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United States Department of State  
and the Broadcasting Board of Governors  
Office of Inspector General

# Report of Audit

Domestic Travel Card Program

Report Number AUD/FM-03-22, March 2003

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## EXECUTIVE SUMMARY

### PURPOSE

The Office of Inspector General (OIG) reviewed the domestic travel card program to determine whether the Department of State (Department) had effective policies and procedures in place to manage the program. Specifically, the objectives were to evaluate the Department's (1) efforts to prevent and detect travel card payment delinquencies, (2) internal controls for preventing and detecting misuse of the cards, (3) processes for dealing with instances of travel card abuse, (4) administrative oversight efforts to control the number of cardholders, and (5) performance goals for this program.

### BACKGROUND

A travel card is a credit card issued to a government employee for expenses incurred while on official travel. Travel cards have recently become a focus for review within the government because of reports of credit card payment delinquencies and misuse. The travel card bill is due 25 days after the closing date. Misuse of the travel card is any unauthorized use of the card for other than official travel purposes, such as personal charges or ATM withdrawals for personal use.

The Department currently uses Citibank to provide its travel cards. Citibank classifies delinquencies into 30-day, 60-day, 90-day, and 120-day past due categories. Citibank suspends a credit card when an undisputed balance is not paid 61 days after the closing date.

The Bureau of Resource Management (RM) is the Department-wide travel card program manager. Program coordinators at the bureau level have day-to-day oversight responsibility for the travel card program.

## RESULTS IN BRIEF

The Department recently instituted a number of initiatives to improve oversight of the travel card program. For instance, the Department implemented a process to address travel card payment delinquencies in the 90-day and 120-day past due categories and to detect misuse. OIG could not fully assess the effectiveness of most of these initiatives because they had not been in place long enough. However, OIG believes that if the initiatives are implemented as planned, they should decrease the rate of travel card payment delinquency and misuse.

Although the Department made a number of improvements, OIG found that it did not have a process in place to address delinquencies in the 60-day past due category before the cards are automatically suspended. OIG also found that the Department had not done enough to prevent and detect misuse of the cards. The Department was working, however, to establish a process to notify the Bureaus of Human Resources and Diplomatic Security and OIG about misuse and delinquency so that these bureaus could take appropriate action.

OIG found that the Department did not have controls in place to ensure that the administrative oversight of the travel card program was adequate. For instance, the Department needed to ensure that the program coordinators were managing the appropriate number of accounts, transferring or canceling accounts as needed, and identifying multiple accounts. Also, the Department had not developed measurable performance goals specific to the travel card program. Although performance goals are not required for this program, developing objectives and identifying performance measures are useful management tools.

## PRINCIPAL FINDINGS

### Travel Card Payment Delinquencies

The Department recently improved internal controls over delinquencies by implementing procedures aimed at decreasing the number of travel card accounts in the 90-day or 120-day past due categories; however, it had not addressed accounts in the 60-day past due category. Once an account has reached the 90-day category, the card already has been automatically suspended. To avoid such suspensions, and further improve its performance, the Department needs to address delinquencies sooner.

## Misuse of the Travel Card

The Department did not have adequate agency-wide internal controls in place to prevent employee misuse of the travel card. Preventing misuse was left to the bureaus and was not being consistently pursued. The Department had recently put a process in place to detect misuse, but had not done enough to address the problem. For instance, the Department had not centralized travel card program guidance or provided adequate training to program coordinators or cardholders about detection or prevention of misuse.

## Administrative Oversight

The Department did not have adequate internal controls in place to:

- ensure that the program coordinators were managing the appropriate number of accounts;
- ensure that accounts were transferred or canceled as needed when an employee transferred or left the Department; or
- identify multiple accounts.

Proper administrative controls over travel card accounts are important to ensure that each employee has only one account, that each employee's card is assigned to the correct bureau, and that program coordinators are managing the appropriate number of accounts.

## RECOMMENDATIONS

OIG recommends that RM develop guidelines to address travel card delinquencies in the 60-day past due category, provide program coordinators with clear written guidance on an Intranet site and through formal training, and improve the oversight of the travel card program by checking for multiple accounts and transferring or canceling travel cards when an employee leaves a bureau.

## DEPARTMENT COMMENTS

OIG provided a draft report to the Bureaus of Resource Management; Administration, Office of the Procurement Executive (A/OPE); Human Resources (HR); and Diplomatic Security (DS). A/OPE provided an informal response to the report. RM and DS provided formal responses and these comments are included in their entirety as Appendixes A and B. The three bureaus that responded generally agreed with the report. As a result, all of these recommendations are resolved, with the exception of Recommendation 5, which is unresolved.

## PURPOSE, SCOPE, AND METHODOLOGY

OIG conducted a review to determine whether the Department had effective policies and procedures in place to manage the travel card program. Specifically, the objectives were to:

- evaluate the Department's efforts to prevent and detect travel card payment delinquencies;
- evaluate the adequacy of the Department's internal controls to prevent and detect misuse of the cards;
- determine whether the Department had a process in place to take appropriate action when instances of delinquency and misuse were identified;
- evaluate the administrative oversight efforts to control the number of cardholders within the Department; and
- determine whether the Department had developed measurable performance goals for this program.

OIG's review was limited to delinquent domestic individually billed accounts as of May 17, 2002. The 6,600 domestic individually billed accounts comprised about 211,000 transactions valued at approximately \$52 million over a three-year period.

OIG selected seven bureaus for further review. Five of them had the highest value of delinquencies in the Department according to OIG's analysis of past due balances in the 60-day, 90-day, and 120-day past due categories.<sup>1</sup> Two other bureaus had a low value of past due delinquency balances in the 60-day, 90-day, and 120-day past due categories in comparison with transaction volume, and they were identified as having best practices.

During the audit, OIG met with officials from the Department's Bureau of Resource Management; Administration, Office of the Procurement Executive; Human Resources; Arms Control; Nonproliferation; Political and Military Affairs;

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<sup>1</sup> These five were among the top 12 bureaus with the highest transaction dollar volume from May 18, 1999, through May 17, 2002.

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Verification and Compliance; Diplomatic Security; Educational and Cultural Affairs; International Information Programs; Information Resource Management; Oceans and International Environment and Scientific Affairs; Democracy, Human Rights, and Labor; and Overseas Buildings Operations and Office of the Secretary. OIG also spoke with Citibank officials.

OIG reviewed and analyzed data regarding travel card activity (both electronic data and hard-copy reports) and contract documents for Citibank's services. OIG also reviewed the Travel and Transportation Reform Act of 1998,<sup>2</sup> the Federal Travel Regulation,<sup>3</sup> Department-generated guidance, other agency reports pertaining to travel cards, and media articles regarding government travel cards.

OIG conducted the audit in accordance with generally accepted government auditing standards and included such tests and other auditing procedures as were considered necessary under the circumstances. OIG's Office of Audits, Financial Management Division, performed this review from April to September 2002. Major contributors to the report were John Deering, division director; Gayle Voshell, audit manager; Margery Karlin, senior auditor; and Anh Do, auditor.

Throughout the audit, OIG worked closely with Department representatives. OIG held exit conferences with RM, HR, and A/OPE officials in September 2002. A/OPE provided informal comments to the draft version of this report. RM provided formal comments dated January 27, 2003, and DS provided formal comments dated January 24, 2003. These comments have been incorporated into the report where appropriate and RM's and DS' written comments appear in their entirety as Appendixes A and B. The three bureaus that responded generally agreed with the report. All of the recommendations in the report were directed to RM. Overall, RM agreed with most of the recommendations included in this report. As a result, all of these recommendations are resolved, with the exception of Recommendation 5, which is unresolved.

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<sup>2</sup> Public Law No. 105-264 (Oct. 19, 1998).

<sup>3</sup> 41 CFR 301 (updated Feb. 19, 2002, by GSA).

## BACKGROUND

A travel card is a bank charge card issued to a government employee for expenses incurred while on official travel. Typically, a travel card has a limit of \$10,000, but bureaus may authorize higher thresholds. A cardholder is liable for all billed charges, except when a card is reported lost or stolen.

The travel card program benefits government operations as it:

- provides commercial charge cards and associated services in support of official domestic and international travel;
- streamlines the travel process;
- simplifies government financial processes; and
- provides a method to improve government operations and accountability.

Reports of travel card payment delinquency and misuse have brought government-wide attention to the program. In May 2001, Congress held a hearing to determine why federal employees had not been held accountable for millions of dollars of federal travel expenditures that were charged on travel cards. In April 2002, the government-wide delinquency rate was six percent. The Department's delinquency rate was nine percent—three percent higher than average and among the highest of any government agency.<sup>4</sup>

Several regulations govern the use of travel cards. The Travel and Transportation Reform Act of 1998 requires federal employees to use the travel charge card for all official travel. The government-wide Federal Travel Regulation is set by GSA and contains information on using the travel card to pay for official travel expenses. The Department has its own guidance that lists official travel expenses, which are: lodging, meals, transportation, authorized excess baggage charges, and traveler's checks for miscellaneous expenses. It also explains policies and procedures for the administration of the travel card program.<sup>5</sup> For example, one Department notice states that only employees who travel more than once per year are required to obtain and to use the travel card.

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<sup>4</sup> The General Services Administration (GSA) provided these delinquency rates, which include account balances between 31 and 60 days (in the 60-day category) or more past due. RM used a different methodology to calculate the Department's delinquency rate. Because OIG wanted to report government-wide comparative information, it chose to use the GSA rate, even though it was different from RM's.

<sup>5</sup> 4 FAM 460 Travel and Travel Advances.

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The Department currently has a task order to the GSA “SmartPay” government-wide master contract with Citibank,<sup>6</sup> which is an indefinite delivery, indefinite quantity contract<sup>7</sup> that allows government agencies to order commercial credit card services through the issuance of task orders. The Department issued a task order against this contract on July 2, 1998, for all three of the Department’s commercial credit card programs: the travel card, the purchase card, and the fleet card. This task order became effective on November 30, 1998, when the SmartPay contract became effective.

Several Department offices are involved in monitoring the travel card program. (See table 1.)

Table 1: Roles of Department Entities in the Travel Card Program

<b>Bureau or Entity</b>	<b>Role</b>
A/OPE	SmartPay task order coordinator
RM	Agency-wide program manager
Executive director	Bureau-wide program manager
Program coordinator	Bureau-wide day-to-day oversight
HR	Disciplinary action
DS	Suitability for clearance review
OIG	Potential investigation

<sup>6</sup> Contract number GS-23F-98006, effective Nov. 30, 1998.

<sup>7</sup> An indefinite delivery, indefinite quantity contract provides for an indefinite quantity (within stated limits) of supplies or services during a fixed period.

## FINDINGS

OIG's first objective was to evaluate the Department's efforts to prevent and detect travel card payment delinquencies. OIG found that the Department recently had implemented a reasonable process to address delinquencies that were in the 90-day or 120-day past due categories. However, the Department did not have an adequate process in place to address delinquencies in the 60-day past due category. OIG also identified other initiatives, such as a formalized extended payment plan, that the Department could explore to continue to improve the delinquency rate.

The second objective was to evaluate the adequacy of the Department's internal controls to prevent and detect misuse of the travel cards. OIG found that the Department did not have adequate, agency-wide internal controls to prevent misuse. Although the Department has put a process in place to detect misuse, it has not done enough to address the problem. OIG also found that the Department's regulations related to travel cards should be improved and centralized and that program coordinators and cardholders should receive better training. OIG identified other initiatives, such as blocking certain types of transactions and card deactivation, that the Department could explore to tighten the controls over misuse. Also, the bureau program coordinators would benefit from access to CitiDirect, Citibank's web-based program management system.

The third objective was to determine whether the Department had a process in place to take action when instances of delinquency and misuse were identified. OIG found that while the three bureaus—HR, DS, and OIG—had processes in place to use the information appropriately when it was received, the Department lacked a standardized process for informing DS and OIG of instances of abuse.

The fourth objective was to evaluate the Department's administrative oversight of travel card accounts. OIG found that the Department did not have adequate controls in place to ensure that the program coordinators were managing the appropriate number of accounts, to ensure that accounts were transferred or canceled as needed, or to identify multiple accounts.

The fifth objective was to determine whether the Department had developed measurable performance goals for travel cards. OIG found that the Department had not developed any measurable performance goals specific to the travel card

program. Although performance goals are not required for this program, developing objectives and identifying performance measures is a beneficial management tool.

## TRAVEL CARD PAYMENT DELINQUENCIES

The nature of overseas travel in the Department makes it difficult to prevent delinquencies. RM is in the process of strengthening oversight of the travel card program. The improvements have only recently been put in place, so OIG could not fully assess their effectiveness. However, if RM follows the procedures that it has established and documented, the Department should be able to detect and address adequately the delinquent accounts that are in the 90-day past due category and have been suspended. However, the Department needs to address delinquencies in the 60-day past due category, before the accounts are suspended. OIG also found that RM and the other bureaus were receiving the information they needed to identify delinquencies.

The travel card bill is due and payable 25 days after the closing date of the billing cycle. The Department's cycle closing date falls on the 18th of every month (or the Friday before, if the 18th falls on a weekend). Citibank classifies delinquencies into the following categories: 30, 60, 90, and 120 days past due. Table 2 shows significant events during the life cycle of a cardholder account through cancellation.

When Citibank suspends a cardholder account, the employee is restricted from making new charges on the travel card. Citibank is not required to reinstate a travel card that has been canceled. Owing to problems with travel card delinquency in the federal government, the Department has found it difficult to have canceled accounts reinstated.

Delinquency affects the Department in several ways. First, for the past three years, the Department's estimated loss on refunds<sup>8</sup> owing to delinquency was about \$2,500. Second, banks may be reluctant to contract with the federal government for travel card services in the future. For example, Bank of America threatened to pull out of the Army's travel card program in March 2002, though it decided to stay in the program after the Army promised to take steps to reduce delinquencies.

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<sup>8</sup>The Department receives a certain amount of money from Citibank based on travel card usage. This refund is reduced due to delinquencies.

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Finally, if an employee's travel card is suspended or canceled because of delinquency, the employee will not be able use the travel card or receive a travel advance from the Department and may be unable to perform certain job functions that require travel.

Table 2: Significant Events During the Life Cycle of a Cardholder Account

<b>Event</b>	<b>Days after cycle closing date</b>
Bill is due	25
Delinquency report is generated – Account appears in 30-day past due category <sup>9</sup>	30
Delinquency report is generated – Account appears in 60-day past due category in report <sup>10</sup>	60
Card is suspended for delinquency	61
Delinquency report is generated – Account appears in 90-day past due category in report <sup>11</sup>	90
Delinquency report is generated – Account appears in 120-day past due category in report <sup>12</sup>	120
Card is canceled for delinquency	126

### RM's Procedures for Addressing Delinquent Accounts

According to RM, on the closing date of every monthly cycle, it receives delinquency information from Citibank, which it sorts and forwards to the appropriate bureau program coordinator. The information includes the past due amounts in each

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<sup>9</sup> The 30-day past due category includes accounts that are 1-30 days past due (26-55 days after the closing date).

<sup>10</sup> The 60-day past due category includes accounts that are 31-60 days past due (56-85 days after the closing date).

<sup>11</sup> The 90-day past due category includes accounts that are 61-90 days past due (86-115 days after the closing date).

<sup>12</sup> The 120-day past due category includes accounts that are 91 or more days past due (116 or more days after the closing date).

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category—30, 60, 90, and 120 days past due—for each delinquent cardholder. OIG noted that the bureau program coordinators have received minimal administrative guidance and no instructions about how they should follow up with the delinquencies on the list.

In February 2002, RM and HR issued joint procedures to Department employees on the administration of the travel card program, including management of delinquency. RM began sending letters to both the employee and the responsible bureau's executive director when an account was in the 90-day past due category and again if it was in the 120-day past due category in the following month. The letter sent when the account is in the 90-day past due category requests that the employee either pay the account balance in full within 30 days or make suitable payment arrangements directly with Citibank; otherwise, the employee will be subject to salary garnishment and may be subject to disciplinary action. The employee is requested to provide a written response on how the delinquent balance will be resolved.

If the account is in the 120-day past due category, RM sends another letter advising the employee of the Department's intention to recover the undisputed balance through salary garnishment. The letter provides an amount to be deducted from the employee's biweekly pay and an effective date, which is 30 days from the date of that letter. The employee can avoid salary garnishment by negotiating a repayment agreement with Citibank and providing RM with a signed copy of the agreement within 30 days of the date of the letter.

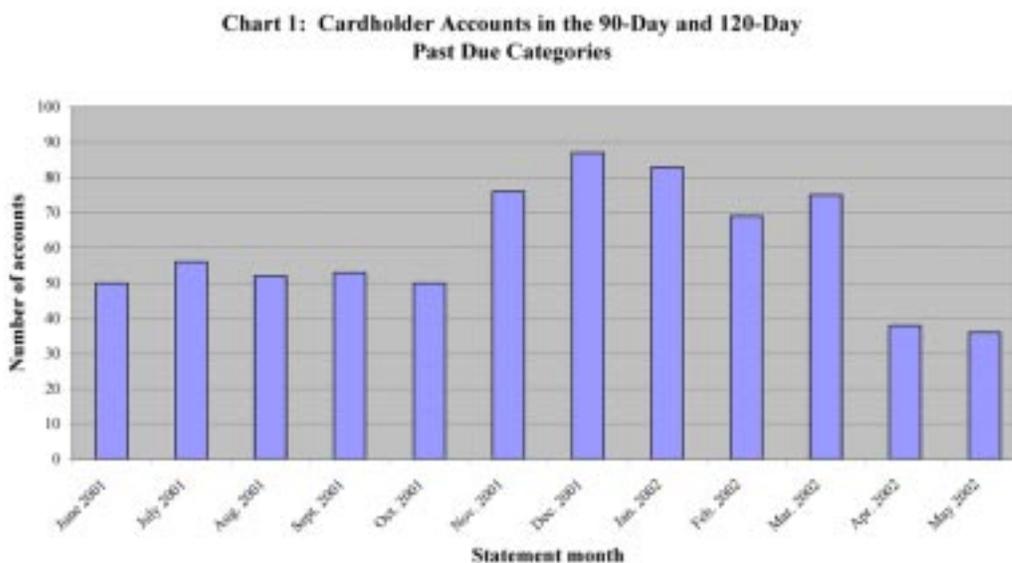
The Department began garnishing employees' pay for travel card delinquencies on June 27, 2002. Table 3 shows the results of the garnishments from the end of June to the beginning of August.

Table 3: Results of Salary Garnishment

<b>Date of garnishment</b>	<b>Number of Employees</b>		<b>Amounts garnished per pay period</b>
	<b>Paid balance or made arrangements with Citibank</b>	<b>Salary garnished</b>	
June 27, 2002	6	5	\$1,687.80
July 11, 2002	2	2	373.08
August 8, 2002	4	2	833.75

## Procedures Needed for 60-Day Past Due Accounts

The new RM and HR joint procedures contain uniform criteria that are based on the number of days past due; they are objective, and they can be clearly understood and communicated. Since these procedures have been implemented, the number of accounts in the 90-day and 120-day past due categories has decreased, as shown in Chart 1 below.



Note: According to RM, delinquent accounts that are being resolved through garnishment or separate payment arrangements are still classified as delinquent in these figures because Citibank re-categorizes these accounts to keep them active so they are not automatically sent to collection

Source: Delinquency reports obtained from CitiDirect, Citibank's web-based program management system, for statement months ending June 2001 through May 2002.

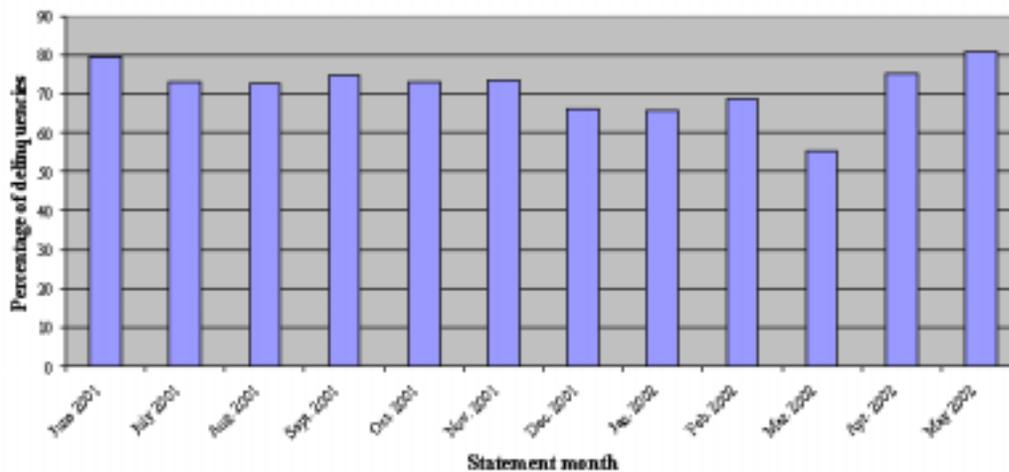
These procedures, however, do not address accounts that are in the 60-day past due category. Among the five bureaus that were selected based on a high value of delinquencies, only one bureau had procedures to address accounts that were in the 60-day past due category. Also, if procedures to address accounts in the 60-day past due category were implemented, the number of accounts in the 90-day past due category ought to decrease, and RM would have to send fewer letters to address accounts in the 90-day and 120-day past due categories.

Oversight of the travel card program has been centralized in RM, which should provide guidance to the bureaus on all delinquencies; however, the bureaus need to

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accept the day-to-day responsibility for addressing accounts that are in the 60-day past due category. The program coordinators are in a better position to communicate with employees about any problems they have in paying their travel card bills in a timely manner and to take action to resolve delinquencies before accounts reach the 90-day past due category. At that time, the account has already been suspended, and the cardholder cannot make new charges on the card, which can hinder the employee's ability to travel. Most of the Department's delinquencies are in at least the 60-day past due category, as shown in Chart 2.

Chart 2: Percentage of Department's Cardholder Accounts in the 60-Day Past Due Category



Note: These percentages are of all accounts that are in the 60-day, 90-day, or 120-day past due categories.

Source: Delinquency reports obtained from CitiDirect, Citibank's web-based program management system, for statement months ending June 2001 through May 2002.

GSA, which compiles statistics on delinquency from information obtained from the contracting banks, considers accounts that are in the 60-day past due or higher categories to be delinquent. Therefore, the Department's official delinquency rate will remain high if there are many accounts that are in the 60-day past due category.

**Recommendation 1:** The Bureau of Resource Management should develop guidelines for addressing individually billed travel card accounts that are in the 60-day past due category.

RM concurred with Recommendation 1. RM stated that it has asked the program coordinators to follow up with cardholders appearing on the 30-day and 60-day past due categories and will revise the Department-wide guidance to specify the program coordinators' responsibilities for monitoring accounts and minimizing delinquency. On the basis of RM's response, this recommendation is resolved.

### Other Initiatives to Decrease Delinquencies

Although RM has instituted procedures to improve the oversight of delinquencies, there are additional initiatives that RM could pursue that would help decrease the amount of delinquencies even more. These include online bill payment, extended payment, and making a direct payment to Citibank from the employee's reimbursed funds.

One initiative that may help decrease the amount of delinquencies is that cardholders may be able to pay their bills online. According to RM officials, Citibank was expected to have online bill paying available by November 2002. This should have made it easier and faster for employees who are on travel to access their statements and make payment. The Department will be the first agency to pilot this program with Citibank.

Another initiative that the Department can explore is an extended payment plan for selected employees. The Department currently has an informal agreement with Citibank to postpone suspension or cancellation procedures for a small number of accounts (designated as "mission critical") that are delinquent owing to mission-related extenuating circumstances. A/OPE drafted a statement of work for a modification to the task order that would permit a 30-day payment extension for 100 individual travel card accounts at no extra charge for "mission critical" travelers. The Department and Citibank have not been able to finalize an agreement, but Citibank continues to allow a very small number of cardholders to request extensions. OIG believes that RM should renew its efforts to formalize this arrangement.

Finally, another initiative that the Department can explore is making a direct payment to Citibank from the employee's reimbursed funds, which is called split disbursement. At the cardholder's request, a direct payment can be made by the Department to Citibank, and the remainder of the vouchered amount can be deposited in the cardholder's personal account. Split disbursement is useful for those filing interim vouchers overseas, but would decrease delinquencies for only those who file vouchers in a timely manner. The Department of Defense has

encouraged cardholders to use split disbursement, which is a standard practice at many private sector companies, to reduce delinquencies. RM officials agreed that this initiative would help decrease delinquencies, but said that instituting this new process would not be feasible until after the implementation of the Department's new domestic financial management system.

OIG is not making any formal recommendations related to these types of initiatives, but encourages RM to pursue them to help decrease the amount of travel card delinquency.

### The Department Received Adequate Information to Identify Delinquencies

OIG found that RM and the bureaus that OIG reviewed received adequate information to identify delinquencies. The delinquency report that RM receives from Citibank and forwards to the program coordinators contained detailed information about the past due categories and the cardholders who are in these categories. Representatives from the bureaus that OIG reviewed said that the information they received on delinquencies was adequate.

## MISUSE OF THE TRAVEL CARD

Misuse of the travel card is any unauthorized use for other than official travel purposes, such as personal charges or ATM withdrawals for personal use. The Department did not have adequate agency-wide internal controls to prevent misuse of the travel card. Preventing misuse was left up to the bureaus and was being done to varying degrees by each. The Department had recently put a process in place to detect misuse, but had not done enough to address the problem, such as providing better training for bureau program coordinators and cardholders. RM and the bureaus received adequate information to identify potential misuse, but the process could be improved by providing program coordinators with access to electronic data.

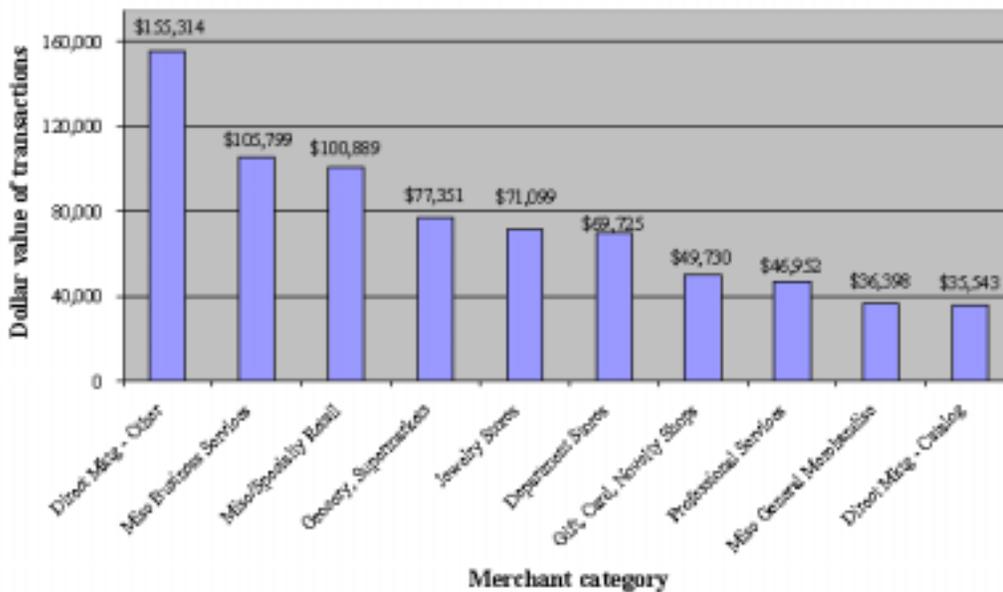
No interest is charged on balances on the travel card, only a 2.5 percent late fee on canceled accounts. This makes the travel card a tempting source of credit for those who are having problems with their personal finances.

## Transactions With Potential for Misuse

Citibank assigns a merchant category code to each vendor to categorize the type of business the vendor is engaged in and the kinds of goods and services provided. These codes can be used to isolate a group of transactions from which potential misuse may be identified. OIG identified transactions in categories that appeared to be unrelated to travel in order to identify possible misuse. The sum of these transactions over a three-year period was approximately \$1.8 million. From that amount, approximately \$1 million was from the five bureaus that had the highest dollar value of delinquencies.

The dollar values of the ten questionable categories that had the highest transaction values over the three-year period are shown in Chart 3.

Chart 3: Transactions for Selected Merchant Categories



Source: Account activity reports obtained from CitiDirect, Citibank's web-based program management system, with transactions from May 18, 1999, through May 17, 2002.

For the three-year period, the "Direct Marketing-Other" category contained about 1,090 transactions valued at approximately \$155,000 and included transactions with vendors such as Ticketmaster and Egghead.com. The "Miscellaneous Business Services" category contained about 440 transactions valued at approximately \$106,000 and included transactions with vendors such as Ebay. The "Miscellaneous/Specialty Retail" category contained about 1,020 transactions valued at approximately \$101,000 and included transactions with vendors such as Banana Republic, Gap, and Discovery Channel Store.

## RM's Procedures for Monitoring Misuse of Travel Cards

According to RM, it reviewed all transactions monthly for potential misuse, then e-mailed the questionable transactions to the appropriate program coordinators so they could follow up with the applicable employee. In the e-mail, RM instructed the program coordinator to: (1) question the employee about his or her card usage; (2) advise the employee that travel cards are being monitored by RM for both delinquency and misuse; (3) remind the employee that the travel card is for official government travel only; and (4) transfer the employee account to the appropriate bureau, if necessary.

During the course of OIG's audit, the office in RM that is responsible for monitoring the travel card program had some staff changes, including a new office director in May 2002. In June 2002, the person responsible for identifying potential misuse left for another position in the Department. Under the new office director, RM developed an informal list of merchant category codes that are related to official travel and should be excluded from the monthly review for potential misuse. RM also recognized the need to review cash advances, and it was still developing criteria to identify unreasonable cash advances.

RM has begun to centralize the process to follow up on monitoring of potential misuse. RM developed a travel card assessment form, implemented in May 2002, which asks the program coordinators: (1) the date of their inquiry to the employee; (2) the method of contact; (3) the employee's explanation of charges; (4) whether the charges were related to official travel; and (5) what action was determined to be appropriate. As of July 17, 2002, RM had received back only 11 of the 195 assessment forms that it sent in May for both domestic and overseas cardholders. Eight of the 11 forms were for domestic cardholders.

### Criteria Needed for Identifying and Addressing Repeated Misuse

As discussed earlier, RM and HR issued joint guidance to employees on the administration of the travel card program. This guidance provided some information on misuse. In addition, the Department drafted a plan, dated June 27, 2002, for the travel and purchase card programs, in response to a request from the Office of Management and Budget. The plan stated that RM would document potential misuse and counsel employees as needed. When coun-

#### **Best Practice**

One bureau gave a warning for the first instance of misuse, and canceled the card for the second instance of misuse

seling documentation identified repeated misuse, employees would be subject to discipline, and their accounts would be canceled. However, these documents did not include criteria for identifying repeated misuse and standardizing the process by which accounts would be canceled or cardholders would be referred to DS, HR, and OIG for misuse.

The GSA SmartPay *Agency/Organization Program Coordinator Survival Guide* contains a sample penalty guide, as well as a list of factors that must be considered, as appropriate, in applying penalties. RM could use this as a model to create guidelines for the Department.

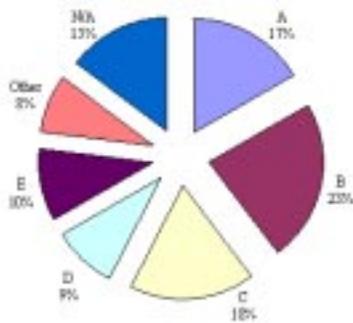
### Regulations and Guidance Subject to Misinterpretation

The Travel and Transportation Reform Act of 1998, the Federal Travel Regulation, GSA SmartPay master contract, and Department guidance state that the travel card is to be used for expenses related to official travel only. In addition, the cardholder agreement states that the employee will use the travel card for official travel and official travel-related expenses and will not use it for personal purposes. Department guidance states that official travel expenses include lodging, meals, transportation, authorized excess baggage charges, and traveler's checks for miscellaneous expenses.

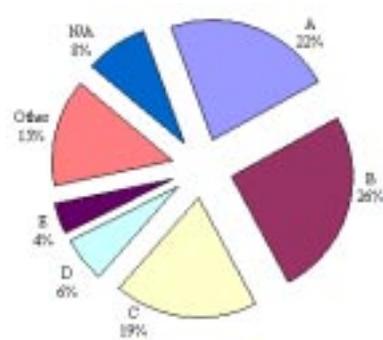
These travel card regulations and guidance are sometimes misinterpreted. In one bureau, OIG reviewed documentation related to 108 transactions valued at \$18,611 that were identified as potential misuse and found the following explanations. (See charts 4 and 5.)

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**Chart 4: One Bureau's Reasons for Misuse (by number of transactions)**



**Chart 5: One Bureau's Reasons for Misuse (by value of transactions)**



**Legend**

- A Appears to be an official travel expense.
- B This type of transaction should be charged on a purchase card.
- C Cardholder used travel card instead of personal card by mistake.
- D Cardholder purchased a personal item that he or she mistakenly believed was an official travel expense.
- E Cardholder did not provide explanation.
- Other Cardholder believed he or she could use card for personal charges as long as he or she paid bill, or cardholder claimed the charge was an error.
- N/A Supporting information inadequate to determine whether the transaction was an official travel expense.

Source: OIG's analysis of explanations provided by cardholders.

Some of the transactions identified were actually proper travel expenses. Three primary reasons were given to justify the remainder of these transactions. First, some cardholders thought that the travel card could be used for official purchases that should have been charged on a purchase card. A purchase card is a bank credit card issued to a government employee for small dollar value purchases and is intended to simplify an agency's procurement process. Travel cardholders may not understand the distinction between the two types of credit cards. Only one of the selected bureaus explained in its guidance the distinction between a travel card and a purchase card. Second, some cardholders used the travel cards instead of their personal cards by mistake. Finally, some cardholders purchased personal items that they mistakenly believed were official travel expenses, such as business suits or reading material while on travel.

OIG found that there were three reasons that the guidance was misinterpreted:

(1) guidance related to proper use of the travel card was not centralized and easily accessible;

(2) there was no formal training for program coordinators; and (3) there was no formal training for cardholders.

### Lack of Centralized Guidance

In addition to needing improved guidance, program coordinators and cardholders also need centralized guidance. RM issued guidance to program coordinators through e-mails and to all Department employees through Department notices. Although some bureaus relied on Department notices to educate cardholders, other bureaus created their own guidance.

Centralizing the guidance is important because it promotes uniform cardholder education and ensures that all Department employees have access to all the guidance related to proper use of the travel card. A/OPE maintains a web site on the Department's Intranet that centralizes information about the purchase card program. RM could use this as a model for centralized guidance for the travel card program.

### Inadequate Training for Program Coordinators

OIG found that the training for bureau travel card program coordinators was inadequate. Most of them had not received any formal training. Those who had received some sort of training found it helpful and thought that it would be helpful for other program coordinators.

In February 2002, RM sent a survey to program coordinators to get information about their questions, concerns, and suggestions. RM planned to use this information to develop a training class. However, in April 2002, RM postponed its plans to train program coordinators so it could finalize procedures to curtail delinquency and misuse.

Training is available from several external sources. Training sponsored by GSA is provided annually and covers policies, delinquency management, reports, electronic access systems, and best practices. Citibank provides onsite training for groups of 25 or more program coordinators at the request of an agency. In addition, a program coordinator guide is available on Citibank's web site. This guide covers account setup and maintenance, disputes, suspension and cancellation procedures, reports, and electronic access system functionality.

## Inadequate Training for Cardholders

OIG also found that the training for individual cardholders was inadequate. In one bureau, employees took a training class that included a presentation from RM. Another bureau held brown bag training sessions on travel, which focused on topics other than proper use of the travel card. Other bureaus provided no formal training to the cardholders and assumed that the Department notices and cardholder agreement were adequate guidance.

Training needs for cardholders could be met in the orientation class that is required for all new employees. In addition, there is online training for travel cardholders on the GSA web site. This training specifies that official travel expenses are transportation, lodging, and meals and incidental expenses and that the travel card cannot be used for personal expenses at any time.

Frequent travelers could be encouraged to take the online training at regular intervals. Employees engaged in repeated or egregious misuse could be required to take the online training to avoid a Department action for misuse of the card, such as cancellation. In addition, the bureaus could maintain proof of training for use in DS' adjudication process, if necessary, to show that the employee was educated in the proper use of the travel card.

## Other Initiatives to Prevent Misuse

Although RM has instituted a number of controls to improve the oversight of travel card misuse, there are additional initiatives that RM should pursue that would help decrease misuse. These include blocking certain merchant category codes and deactivating cards.

The Department could elect to block cardholder access to certain types of merchants based on the merchant category code. This blocking currently is being used by A/OPE for the purchase card program. Most bureaus reported that they are relying on RM to catch misuse and would like to see some merchant category codes blocked for the travel card program to limit opportunities for misuse. If there is an official travel-related reason why a cardholder needs to make a charge to a particular merchant category code, the bureau program coordinator could request an exemption.

Another option to limit opportunities for misuse is deactivating the travel card. This would temporarily close an account but would not cancel it, so it could still be reactivated when the employee needs to travel. It would not work for all bureaus

or all employees. For example, this would not be a good option for those who travel on short notice or on an emergency basis. However, for infrequent travelers or cardholders who have misused their travel card in the past, this may be a useful tool.

**Recommendation 2:** The Bureau of Resource Management should develop clear, written criteria for identifying repeat offenders and detailing consequences for misuse.

RM concurred with Recommendation 2 and said that it is revising the Department-wide guidance and outlining the process for monitoring and minimizing misuse. On the basis of RM's response, this recommendation is resolved.

**Recommendation 3:** The Bureau of Resource Management should make written policies and procedures guidance centrally available on an Intranet site for bureau program coordinators and cardholders.

RM concurred with Recommendation 3 and said that it has developed a web site containing laws, regulations, policies, procedures, and training resources. RM expects that the web site will be available on the Department's Intranet in February 2003. On the basis of RM's response, this recommendation is resolved.

**Recommendation 4:** The Bureau of Resource Management should develop a formal training plan for program coordinators.

RM concurred with Recommendation 4. RM said that it began training overseas program coordinators in December 2002 and expects that this training will be expanded to include domestic program coordinators during FY 2003. On the basis of RM's response, this recommendation is resolved.

**Recommendation 5:** The Bureau of Resource Management should review merchant category codes, in consultation with the Bureau of Administration's Office of the Procurement Executive, to determine which ones should be blocked and make appropriate arrangements with Citibank to have these codes blocked for all travel card accounts.

In response to Recommendation 5, RM has decided against identifying merchant category codes to be blocked because it cannot ensure that valid transactions overseas will not be rejected. RM has determined that its monthly review of transactions for potential misuse is a better alternative. OIG believes that blocking merchant category codes would be an important internal control initiative. Although this is ultimately the Department's decision, OIG needs documentation supporting this decision. Until this information is received, the recommendation will remain unresolved.

## Reporting on Travel Card Misuse

To help identify potential misuse, RM receives reports from CitiDirect, Citibank's Internet-based program management system, and uses an ad hoc reporting tool. Citibank's ad hoc reporting tool allows those authorized to obtain specific, customizable transaction and account information.

RM has been trained in Citibank's ad hoc reporting tool, which allows it to retrieve transactions for the misuse review, filter out merchant category codes related to official travel, and copy and paste potential misuse transactions into the misuse notice it sends to bureau program coordinators. The program coordinators do not have access to CitiDirect and thus have not received training for it. CitiDirect training is available from Citibank. There also is a tutorial in the CitiDirect program itself.

CitiDirect access would improve the oversight of misuse by allowing program coordinators access to timely information and card management tools. Most of the selected bureaus were interested in CitiDirect access. One bureau said that it would like to be able to do research on its own without having to call Citibank and thought that CitiDirect could help it check for misuse more effectively.

RM officials plan to provide CitiDirect to bureau program coordinators once Citibank completes the modifications that it currently is making to the program. According to RM officials, Citibank plans to complete its modifications in November 2002.

**Recommendation 6:** The Bureau of Resource Management should obtain CitiDirect training and access for bureau program coordinators.

RM concurred with Recommendation 6 and plans to arrange CitiDirect training for program coordinators beginning in 2003. On the basis of RM's response, this recommendation is resolved.

## DEPARTMENT ACTIONS WHEN DELINQUENCY AND MISUSE ARE IDENTIFIED

One objective of OIG's review was to determine whether the Department had a process in place to take action when instances of delinquency and misuse were identified. OIG found that once HR, DS, or OIG was notified about a delinquency or misuse, each had an appropriate process in place to address the issue. OIG found, however, that while the Department had developed a process to inform HR about instances of travel card abuse, it was just beginning to put a standardized process in place to notify DS and OIG.

Three groups within the Department need information on travel card abuse. HR requires the information to pursue disciplinary actions against employees who are violating the regulations. DS needs the information for the assessment of employees' suitability to continue to have a security clearance. OIG requires the information for potential investigations of misconduct. Each organization has an appropriate process in place to pursue an instance of abuse, once it is notified.

Near the end of fieldwork, the Department was developing a standardized process to report on employees who abused their travel cards. Before this effort was begun, each bureau reported instances of abuse on an ad hoc basis. When OIG spoke to officials from various bureaus, they generally were unclear about their role in referring travel card abuse. At the beginning of this audit, generally, only instances of misuse had been reported to HR, DS, and OIG—not delinquencies. HR reported that it had received 12 referrals related to misuse since 1999; DS reported eight referrals since 1995; and OIG reported 11 referrals since 1997. Each referral to HR resulted in suspension without pay for three to 14 days, depending on the case. In some cases, DS proposed that the employee's security clearance be placed on probation.<sup>13</sup> OIG contacted the Assistant U.S. Attorney of the Eastern District of Virginia regarding some of the cases, but he did not recommend criminal prosecution because of the administrative remedies available to the Department.

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<sup>13</sup> Probation is the use of stringent need-to-know restrictions pertaining to access to information, without expressly suspending or reducing an employee's security clearance.

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As discussed earlier, RM is in the process of improving oversight of the travel card program. RM has begun providing a monthly list in a memo to HR on delinquent employees who have been recommended for garnishment. Under this process, since April 2002, RM has reported 11 delinquent employees to HR. RM also is centralizing certain aspects of overseeing potential misuse. RM plans to provide a monthly list to HR on travel card misuse as well, but as of the end of OIG fieldwork, had not begun to provide this list to HR.

In August 2002, representatives from RM, HR, DS, and OIG met to determine the best process for notifying DS and OIG about delinquencies and potential misuse. RM said that it would provide both DS and OIG a copy of the memo that it sends HR each month. DS and OIG would evaluate the referrals to determine which ones they would pursue. RM plans to revise guidance related to travel cards, issued jointly with HR, so that employees are informed about the change in procedures. Because of the steps the Department is taking to ensure that appropriate officials are notified about travel card abuse, OIG is not making any formal recommendations related to RM's process.

### ADMINISTRATIVE OVERSIGHT OF TRAVEL CARD ACCOUNTS

RM did not have adequate internal controls to ensure that the program coordinators were managing the appropriate number of accounts, to ensure that accounts were transferred or canceled as needed, or to identify multiple accounts. RM received adequate information to identify inactive and multiple accounts centrally. The bureaus and RM needed additional information to identify accounts that should be moved to another bureau when an employee transferred, or canceled when one left the Department.

The Department must have proper administrative oversight of travel card accounts to ensure that:

- (1) the program coordinators are managing the appropriate number of accounts;
- (2) each employee is assigned to the appropriate program coordinator so the Department can follow up with the employee when delinquency or misuse is detected; and
- (3) each employee has only one account.

## Inactive Accounts

According to Department guidance, employees who expect to travel more than once a year must apply for and use the travel card. Over time, the frequency of travel may change for an employee, and he or she may no longer need to use the travel card. In this case, it becomes inactive, and the Department should cancel or temporarily close the account to minimize the number of accounts that each program coordinator monitors. The Department could reactivate a temporarily closed account when the employee needs to travel.

RM defines an inactive account as one that has not been used in 12 months. As of June 2002, RM had canceled 360 cards because of inactivity. On September 11, 2002, RM issued a Department notice stating that it would close all cards that had been inactive for the past 12 months, effective October 31, 2002.

## Transferring and Canceling Accounts

Making sure employees' accounts are recorded in the correct bureau when they are in the 60-day past due category is important because RM needs to follow up with the appropriate program coordinator when delinquency or misuse is identified. RM includes instructions in delinquency notices for bureaus to check whether the employees on the list are in their bureau.

The letters sent when accounts are in the 90-day and 120-day past due categories are mailed to the billing address that the employee has with Citibank, which is likely to be the office for overseas employees and the residence for domestic employees. In addition to a paper copy, RM sends the employee an electronic copy of the letter to make sure it is received. However, when RM sent the letter for accounts that are in the 90-day past due category, it found that some employees were listed in the wrong bureau. RM's guidance and training should reinforce the importance of listing employees in the correct bureau.

Some program coordinators reported that employees did not always follow departure procedures when they transferred from one bureau to another or to an overseas mission. Also, some bureaus did not transfer the accounts of employees who went on excursion tours within the Department. Program coordinators reported that employees leaving the Department usually followed departure procedures.

RM and the bureaus were not receiving the information they needed to identify accounts that should be moved to another bureau owing to a transfer or canceled

owing to a separation.<sup>14</sup> HR would be able to provide information about separated employees to RM.

## Multiple Open Accounts

OIG believes that to minimize the opportunities for delinquency and misuse, each cardholder should have only one account. As of May 11, 2002, OIG found that there were three employees with one open domestic individually billed account and one open foreign individually billed account each, and 42 employees with two or three open domestic individually billed accounts each. Of these 42 employees, 29 had all their accounts within the same bureau; the remaining 13 had accounts in multiple bureaus. Four of these 42 employees used more than one account concurrently. As discussed earlier, the program coordinators did not always transfer accounts when employees transferred from one bureau to another or to an overseas mission, which may be the reason for some of the multiple accounts.

Some bureaus check the alphabetical account listing periodically for multiple accounts. However, if an employee has multiple accounts in different bureaus, it may go undetected by a program coordinator, who can see only the accounts in his or her bureau. According to Citibank, social security numbers are checked to make sure that employees do not receive duplicate accounts. As OIG identified 42 cardholders with multiple open accounts, these procedures do not appear to be adequate. OIG believes that RM should work with Citibank to determine the cause of multiple accounts.

**Recommendation 7:** The Bureau of Resource Management should develop and distribute Department-wide guidelines and procedures regarding when and how to transfer cardholders from one bureau to another or to an overseas mission.

RM concurred with Recommendation 7 and plans to include instructions regarding when and how to transfer cardholders on the web site it has developed in response to Recommendation 3. On the basis of RM's response, this recommendation is resolved.

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<sup>14</sup> Separation occurs when the employee leaves the Department.

**Recommendation 8:** The Bureau of Resource Management should work with the Bureau of Human Resources to obtain a quarterly list of recently separated employees and make sure that their cards are canceled.

RM concurred with Recommendation 8 and said that, beginning January 2003, it would receive a quarterly list from HR of separated employees and take action to cancel the cards. On the basis of RM's response, this recommendation is resolved.

**Recommendation 9:** The Bureau of Resource Management should check for multiple accounts at least annually.

RM concurred with Recommendation 9 and said that, beginning January 2003, it would use data-mining of travel card information available in CitiDirect to identify duplicate accounts, then take appropriate action. On the basis of RM's response, this recommendation is resolved.

## MEASURABLE PERFORMANCE GOALS

The Department has not developed measurable performance goals for the travel card program. The FY 2001-03 Bureau Performance Plan<sup>15</sup> included a performance goal to provide quality financial management and customer service by leveraging the use of better business practices and electronic technologies, including the Internet. This goal included a travel card-related strategy to reduce erroneous and delinquent payments by automating and implementing garnishment of employee salaries. However, in RM's FY 2004 plan, there were no goals or strategies pertaining specifically to the travel card program.

Although performance goals are not required for this program, developing objectives and identifying performance measures against which to assess progress in meeting those objectives would enable RM to define and clarify its role in managing the travel card program and provide RM management with information about program results that could be used to continue to improve the effectiveness of the program. For example, RM could have an objective to reduce the value of potential misuse by ten percent per year. OIG believes that this program lends itself well to developing reasonable performance measures. RM will have to

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<sup>15</sup> RM was then called the Bureau of Financial Management and Policy

determine the best types of objectives and appropriate performance measures. OIG will continue to monitor RM's progress in developing measurable performance goals.

**Recommendation 10:** The Bureau of Resource Management should develop objectives, strategies, and performance measures for the travel card program.

RM concurred with Recommendation 10 and plans to develop performance measures for the travel card program. On the basis of RM's response, this recommendation is resolved.

## LIST OF RECOMMENDATIONS

**Recommendation 1:** The Bureau of Resource Management should develop guidelines for addressing individually billed travel card accounts that are in the 60-day past due category.

**Recommendation 2:** The Bureau of Resource Management should develop clear, written criteria for identifying repeat offenders and detailing consequences for misuse.

**Recommendation 3:** The Bureau of Resource Management should make written policies and procedures guidance centrally available on an Intranet site for bureau program coordinators and cardholders.

**Recommendation 4:** The Bureau of Resource Management should develop a formal training plan for program coordinators.

**Recommendation 5:** The Bureau of Resource Management should review merchant category codes, in consultation with the Bureau of Administration's Office of the Procurement Executive, to determine which ones should be blocked and make appropriate arrangements with Citibank to have these codes blocked for all travel card accounts.

**Recommendation 6:** The Bureau of Resource Management should obtain CitiDirect training and access for bureau program coordinators.

**Recommendation 7:** The Bureau of Resource Management should develop and distribute Department-wide guidelines and procedures regarding when and how to transfer cardholders from one bureau to another or to an overseas mission.

**Recommendation 8:** The Bureau of Resource Management should work with the Bureau of Human Resources to obtain a quarterly list of recently separated employees and make sure that their cards are canceled.

**Recommendation 9:** The Bureau of Resource Management should check for multiple accounts at least annually.

**Recommendation 10:** The Bureau of Resource Management should develop objectives, strategies, and performance measures for the travel card program.

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## ABBREVIATIONS

A/OPE	Bureau of Administration, Office of the Procurement Executive
DS	Bureau of Diplomatic Security
GSA	General Services Administration
HR	Bureau of Human Resources
OIG	Office of Inspector General
RM	Bureau of Resource Management

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United States Department of State

Deputy Chief Financial Officer

Washington, D.C. 20520

JAN 27 2003

**MEMORANDUM**

TO : OIG – Mr. J. Richard Berman  
FROM : RM /GFS - *Jay Michael* Larry J. Eisenhart  
SUBJECT : Draft Audit Report on the Domestic Travel Card Program dated November 6, 2002

Thank you for the opportunity to review the subject audit report. The Resource Management (RM) Bureau agrees with all of the findings and has specific comments as follows:

**Recommendation 1:** The Bureau of Resource Management should develop guidelines for addressing individually billed travel card accounts that are in the 60-day past due category.

**Response:**

Beginning January 2001, RM has sent lists of the delinquent accounts, including the 30 and 60-day categories, every two weeks to the 155 Bureau Program Coordinators (BPCs) with cardholders. Since January 2003, RM has asked the BPCs to follow-up with those appearing on the 30 and 60-day categories, to prevent them from appearing on the 90-day list, which is when central oversight in RM takes over. In addition, RM will revise the Department-wide guidance to specify responsibility to BPCs for monitoring accounts and minimizing late payment.

**Recommendation 2:** The Bureau of Resource Management should develop clear, written criteria for identifying repeat offenders and detailing consequences for misuse.

**Response:**

Since May 2002, RM has identified potential misuse transactions, and asked BPCs to counsel the cardholder and advise Financial Oversight & Coordination (FOC) as to whether the potential misuse is actual misuse. FOC uses on-line searches of merchant codes for all the Department's IB Travel Card purchases to identify those transactions that appear not to be related to official travel. FOC then asks the BPCs to work with the traveler to identify if the transactions are or are not related to official travel. If a BPC identifies the same user for a second time using the card not for official travel (i.e. misusing the card) then EX is notified and asked to counsel the employee.

If a cardholder, once counseled by the EX, has a second misuse transaction, the case is turned over to HR/ER who takes disciplinary action depending on the circumstances of the case. It should be noted that there has yet to be a case of misuse turned over to HR/ER. The methodology of BPC review of potential misuse transactions appears to minimize misuse transactions within the Department. In addition, as stated in our response to Recommendation 1 above, RM is revising the Department-wide guidance on roles and responsibilities for the Individually-Billed Travel Card Program and is outlining the process for monitoring and minimizing misuse.

**Recommendation 3: The Bureau of Resource Management should make centrally available written policies and procedures guidance on an Intranet site for bureau program coordinators and cardholders.**

**Response:**

RM developed a Website containing Travel Card Program laws, regulations, policies, procedures, on-line training resources and Department management reporting. The link is to be available on the RM Intranet and available to all Department employees, in February 2003.

**Recommendation 4: The Bureau of Resource Management should develop a formal training plan for program coordinators.**

**Response:**

Since December 2002, RM trains overseas BPCs (Financial Management Officers and Administrative Officers) at FSI. This training is to be expanded to include domestic BPCs during FY 2003.

**Recommendation 5: The Bureau of Resource Management should review merchant category codes in consultation with the Bureau of Administration's Office of the Procurement Executive to determine which ones should be blocked and make appropriate arrangements with Citibank to have these merchant category codes blocked for all travel card accounts.**

**Response:**

RM has decided against identifying merchant codes to be blocked because it is not possible to separate the lockout of domestic and overseas transactions. The financial systems and services provided to VISA merchants and correspondent banks overseas are not sophisticated enough to ensure that valid transactions will not be rejected. Instead, RM determined that monthly data-mining of all Department transactions using Citibank's "CitiDirect" and "AdHoc Reporting" to determine potential misuse is the more client-oriented method to reduce misuse (see Recommendation 2 above).

**Recommendation 6:** The Bureau of Resource Management should obtain CitiDirect training and access for bureau program coordinators.

**Response:**

RM will arrange "Citidirect" training for BPCs beginning CY 2003.

**Recommendation 7:** The Bureau of Resource Management should develop and distribute Department-wide guidelines and procedures regarding when and how to transfer cardholders from one bureau to another or to an overseas mission.

**Response:**

These instructions will be included on the RM Bureau Website (see Recommendation 3 above).

**Recommendations 8:** The Bureau of Resource Management should work with Human Resources to obtain, quarterly, a list of recently separated employees and make sure that their cards are canceled.

**Response:**

Since January 2003, the RM Bureau is receiving a quarterly list of departed employees from the HR Bureau and is taking the appropriate action to cancel cards.

**Recommendation 9:** The Bureau of Resource Management should check for multiple accounts at least annually.

**Response:**

Since January 2003, RM uses data-mining through CitiDirect to identify duplicate accounts, and then takes appropriate action.

**Recommendation 10:** The Bureau of Resource Management should develop objectives, strategies, and performance measures for the travel card program.

**Response:**

RM will develop performance measures for the Individually-Billed Travel Card Program by March 31. In the interim FOC tracks and prepares monthly management reports on transaction volume, number of new, cancelled and existing cardholder accounts, as well as delinquencies and misuse.

cc: RM:C.Burnham

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United States Department of State

Washington, D.C. 20520

JAN 24 2003

MEMORANDUM

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TO:           OIG - Mr. Clark Kent Ervin

FROM:        DS - W. Ray Williams, Acting

SUBJECT:     Draft Audit Report on the Domestic Travel Card  
              Program

Thank you for your November 7, 2002 memorandum requesting DS to review the draft Audit Report on the Domestic Travel Card Program. We recognize the importance of the Domestic Travel Card Program and agree with the guidelines in the draft report. The policies and procedures in place for managing the Domestic Travel Card Program are effective.

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