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Office of Inspector General  
United States Department of State

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AUD-CGI-20-37

Office of Audits

June 2020

# **Management Assistance Report: Department of State Guidance Does Not Comply With Federal Travel Regulations**

MANAGEMENT ASSISTANCE REPORT

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## Summary of Review

The Federal Travel Regulation (FTR)—41 Code of Federal Regulations (C.F.R.), Chapters 300–304—implements statutory requirements and Executive branch policies for travel by Federal civilian employees and others authorized to travel at Government expense.<sup>1</sup> The FTR requires all Government employees to use Government contractor-issued travel charge cards to pay for all official travel expenses, unless exempted.<sup>2</sup> The FTR was modified in September 2016, removing some of the exemptions that were previously allowed. During a mandated risk assessment of the Department of State (Department) charge card program, the Office of Inspector General (OIG) discovered that relevant sections in the Department’s Foreign Affairs Manual (FAM) and Foreign Affairs Handbook (FAH) had not been updated since 2014.<sup>3</sup> Therefore, the exemptions currently allowed in the FAM and the FAH regarding the use of travel charge cards do not comply with the 2016 FTR requirements.

OIG made two recommendations in this report to ensure that the FAM and the FAH are updated to reflect the 2016 FTR requirements. OIG provided a draft of this report to the Bureau of the Comptroller and Global Financial Services (CGFS) and requested a response to the recommendations offered. CGFS did not provide a response for inclusion in the final report. Any subsequent response by CGFS to the recommendations will be considered during the audit compliance follow-up process. Currently, OIG considers both recommendations unresolved, but will continue to work with CGFS to ensure the FAM and the FAH are updated to reflect the 2016 FTR requirements.

## BACKGROUND

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The FTR, found at 41 C.F.R., Chapters 300–304, implements statutory requirements and Executive branch policies for travel by Federal civilian employees and others authorized to travel at Government expense.<sup>4</sup> One purpose of the FTR is to communicate policies in a clear manner to Federal agencies and employees.<sup>5</sup> Among other topics, the FTR addresses the use of Government contractor-issued travel charge cards.<sup>6</sup>

This Management Assistance Report is intended to inform the Department of deficiencies in its guidance that OIG identified during its mandated annual risk assessment of the Department’s

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<sup>1</sup> 41 C.F.R. § 300-1.1.

<sup>2</sup> 41 C.F.R. § 300-51.1. The FTR generally does not apply to travel of Foreign Service employees (see 14 FAM 511.2-2).

<sup>3</sup> 4 FAM 463.3-2, “Travelers With Government-Contracted Individual Charge Cards (Charge Cards),” 4 FAH-3 H-466.2, “Applicability.”

<sup>4</sup> 41 C.F.R. § 300-1.1.

<sup>5</sup> 41 C.F.R. § 300-1.2.

<sup>6</sup> 41 C.F.R. §§ 301-51.1, 301-51.2, and 301-51.3.

charge card program, which was performed in December 2019.<sup>7</sup> In performing the work related to this report, OIG corresponded with Department officials and reviewed applicable criteria and supporting documentation. OIG believes that the evidence obtained provides a reasonable basis for the deficiency identified in this report.

## RESULTS

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### **Finding A: Department Guidance on Use of Government Contractor-Issued Individual Charge Cards Does Not Comply With Federal Travel Regulations**

The FTR requires all Government employees to use Government contractor-issued travel charge cards to pay for all official travel expenses, unless exempted.<sup>8</sup> The FTR's exemptions were modified in September 2016, and agencies were given until November 14, 2016, to comply with the new requirements.<sup>9</sup> Under current regulations, all Department employees are required to use a Government contractor-issued travel card and employees who travel five or fewer times each year are no longer exempt from this requirement.<sup>10</sup>

During a mandated risk assessment of the Department charge card program, OIG reviewed 4 FAM 460 and 4 FAH-3 H-460 and discovered that the FAM and FAH sections that address the use of charge cards for traveling have not been updated since 2014. Specifically, according to 4 FAM 463.3-2, "Domestically and where approved at posts, U.S. citizen employees who expect to travel more than two times a year must obtain and have a valid Government-authorized charge card," and according to 4 FAH-3 H-466.2, "Each Department employee expecting to travel more than two times a year must apply for and use the charge card." These sections do not comply with the 2016 FTR requirements that require all Government employees to use Government contractor-issued travel charge cards as the method of payment for all official travel expenses, unless exempted. The 2016 FTR allows exemptions for the following:

- Expenses for which payment through the Government contractor-issued travel charge card is impractical or imposes unreasonable burdens or costs.
- When it is necessary in the interest of the agency.
- For any employee who has an application pending for the Government contractor-issued travel charge card.
- For any employee when issuance of the Government contractor-issued travel charge card would adversely affect the mission or put the employee at risk.
- For any employee who is not eligible to receive a Government contractor-issued travel charge card.<sup>11</sup>

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<sup>7</sup> OIG, *Information Report: Department of State 2019 Travel Charge Card Risk Assessment* (AUD-CGI-20-11, December 2019).

<sup>8</sup> 41 C.F.R. § 301-51.1.

<sup>9</sup> Federal Register, Volume 81, Issue 178 (September 14, 2016).

<sup>10</sup> 41 C.F.R. § 301-51.3.

<sup>11</sup> 41 C.F.R. §§ 301-51.2 and 301-51.3.

In addition to the above exemptions, the head of an agency, or a designee, also has the authority to grant exemptions from the mandatory use of the Government contractor-issued travel charge card.<sup>12</sup> However, none of the current exemptions considers the number of times the employee travels as a relevant factor.

In October 2019, a Department official told OIG that an update to 4 FAM 460 was expected to be published in January 2020 that would reflect the 2016 FTR requirements and mandate use of the travel charge card for all Department direct-hire employees authorized for Government travel. However, as of April 1, 2020, 4 FAM 460 and 4 FAH-3 H-460 have not been updated to reflect this requirement or the allowed exemptions. Moreover, the Department did not provide any evidence that the Secretary of State, or a designee, had granted any additional exemptions. OIG is therefore offering the following recommendations to ensure the FAM and the FAH are updated to reflect the 2016 FTR requirements and will track these recommendations until fully implemented through the audit compliance process.

**Recommendation 1:** OIG recommends that the Bureau of the Comptroller and Global Financial Services update the Foreign Affairs Manual to reflect the requirements and exemptions found in the Federal Travel Regulation, 41 C.F.R., §§ 301-51.1, 301-51.2, 301-51.3, and 301-51.4.

**Management Response:** CGFS did not provide a written response to a draft of this report.

**OIG Reply:** Because CGFS did not respond to a draft of this report, OIG considers this recommendation unresolved. The recommendation will be considered resolved, pending further action, when CGFS provides details on the steps it plans to take to address the recommendation to include milestones for implementation or provides an acceptable alternative that meets the intent of the recommendation. This recommendation will be closed when OIG receives and accepts documentation demonstrating that the FAM has been updated to reflect the requirements and exemptions found in the FTR, 41 C.F.R., §§ 301-51.1, 301-51.2, 301-51.3, and 301-51.4.

**Recommendation 2:** OIG recommends that the Bureau of the Comptroller and Global Financial Services update the Foreign Affairs Handbook to reflect the requirements and exemptions found in the Federal Travel Regulation, 41 C.F.R., §§ 301-51.1, 301-51.2, 301-51.3, and 301-51.4.

**Management Response:** CGFS did not provide a written response to a draft of this report.

**OIG Reply:** Because CGFS did not respond to a draft of this report, OIG considers this recommendation unresolved. The recommendation will be considered resolved, pending further action, when CGFS provides details on the steps it plans to take to address the recommendation to include milestones for implementation or provides an acceptable

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<sup>12</sup> 41 C.F.R. § 301-51.4

alternative that meets the intent of the recommendation. This recommendation will be closed when OIG receives and accepts documentation demonstrating that the FAH has been updated to reflect the requirements and exemptions found in the FTR, 41 C.F.R., §§ 301-51.1, 301-51.2, 301-51.3, and 301-51.4.

## RECOMMENDATIONS

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**Recommendation 1:** OIG recommends that the Bureau of the Comptroller and Global Financial Services update the Foreign Affairs Manual to reflect the requirements and exemptions found in the Federal Travel Regulation, 41 C.F.R., §§ 301-51.1, 301-51.2, 301-51.3, and 301-51.4.

**Recommendation 2:** OIG recommends that the Bureau of the Comptroller and Global Financial Services update the Foreign Affairs Handbook to reflect the requirements and exemptions found in the Federal Travel Regulation, 41 C.F.R., §§ 301-51.1, 301-51.2, 301-51.3, and 301-51.4.

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