionable charges or advances are identified, the coordinator sends an e-mail to the cardholder, as well as the cardholder's supervisors and management, and requests the cardholder review the questionable charges. After reviewing the charges, the cardholder is required to e-mail GAO's Office of Workforce Relations staff on whether the charges were travel-related or personal and to provide a brief explanation of the charge. Further, the procedures for detecting misuse also include instructions for referring employees to Workforce Relations for possible disciplinary actions.

Analyses Support Reducing the Number of Issued Cards, Lowering of Spending Limits, and Increasing Monitoring of Delinquent Payments

Reduce the number of travel cards. Allowing individually billed cardholders to maintain travel card accounts when not needed for government travel unnecessarily increases the risk of misuse—through cardholders either mistakenly or intentionally using the card for personal purposes.¹³ To mitigate the risk of travel card misuse or delinquency, OMB's guidance identifies as a best practice performing periodic reviews of the number of travel cards in use to ensure their numbers are appropriate.

To assess the controls over the issuance of GAO travel cards to prevent misuse, we analyzed U.S. Bank data that showed total monthly charges for the 3,071 GAO employees with individually billed cards and for the 18 centrally billed cards that were available during the 16-month period we reviewed (December 2008 through March 2010). Our analysis showed that GAO could reduce risk of misuse by decreasing the number of both individually and centrally billed travel charge cards. For example, of 3,071 individually billed travel cards we analyzed, 776 (25 percent) had never been used, and 376 (12 percent) were used once (had charges in one monthly billing statement). Of GAO's 18 centrally billed travel cards, 12 were never used during the 16-month period we reviewed. These cards could have allowed thousands of dollars to be charged monthly.

While GAO's policy requires employees to obtain and use government cards if they travel two or more times a year, we learned that GAO's practice was not consistent with its policy, and employees generally obtained cards with little or no assessment of their immediate or future travel needs. For instance, when GAO transferred its travel card program from Bank of America to U.S. Bank at the end of November 2008, the agency had 2,815 new individually billed cards issued to GAO employees without assessing travel needs. In addition, the program coordinator stated that the agency did not continue the practice of annually reviewing travel card use. According to the coordinator, previously under Bank of America, GAO travel card program staff each March assessed whether employees had traveled in the prior year and, after checking with the employee to confirm they would not be traveling in the current year, would deactivate the cards of those employees who were determined to be infrequent travelers. The coordinator stated that, if a travel need arose, Bank of America cards could be quickly reactivated. U.S. Bank's policy is not to deactivate cards but to cancel them. Replacing canceled cards with new cards takes several days longer than reinstating deactivated cards. While U.S. Bank's policy does

¹³GAO, *Travel Cards: Control Weaknesses Leave Army Vulnerable to Potential Fraud and Abuse*, [GAO-03-169](#) (Washington, D.C.: Oct. 11, 2002).

not allow for the deactivation of cards, the program coordinator stated he is now working with U.S. Bank to develop a process to identify cards with infrequent or no use and to lower the spending limit of these cardholders to \$1, which could be readily increased, instead of the bank canceling the account. In addition, for the 16-month period we reviewed, our analysis shows that GAO issued 51 travel cards to summer interns with a \$6,000 monthly spending limit. Of the cards issued, 18 were used—16 had charges under \$2,000, and 2 had charges under \$3,000.

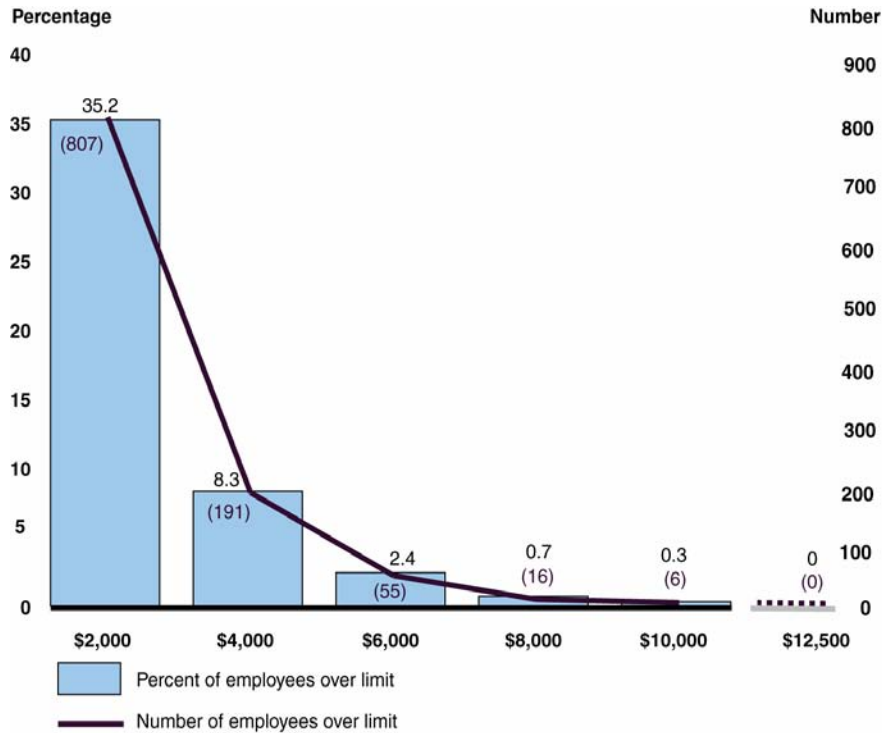
U.S. Bank has a process to identify and close travel cards that have not been used in 18 months. In its initial 18-month assessment (December 2008 through April 2010) of GAO travel cards, the bank identified 658 unused cards. GAO requested that 191 of those cards be kept open, resulting in 467 cards being closed. Since then, U.S. Bank identifies cards not used each month on a “rolling 18-month basis.” In its fiscal year 2010 review of the agency’s travel program internal controls, the Office of Program Analysis and Operations recommended re-establishing a monitoring process for deactivating the travel cards for infrequent GAO travelers based on a shorter period than the current 18-month time period followed by U.S. Bank. However, as previously stated, U.S. Bank does not deactivate cards. As a result, GAO would need to further assess whether deactivation is possible and, if not, what other options are available.

Lower travel card spending and ATM limits. To mitigate the risk of travel card misuse or delinquency, another OMB best practice is performing periodic reviews of the travel card spending limits and ATM cash transaction limits to ensure their appropriateness. Lowering limits can help reduce program risk because, with employees having smaller amounts available to use, there is less potential for misuse or delinquency.

To test the appropriateness of spending limits, we analyzed U.S. Bank data for 2,295 GAO employees who used their individually billed cards from December 2008 through March 2010 and determined that GAO could reduce the risk of misuse by significantly lowering spending limits for many of these cards because most employees spent considerably less than allowed by the limits. For the period reviewed, most GAO employees had a \$12,500 monthly limit on their travel cards and could have spent up to \$25,000 in any 2 consecutive months.¹⁴ As shown in figure 1, we found that no employee’s spending reached the \$12,500 limit in the 16 months covered by our review. On average, employees spent a monthly total of \$1,181 for the 16 months reviewed. Our analysis shows that the percentage of employees who would be affected by lowering the spending limit varied. For example, with a monthly limit of \$4,000, 8.3 percent of 2,295 employees (or 191) would have exceeded this limit in the 16-month period, while 91.7 percent would not. Further, with a monthly limit of \$6,000, 2.4 percent of employees (or 55) would have exceeded this limit for the period reviewed. (See attachment II for more information on our analysis of travel card spending limits.)

¹⁴Employees with credit restrictions had a \$5,000 monthly limit, and GAO interns had a \$6,000 monthly limit.

Figure 1: Individually Billed Cardholders Exceeding 1-Month Alternative and Actual Spending Limits, December 2008 through March 2010

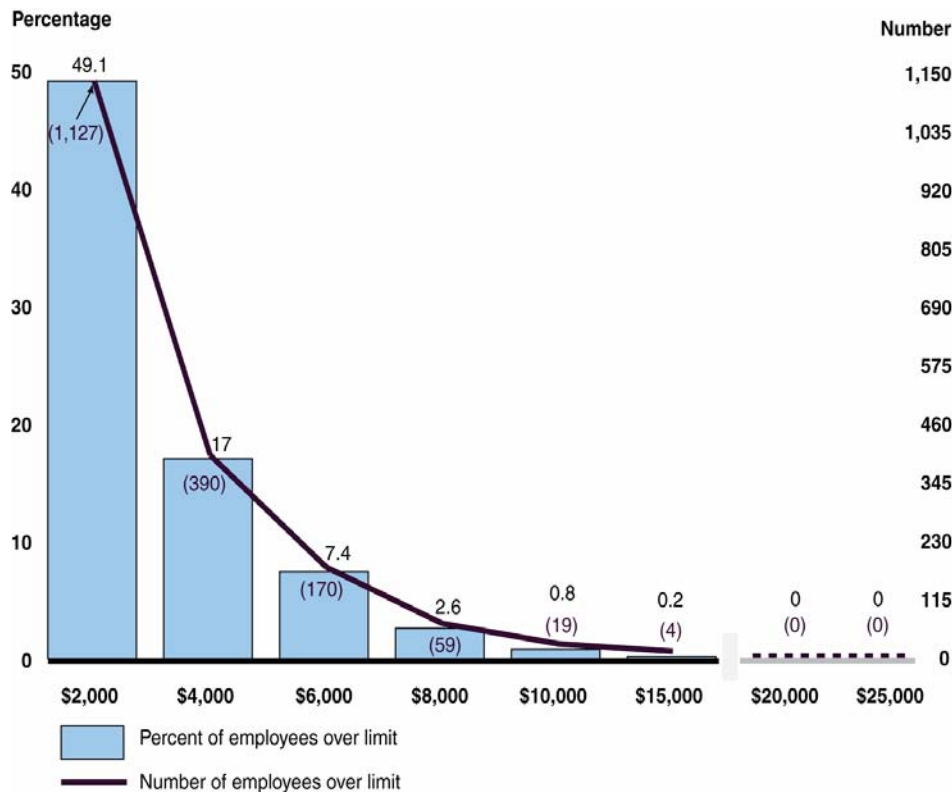


Source: OIG analysis of U.S. Bank data.

Note: Alternative limits range from \$2,000 to \$10,000. The actual limit was \$12,500.

Similarly, as shown in figure 2, we learned no employee’s spending reached the \$25,000 2-monthly spending limit in the 16 months covered by our review. On average, employees spent a total of \$1,604 during any 2 consecutive months for the 16 months reviewed. We also identified how employees would be affected by various lower spending limits. For example, half of active card users never spent more that \$2,000 in a 2-month period. Further, with a 2-month limit of \$4,000, 17 percent of employees (or 390) would have exceeded this limit in the 16-month period, while 83 percent would not. And, with a 2-month limit of \$6,000, 7.4 percent of employees (or 170) would have exceeded this limit for the period reviewed.

Figure 2: Individually Billed Cardholders Exceeding 2-Month Alternative and Actual Spending Limits, December 2008 through March 2010



Source: OIG analysis of U.S. Bank data.

Note: Alternative limits range from \$2,000 to \$20,000. The actual limit was \$25,000.

Our analysis also shows that GAO needs to review its limits on ATM cash advances to reduce the risk of misuse. GAO travelers can obtain up to \$1,500 in cash each week and a daily maximum of \$500. Cash advances must be limited to expenses that cannot be charged to employees' government travel card, such as incidental expenses (e.g., taxis and other local transportation). Our analysis shows that since 91.7 percent of employees charged less than \$4,000 per month for the 16-month period, having a \$1,500 weekly cash advance limit would seem much higher than warranted for most employees.

With U.S. Bank, GAO has had 18 centrally billed travel cards with monthly spending limits ranging from \$50,000 to \$250,000. We analyzed data on these cards' use from December 2008 through March 2010 and determined that GAO could reduce the risk and liability of these cards by lowering their limits. Our analysis showed for the six centrally billed cards used during this period, two had monthly charges above \$10,000. Specifically, one with a \$200,000 monthly spending limit had about \$21,000 in monthly charges and the other with a \$20,000 monthly spending limit had about \$12,000 in monthly charges for the 16-month period reviewed. The other four cards with monthly spending limits ranging from \$50,000 to \$200,000 had monthly charges below \$2,000 for the period reviewed. Having high monthly spending limits for GAO centrally billed cards that had limited or no use for the period reviewed possess an inherent risk to the agency since GAO is directly responsible for paying all charges related to these cards.

Having procedures for periodically reviewing travel card spending limits and related ATM limits would enhance GAO's travel card program controls and would also be consistent

with GAO's *Standards for Internal Control in the Federal Government*, which requires that management develop and document procedures.¹⁵ For example, the Managing Director of GAO's Forensic Audits and Special Investigations unit stated that having periodic reviews (e.g., once or twice per year) would provide the agency with data by which to evaluate limits and help reduce the inherent risk of the program. Further, the Library of Congress has a similar requirement that employee travel card use be reviewed twice a year and cards deactivated that have not been used for 6 months.

Increase monitoring of travel card delinquency. As previously discussed, a travel card account with an unpaid balance that is outstanding 61 or more days after the billing or closing date on the travel card statement is considered delinquent. Government travel cards have an inherent risk for delinquency because no interest for late payments is charged to the cardholder.

To test the effectiveness of GAO's monitoring of delinquency, we analyzed U.S. Bank payment data for GAO employees who used their individually billed cards one or more times from December 2008 through April 2010 (hereafter referred to as active cards) and found that GAO could strengthen its controls to reduce the risk of delinquency. Our analysis showed that 238 employees, or over 10 percent, of 2,306 active card users during this 17-month period were delinquent one or more times. Of the 238 employees,

- 214 were delinquent 1 to 30 days (the number of times employees were delinquent in making their payments ranged from one to eight),
- 22 were delinquent 31 to 60 days (the number of delinquencies per employee ranged from one to four), and
- 2 were delinquent 61 days or more (one employee was delinquent two times and one was delinquent three).

Three key factors appear to have contributed to the large number of delinquencies identified through our analysis. First, GAO was not using an OMB-prescribed performance metric that provides a quick and effective means of assessing delinquency of individually billed accounts and identifies areas where increased management attention is needed. It is also considered a key indicator of how well agencies monitor their travel charge card program. The delinquency rate performance metric is calculated each month by U.S. Bank and represents agency travel card account balances outstanding for over 61 days. It is reported using three levels of performances—fully successful (accounts less than 2 percent delinquent), minimally successful (greater than 2 percent to less than 4 percent), or unsuccessful (4 percent or more). In addition, the agency does not have a delinquency rate performance goal, which GAO has reported can help gauge agency progress in reducing delinquency.¹⁶ Having such a goal would provide GAO with an additional mechanism by which to determine whether its travel card controls were effective in reducing employee travel card delinquency.

Second, prior to August 2010, GAO's monitoring process resulted in notifications to employees with accounts that were 10 days or more days delinquent—that is, 71 days or more past the closing date on the billing statement—which would not enable the agency to

¹⁵[GAO/AIMD-00-21.3.1](#)

¹⁶GAO, *Department of Health and Human Services: Controls over Travel Program Are Generally Effective, but Some Improvements Are Needed*, [GAO-03-334](#) (Washington, D.C.: Feb. 21, 2003).

prevent delinquencies before they occurred. Under this process, the program coordinator each month would review a U.S. Bank report that listed all late and delinquent accounts in order to identify accounts that were 10 and 30 days delinquent. The coordinator then notified each of the delinquent cardholders and their management that the payment was past due and must be paid immediately.¹⁷

Third, at the time of our review there were no policies and procedures that set out the requirements for when or how to refer delinquent cardholders for possible disciplinary actions and for identifying the appropriate offices to be notified, such as GAO's Office of Workforce Relations and its Office of Inspector General. During the time period we reviewed, U.S. Bank notified the GAO program coordinator that two employees were 91 days or more past due (or 61 days or more delinquent) and that GAO could initiate the salary offset process to satisfy their debts. After U.S. Bank brought the two employees to the coordinator's attention, the coordinator notified the employees, their supervisors, and managers of the potential salary offset and card cancellation,¹⁸ and urged prompt resolution. The coordinator also referred the two cases to Workforce Relations for consideration of disciplinary action. The travel card account for one of these employees was canceled, and the employee was subject to disciplinary actions.

With no policies or procedures to make referrals, the program coordinator did not notify GAO's Office of Workforce Relations and its Office of Inspector General (OIG) about the 22 employees who were delinquent 31 to 60 days or the 214 who were delinquent 1 to 30 days. Absent notification, the Office of Workforce Relations cannot determine if possible disciplinary actions are warranted. Moreover, if OIG is not routinely notified of delinquencies (and of other significant employee abuses of their travel cards), it may not (1) become aware of systemic weaknesses in the travel card program that could be corrected through improved internal controls or other improvements to oversight of the program that OIG might recommend, and (2) be able to meet its responsibility to keep the Comptroller General and Congress fully informed concerning fraud and other serious problems, abuses, and deficiencies relating to the administration of programs and operations of GAO.¹⁹ In addition, without such information, OIG would not be able to determine whether employees might have violated any federal criminal law that could warrant a referral to the U.S. Attorney General, an important statutory responsibility of OIG.

Recent Management Attention

After we briefed GAO managers on the interim results of our work in June 2010, the agency has taken a number of actions. In August 2010, GAO changed its monitoring process to focus on accounts that are 10 days past due rather than 10 days delinquent, has agreed to adopt the use of the delinquency performance metric, eliminated 12 of its 18 centrally billed cards, and reduced the monthly spending limit for one centrally billed travel card from \$200,000 to \$125,000. In September 2010, the agency lowered the monthly spending limit for most individually billed cards from \$12,500 to \$7,500, the 2-month limit from \$25,000 to \$15,000, and the GAO intern limit from \$6,000 to \$4,000. The GAO

¹⁷Travel card accounts are past due when an unpaid balance is outstanding 31 days or more after the billing or closing date on the travel card statement.

¹⁸U.S. Bank may cancel an account if it is 126 days past due from the closing date on the billing statement in which the unpaid charge first appeared or has been suspended twice during a 12-month period for nonpayment and is past due again on a payment not received within 45 calendar days from the closing date on the billing statement.

¹⁹See section 5 of the Government Accountability Office Act of 2008, Public Law No. 110-323 (31U.S.C. § 705 (c) (7)).

Controller stated the agency plans to later assess the need for further reductions in travel card spending limits. Lastly, the agency issued three agencywide notices that emphasize the importance of employees being timely in making travel card payments.

Applying Additional Controls and Best Practices Could Further Reduce the Risk of Travel Card Misuse and Delinquency

In reviewing the effectiveness of GAO's efforts to prevent and detect travel card misuse and delinquency, we also examined whether GAO was following best practices and other recommended controls that OMB Circular No. A-123, Appendix B guidance requires for executive branch agencies to reduce the risk of misuse and delinquency. GAO is using some of the controls and best practices cited in OMB's guidance. For example, GAO has blocked the use of individually billed cards at a large variety of merchants that would result in improper charges.

Our review identified that GAO could use other controls and best practices provided in OMB Circular No. A-123, Appendix B, such as using split pay disbursement of cardholders travel reimbursement to better mitigate the risk of card misuse or delinquency. Using more of these controls and best practices could help GAO further reduce the risk of misuse or delinquency in its travel card program and also support the agency in achieving its strategic goal of being a leading practices federal agency. GAO may want to consider adopting the following controls and best practices.

Split pay disbursements. Split pay disbursements allow cardholders to route key parts of their travel reimbursement (such as airfare, rental car, and hotel costs) directly to U.S. Bank and thus provide a quicker and more convenient way for cardholders to pay the bank for certain travel charges. Further, with cardholders responsible for directly paying a smaller amount of expenses, the use of split pay disbursement reduces the amount available to be delinquent and increases agency rebates that are tied to the timeliness of payments. Split pay disbursement can also reduce the risk of travel card misuse because with most of an employee's travel costs being directly paid to a bank, employees have fewer travel costs (e.g., ATM cash advances) that could be misused. The Managing Director of GAO's Forensic Audits and Special Investigations unit, who has conducted several reviews of federal government travel cards programs, stated that split pay disbursement is a widely accepted practice for reducing delinquency and could assist GAO in reducing its delinquency rate. According to GAO officials, GAO will begin assessing the feasibility of using split pay disbursements at GAO after the Department of Transportation's (DOT) Enterprise Service Center implements split pay at DOT's internal agencies, which is scheduled to be completed in fiscal year 2011.²⁰ GAO officials stated that in fiscal year 2011, DOT also plans to begin working with its other federal customers—including GAO. Once it becomes available to GAO, the agency will decide whether it will adopt split pay disbursement.

Periodically reporting information to management. OMB's guidance calls for executive branch agencies to use charge card data to monitor compliance with agency policies and to assess the effectiveness of efforts to mitigate risk of fraud, waste, and abuse. Executive branch agencies are required to maintain statistical and narrative

²⁰Enterprise Service Center (ESC) is a shared services provider that supplies financial services to all DOT agencies, as well as client federal agencies external to DOT. ESC provides GAO with a number of financial services, including processing payments to reimburse travel expenses.

information related to their travel card programs and to periodically report it to OMB.²¹ The statistical data required by OMB guidance include the number of cards, by spending and transaction limit; active accounts; charge card dollars spent; total rebates earned; cases reported to the Office of Inspector General; and administrative and disciplinary actions taken. The narrative information includes descriptions of the current process for monitoring delinquency, best practices the agency uses in charge card management, and plans (within the next 12 months) to enhance charge card systems by automating reviews to detect instances of abuse, misuse, or fraud.

During the time of our review, GAO was not maintaining this type of information or reporting it to management. Given the results of our work, it is important that GAO begin maintaining and reporting this information to management so that the agency can better oversee its efforts to reduce the risk of misuse and delinquency. In addition, having such information could improve the management of this program and increase rebates. For example, this information could provide trend data on whether rebates to GAO were increasing as a result of recent agency efforts to ensure more prompt payment of travel card bills and fewer delinquencies.

Performance metrics. Under OMB guidance, performance metrics are considered to be a critical tool for improving charge card management, and there are several metrics to assess the effectiveness of management controls, policies, and practices and to identify areas where increased management attention is needed. Two key metrics are the travel card delinquency rate for individually billed accounts and travel card delinquency rate for centrally billed accounts. Both metrics assess the percentage of agency accounts that are 61 days or more delinquent. Further, agencies are encouraged to develop additional charge card performance metrics to improve charge card management.

Management plan. OMB guidance states that charge card management plans are important because they provide a description of how agencies will ensure, among other things, the ongoing effectiveness of risk and rebate management. Moreover, charge card management plans can provide a comprehensive mechanism for ensuring travel card program controls are followed and used effectively, as well as provide a road map on how agencies plan to enhance their risk management policies and practices, by requiring

- identification of key program officials and their responsibilities;
- management controls, policies, and practices for ensuring appropriate travel card usage and oversight of payment delinquencies, fraud, misuse, or abuse;
- an explanation of how available reports and data are used for monitoring delinquency and misuse, developing performance metrics, and addressing other program management issues; and
- a description of agency travel card training requirements.

For example, OMB guidance on charge card management plans provides steps agencies must take to maximize rebates received from the travel card vendor, including strategies to ensure on-time payment of travel card bills.

²¹Agencies listed in the original Chief Financial Officers Act of 1990 and the Department of Homeland Security are required to report statistical data every quarter and narrative information biannually. All other agencies report the data and information annually.

GAO has incorporated some management plan components cited by OMB—procedures for monitoring and mitigating travel card misuse and delinquency and for recovering travel cards before employees leave the agency. Incorporating additional components would provide GAO with a more comprehensive approach on how the agency plans to (1) strengthen its risk management policies and practices and (2) ensure that its program controls are followed and used effectively. In addition, OMB guidance requires executive agencies to have a description of travel card managers' responsibilities for implementing risk management controls, policies, and practices to ensure they are effectively carried out. GAO has a travel card program coordinator to oversee its program and having written responsibilities for this coordinator position in a management plan would help ensure travel card program controls are followed and used effectively and that recent agency improvements in the program continue.

Conclusion

Employee travel is essential to GAO's mission to support the work of Congress. As such, it's important that the agency's travel card program be managed effectively to reduce the risk of employee misuse and delinquency, as well as the risk of potential damage to GAO's reputation. To help improve management of this program, GAO needs to strengthen its policies and procedures for preventing and detecting travel charge card misuse and delinquency. And it is our view that the internal control standards and practices set forth in OMB Circular No. A-123, Appendix B would be effective and useful mechanisms for both assessing and improving GAO's internal controls over its travel card program. In response to our work, the agency has recently taken actions to improve the timeliness of employee travel card bill payments. Further improvements, such as developing additional program procedures and making greater use of OMB-cited internal controls and best practices, could help reduce the inherent risk of the program and support GAO in achieving its strategic goal of being a leading practices federal agency.

Recommendations for Executive Action

To enhance GAO's policies and procedures for preventing and detecting misuse and delinquency in its travel charge card program, we recommend the Acting Comptroller General to direct the Acting Chief Administrative Officer to take the following seven actions:

- Develop procedures to minimize the number of individually billed and centrally billed travel cards issued.
- Create procedures to perform periodic reviews of the appropriateness of individually and centrally billed travel cards spending limits and related ATM cash advance limits to help ensure the effectiveness of travel card expenditure controls.
- Develop and implement policies and procedures that describe the agency's requirements, time frames, and process for referring delinquent cardholders to the Office of Workforce Relations for consideration of disciplinary actions and for notifying the OIG of employees who are delinquent or have misused their travel cards.
- Develop and report statistical and narrative information to support management decision making and to facilitate program policy compliance monitoring.

- Establish a performance goal to gauge agency progress in reducing travel card payment delinquency.
- Consider establishing a policy to use OMB Circular No. A-123, Appendix B in the agency's annual A-123 assessment of the effectiveness of the travel card program's internal controls.
- Consider (1) adopting other internal controls and best practices identified in OMB Circular No. A-123, Appendix B that are not currently used in managing the travel card program and that could help reduce program risk, such as split pay disbursement and a charge card management plan, and (2) assessing annually or periodically whether any new or additional OMB controls and best practices should be adopted.

Agency Comments

The Inspector General provided GAO with a draft of this report for review and comment. GAO agreed with our recommendations. The agency also provided technical comments that we incorporated, as appropriate.

Actions taken in response to our recommendations are expected to be reported to my office within 60 days.

We are sending copies of this report to the other members of GAO's Executive Committee (the Acting Chief Administrative Officer and the Acting General Counsel), GAO's Controller, and GAO's Audit Advisory Committee. The report also is available at no charge on the GAO Web site at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-5748 or garciaf@gao.gov. Contact points for GAO's Offices of Congressional Relations and Public Affairs may be found on the last page of this report. Key contributors to this report were Cathy Helm (Deputy Inspector General), Alan Belkin (General Counsel), and Kurt Kershow.

Attachments

Objective, Scope, and Methodology

To assess whether GAO's policies and procedures are effective in preventing and detecting travel charge card misuse and delinquencies, we interviewed GAO officials in charge of the travel card program, and U.S. Bank officials who provide travel card services to GAO, to understand their responsibilities, to determine how the program is managed, and to identify agency policies and procedures. In addition, we conducted a literature search to obtain information on federal government travel charge card programs and to identify challenges and solutions in reducing travel charge card misuse and delinquencies. This search identified reports by GAO, various inspector general offices, Congressional Research Service, and others. In addition, we reviewed federal management guidance and internal control standards to identify accountability requirements that apply to other federal agencies.

We also reviewed GAO travel card program policy and procedures to understand how they help prevent and detect travel charge card misuse and delinquencies. Our criterion for reviewing GAO's policies and procedures was OMB Circular No. A-123, Appendix B, which establishes standard minimum requirements (including internal controls designed to minimize the risk of travel card misuse) and suggested best practices for executive branch agencies' travel card programs.²² Further, we also compared GAO's policies and procedures to best practices and other recommended controls of OMB Circular No. A-123, Appendix B to identify areas where GAO could strengthen management its travel card program.

To test the effectiveness of the travel card program procedures, we performed a number of analyses of U.S. Bank transaction data for both employees with individually billed travel cards and for centrally billed travel cards. First, to assess the controls over the issuance of GAO travel cards to prevent misuse, we analyzed U.S. Bank total monthly travel card charge data for 3,071 employees with individually billed cards²³ and 18 centrally billed cards that were available during the 16-month period we reviewed (December 2008 through March 2010).²⁴ We analyzed the data to assess whether and how frequently these cards were used.

Second, to test the appropriateness of travel card spending limits as a control to reduce the risk of misuse, we analyzed U.S. Bank data for 2,295 employees with individually billed cards and for six centrally billed cards that were used from December 2008 through March 2010.²⁵ For individually billed cards, we analyzed the data to identify the maximum amount charged on the card in 1 month or 2 consecutive months by employees over the 16-month period. We then determined if the maximum amounts charged by employees exceeded spending limits that GAO had set for these cards. We also conducted an analysis to identify the number and percentage of employees whose maximum 1- and 2-month spending amounts would have exceeded a range of lower spending limits. For centrally billed cards, we analyzed U.S. Bank transaction data for the same 16-month period to determine the maximum monthly amounts spent and how those maximum amounts compared with these cards' spending limits.

²²OMB Circular No. A-123, Appendix B, *Improving the Management of Government Charge Card Programs* (Jan. 15, 2009).

²³In certain cases, employees had more than one card—for example, when an employee lost a card and had a new card issued. For the employees who had more than one card, we combined the transaction data for all cards into one set of data.

²⁴Our analysis began in December 2008, the first month GAO travel cards were available for use under U.S. Bank.

²⁵For this analysis, we excluded the 776 individually billed cards and 12 centrally billed cards that were not used.

Third, to test the effectiveness of GAO's monitoring of travel card delinquency,²⁶ we analyzed U.S. Bank data on employees' payments for the 2,306 employees with individually billed cards that were used one or more times during December 2008 through April 2010 (17 monthly billing cycles). We analyzed the payment data to determine if employees were delinquent in paying 1 or more times and the length of each delinquency—that is, whether employees were 1-30, 31-60, or 60 or more days delinquent.

We assessed the reliability of U.S. Bank data by (1) electronically testing the data to identify and address data anomalies, (2) interviewing U.S. Bank and agency officials knowledgeable about the data, and (3) obtaining and reviewing U.S. Bank information on the audits and controls the bank uses to ensure data reliability. We determined that the data were sufficiently reliable for the purposes of this report.

We conducted this performance audit from December 2009 through December 2010 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.

²⁶For purposes of this report, delinquency occurs when a travel charge card account has an unpaid balance that is outstanding 61 or more days after the billing or closing date on the travel card statement (not the date on which payment is due).

Attachment II

OIG Analysis of Individually Billed Cardholders’ Travel Card 1-Month and 2-Month Spending, December 2008 through March 2010

The following is OIG’s analysis of individually billed cardholders’ travel card highest and lowest 1-month and 2-month spending. For the period we reviewed (December 2008 through March 2010), most GAO employees had a \$12,500 monthly limit and a consecutive 2-month limit on their travel cards of \$25,000. Our analysis shows that for most GAO employees, actual spending was significantly lower for both the established limits and alternative limits.

Table 1: Analysis of Individually Billed Cardholders’ 1-Month Spending That Exceeded or Was under Actual and Alternative Spending Limits, December 2008 through March 2010

Spending limit	Employees under limit	Percentage of employees under limit	Employees over limit	Percentage of employees over limit
\$12,500 ^a	2,295	100	0	0
10,000	2,289	99.7	6	0.3
8,000	2,279	99.3	16	0.7
6,000	2,240	97.6	55	2.4
4,000	2,104	91.7	191	8.3
2,000	1,488	64.8	807	35.2

Source: OIG analysis of U.S. Bank data.

^aGAO’s actual 1-month spending limit for the period we reviewed.

Table 2: Analysis of Individually Billed Cardholders’ 2-Month Spending That Exceeded or Was under Actual and Alternative Spending Limits, December 2008 through March 2010

Spending limit	Employees under limit	Percentage of employees under limit	Employees over limit	Percentage of employees over limit
\$25,000 ^a	2,295	100	0	0
20,000	2,295	100	0	0
15,000	2,291	99.8	4	0.2
10,000	2,276	99.2	19	0.8
8,000	2,236	97.4	59	2.6
6,000	2,125	92.6	170	7.4
4,000	1,905	83	390	17
2,000	1,168	50.9	1,127	49.1

Source: OIG analysis of U.S. Bank data.

^aGAO’s actual 2-month spending limit for the period we reviewed.



Memorandum

Date: December 2, 2010
To: Inspector General – Frances Garcia
From: Acting Comptroller General – Gene L. Dodaro
Subject: Agency Comments on Travel Cards Report

Thank you for the opportunity to review your draft report on GAO Travel Cards. I am pleased that you found GAO's policies and procedures to be generally effective in preventing and detecting travel charge card misuse. I also agree with your recommendations and note that opportunities exist to further strengthen the program.

As the result of your work we have already taken steps to enhance our current controls and implement additional controls. For example, as the result of our monitoring the agency's delinquency rate of payments, we have achieved and are sustaining a best practice rate of less than 1.5%. These and other actions already taken are described in further detail below.

Completed Actions:

- Prior to August 2010, the Office of Financial Management (FM) monitored payment delinquencies on an employee-by-employee, basis and not in aggregate. Since then, FM has performed monthly monitoring of the agency delinquency rate for individually billed account card holders. I am pleased to report that since beginning a more comprehensive monitoring of agency wide delinquencies, not only have we achieved the best practice performance level of 2% in our payment delinquency rate, we have actually reduced our delinquency rate to less than 1.5% for the agency for the last two months.
- Based on empirical data of card use, FM has already:
 - Reduced the total number of centrally billed account card holders for the agency from 18 to 4; and
 - Reduced the spending limit for individually billed travel cards from \$12,500 per billing cycle to \$7,500 per billing cycle.

- FM formalized its current practices for handling delinquent cardholders in two Standard Operating Procedures (SOPs). The “Procedures for Monthly U.S. Bank Travel Charge Card Delinquency Reports” SOP outlines the agency's procedures, time frames and notification process of affected cardholders and their Managing Director. The “Salary Offset for Travel Charge Card” SOP outlines the agency's notification process of affected cardholders and their Managing Director, as well as the notification of GAO's Office of Workforce Relations.
- FM has completed a draft Management Plan for the GAO Travel Card Program which is currently under review. After the plan is finalized, FM intends to develop a SOP based on the plan.
- We have also gone beyond your recommendations and are in the process of working with the Offices of the General Council and Workforce Relations to revise the agency's *Guide for Disciplinary Offenses and Penalties* found in GAO Order 2751.1, to make the penalties for delinquencies clearer and more predictable for violations related to GAO charge cards, including the Travel Charge Card.

In addition to these actions already taken, we agree to carry out the following future actions to respond to the recommendations in your report:

Planned Actions:

- In an effort to minimize risk associated with issued cards for all accounts, FM will develop procedures to regularly assess card use.
- FM will analyze data and assess the appropriateness of lowering the \$1,500 ATM cash advance for GAO travelers, especially for international travel.
- FM will assess the relevant statistical and narrative reporting elements from OMB Circular No. A-123, Appendix B, and will consider incorporating them into the management, decision-making and compliance monitoring of the GAO Travel Card Program.
- Agency Management will establish a GAO performance goal for the travel card payment delinquency rate and FM will continuously monitor this rate.
- In consultation with the Senior Assessment Team for GAO's A-123/Internal Control Review Program, the Program, Analysis and Operations Office (PAO) will assess the elements of OMB Circular No. A-123 Appendix B, including the possibility of conducting a gap analysis, and make a decision as to the appropriateness of incorporating them into the annual review of GAO's Travel Cycle.

A summary of the agency's completed and planned actions can also be found in the attachment to this letter.

Finally, I would like to provide some clarifying information regarding our current notification and referral processes for those occasional cardholders who are delinquent - more than 61 days past due – in paying their travel charge card bill. Under this process our program coordinator first notifies the individual cardholder and their Managing Director if an employee is more than 40 days past due in making a payment, and puts them on notice that they may be subject to disciplinary action. The program coordinator also refers all 90-day past due cardholders who are eligible for salary offset to GAO's Office of Workforce Relations for action. Workforce Relations, in turn, then notifies your office as appropriate. Although FM has been routinely carrying out these procedures in practice, the procedures were not formalized in writing until recently in the "Salary Offset for Travel Charge Card" SOP.

Further, regarding the salary offset notification process, on page 15 of your draft report you stated that the travel charge card vendor, U.S. Bank, notified the GAO [travel card] program coordinator of two employees who were delinquent in their payments and that GAO could initiate the salary offset process. It is important to clarify that GAO cannot initiate a salary offset without prior notice from the vendor, and *must* first wait for that notification, as the cardholder agreement is with U.S. Bank.

In closing, we appreciate your work in this area and your recognition of the steps we have already taken to manage and monitor employee use of GAO Travel Cards. As we strive to continuously improve the program, we are actively considering the recommendations in your report and implementing the appropriate actions, procedures and controls.

Please contact me or Pam LaRue if you have any questions.

cc: Cheryl Whitaker (ACAO)
Lynn Gibson (AGC)
Pamela LaRue (CASO)
Joan Hollenbach (OGC)
Eric Adams (HCO/Workforce Relations)
Pamela Frere (CASO/PAO)
John O'Connor (CASO/FM)
Cathy Helm (OIG)
Audry Britton (OIG)

**OIG Report on GAO Travel Cards
December 2010**

OIG Recommendation	GAO Actions
<p>Implement procedures to minimize the number of travel cards and review the appropriateness of travel cards spending and related ATM cash advance limits.</p>	<p>Completed Actions</p> <ul style="list-style-type: none"> • Reduced the total number of centrally billed account card holders for the agency from 18 to 4. • Reduced spending limits for individually billed travel cards from \$12,500 to \$7,500 per billing cycle and from \$6,000 to \$4,000 per billing cycle for GAO interns. <p>Planned Actions</p> <ul style="list-style-type: none"> • Develop procedures to regularly assess card use. • Analyze data to assess the appropriateness of lowering the \$1,500 ATM cash advance
<p>Implement policies and procedures, including time frames, for referring delinquent cardholders for disciplinary action and notifying the OIG of actions taken.</p>	<p>Completed Actions</p> <ul style="list-style-type: none"> • Finalized two Standard Operating Procedures (SOP) related to handling delinquent cardholders: <ul style="list-style-type: none"> ○ Procedures for Monthly U.S. Bank Travel Charge Card Delinquency Reports ○ Salary Offset for Travel Charge Card
<p>Develop and report statistical and narrative travel card compliance information to oversight managers.</p>	<p>Planned Action</p> <ul style="list-style-type: none"> • Assess the relevant statistical and narrative reporting elements from OMB Circular A-123, Appendix B, and consider incorporating into the management, decision-making and compliance monitoring of travel cards.
<p>Establish a goal to gauge agency progress in reducing delinquency.</p>	<p>Completed Action</p> <ul style="list-style-type: none"> • Beginning August 2010, performed monthly monitoring of the agency delinquency percentage rate for individually billed account card holders. <p>Planned Action</p> <ul style="list-style-type: none"> • Establish and monitor a GAO performance goal for the travel card payment delinquency rate.
<p>Review OMB Circular No. A-123, Appendix B, to identify and adopt, as appropriate, additional internal controls and best practices to help reduce travel card program risk and improve management's assessment of travel card program controls.</p>	<p>Completed Action</p> <ul style="list-style-type: none"> • Drafted a Management Plan, which is currently under review, for the GAO Travel Card Program. <p>Planned Actions</p> <ul style="list-style-type: none"> • Assess the elements of OMB Circular A-123 Appendix B and, in consultation with the Senior Assessment Team, determine the appropriateness of incorporating them into the annual review of GAO's Travel Cycle. • Develop a SOP after the Management Plan is finalized.

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441 G Street NW, Room 1808
Washington, DC 20548

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