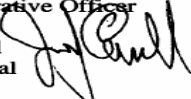


Improvements Are Needed in the House Travel Card Program

Office of Inspector General
U.S. House of Representatives
Washington, DC 20515-9990

MEMORANDUM

TO: James M. Eagen, III
Chief Administrative Officer

FROM: James J. Cornell
Inspector General 

DATE: May 19, 2006

SUBJECT: Audit Report - Improvements Are Needed in the House Travel Card Program
(Report No. 06-CAO-02)

This is our final report on travel card policies and procedures. The objective of this audit was to determine the adequacy of the House's policies and procedures for ensuring the sound fiscal management and programmatic integrity of the travel card program. Our audit scope did not include a review of travel card transactions to determine authorized use, accuracy, and timeliness of payments. As a result of our work, we found that the House Program Coordinators need to monitor the travel card program more closely to include using computer-assisted auditing techniques to track trends, delinquency rates, suspensions, and cancellations. In our December 23, 2005 draft report, we made specific recommendations for corrective actions.

In your March 9, 2006 response, your office concurred with our findings and recommendations. Your management response is incorporated in this final report and included in its entirety as an appendix. The corrective actions taken and planned by your office are appropriate and, when fully implemented, should adequately respond to the recommendations. Further, the milestone dates provided for implementing corrective actions appear reasonable.

Subsequent to our review, we discovered that some offices do not recertify the need for the travel cards issued to them, even when the authorizing official changes. We recommend offices recertify at the beginning of each Congress that the issued travel cards are still needed.

We appreciate the courtesy and cooperation extended to us by your staff. If you have any questions or require additional information regarding this report, please call me or Ken Eichelman at (202) 226-1250.

cc: Speaker of the House
Majority Leader of the House
Minority Leader of the House
Chairman, Committee on House Administration
Ranking Member, Committee on House Administration
Members, Committee on House Administration

Improvements Are Needed in the House Travel Card Program

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Improvements Are Needed in the House Travel Card Program

➤ ➤ ➤ Executive Summary

Summary Results of Review

- The U.S. House of Representatives (House) Travel Program Coordinators need to monitor the travel card program more closely to include using computer-assisted auditing techniques to track trends, delinquency rates, suspensions, and cancellations.
- The new Paylinks System was not producing reports of terminated employees needed by the program coordinators to ensure that accounts of employees who left the House were closed timely.
- The points of contact in the task order were updated to reflect employees who had “official authority” to represent the House to Citibank.

Report Recommendations Summary

The Chief Administrative Officer should:

- Transfer travel card program responsibilities to one full-time employee dedicated to managing the program.
- Revise the Chief Administrative Officer’s (CAO’s) policies and procedures to require monthly audits of travel card activity and report the results to the CAO and Committee on House Administration (CHA) for corrective action.
- Expedite the ability of Paylinks to produce monthly reports of terminated House employees so travel card accounts can be closed timely.

Improvements Are Needed in the House Travel Card Program

➤ ➤ ➤ Results of Review

Finding 1: The House Travel Card Program Needs to Incorporate Best Practices to Improve Program Management

Condition 1a: Only two part-time employees, totaling up to .75 FTE, are assigned to the program; whereas the number of travel cards issued to House Members and employees justifies a full-time travel card coordinator to adequately manage the program.

Criteria: The Government Accountability Office's (GAO's) audit report entitled "Control Weaknesses Leave Army Vulnerable to Potential Fraud and Abuse", dated July 17, 2002, states "agency program coordinators (APCs) who have the key responsibility for managing and overseeing travel cardholders activities are essentially set up to fail in their duties because they are given substantial

responsibility for a large number of cardholders; for example, up to 1,000 cardholders per APC, and little time to do this collateral duty."

Cause: The House has approximately 1,085 travel card holders which creates a larger workload than two part-time coordinators can adequately manage.

Effect: Without adequate resources assigned to the travel card program, critical management such as canceling accounts for terminated House employees and monitoring travel card activity can not be done either timely or adequately.

Agreed Upon Action Plans to be Completed by CAO: The CAO will transfer travel card program responsibilities to one full-time employee dedicated to manage the program by June 1, 2006. In subsequent conversations with the CAO the position will have adequate back-up to process new card issuances and cancellations.

Improvements Are Needed in the House Travel Card Program

➤ ➤ ➤ Results of Review

Finding 1: The House Travel Card Program Needs to Incorporate Best Practices to Improve Program Management (continued)

Condition 1b: Travel card activity needs to be audited more closely and more frequently to identify abuse in a timely manner.

Criteria: The Government Services Administration (GSA) SmartPay Agency/Organization Program Coordinator's (A/OPC) Survival Guide Best Practices state in Chapter 3 that, "A/OPC are to use exception reports to detect misuse of the travel card or unusual patterns in spending. A/OPCs are to review reports monthly and track trends in delinquency rates and write-offs." During the 2004 Smart Pay Conference, (August 23-26, 2004) a GSA Federal Supply Service Briefing stated that A/OPCs should separate questionable transactions, look for patterns of suspicious behavior, and

perform audits to detect questionable transactions, misuse, and/or fraud.

Cause: Travel card coordinators didn't have the appropriate tools to monitor travel card use either efficiently or effectively, and the CAO's policies and procedures establish only annual audits of travel card use on a sample basis; they also require results to be reported only to the CAO.

Effect: Insufficient monitoring of travel card use could lead to undetected travel card abuse, untimely detection and correction of such abuse, and/or public embarrassment to the House if travel card abuse is not detected and corrected in a timely manner.

Agreed Upon Action Plans to be Completed by CAO: The CAO plans to revise the current policies and procedures related to the program audits. The audits will include analysis of trends, delinquency rates, suspensions, and cancellations, as well as identifying questionable transactions to be reported to the CAO and CHA. The CAO had planned to revise the current policies and procedures by April 1, 2006. Presently, the CAO has revised this date to September 1, 2006 to allow for the full time Travel Card Coordinator to test revised policies and procedures.

Improvements Are Needed in the House Travel Card Program

➤ ➤ ➤ Results of Review

Finding 2: The New Paylinks System Needs to Provide Termination Reports

Condition: Although the old payroll system provided reports of terminated employees used to close accounts, such reports have not been produced by the Paylinks System.

Criteria: The CAO Travel Card Program policies and procedures state that “the Human Resources payroll department will provide to the Program Coordinator, no later than the 5th business day following the month just ended, a list of staff terminating employment with the House during the month.” The Program Coordinator is responsible for identifying cardholders who are no longer working for the House and advising Citibank of any accounts that need to be cancelled.

Cause: The travel card program coordinators and the Paylinks System contractors have not coordinated requirements in a timely manner so that a program can be written to generate the reports needed by the Office of Finance and Procurement.

Effect: Without the report of employees who have terminated House employment, former House employees could continue to charge purchases to open Citibank travel accounts.

Agreed Upon Actions Completed by the CAO: The CAO is currently receiving monthly termination reports from Human Resources, and all reports are re-verified and travel cards are cancelled accordingly.

Improvements Are Needed in the House Travel Card Program

➤ ➤ ➤ Results of Review

Finding 3: Update Points of Contact in Citibank Task Order

Condition: The points of contact in the task order for the House Travel Card Program (#XFIN980084/HOR-00-T00001) are no longer employed by the House.

Cause: The CAO was not aware the points of contact were out of date.

Criteria: The task order should be kept up to date so all parties to the contract agree who is authorized to modify and make decisions concerning the task order.

Effect: Should a question arise or a modification is required for the task order by Citibank, no one named in the contract would have “official authority” to take action.

Agreed Upon Action Plans Completed by the CAO: The CAO updated the points of contact in the House task order for the Task Order Coordinator, House Contracting Officer, and House Contract Administrator.

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BACKGROUND

The House contract for travel cards is linked to the GSA contract with Citibank. Travel cards are issued to Members and House staff. Committees also use a travel card account number (without the plastic card) to charge airline tickets and sometimes lodging. Individual cardholders are responsible for their own travel card. Travel cards are intended for official travel expenses only, such as airline tickets, lodging, meals, rental cars, and gasoline. The limit for each Member is \$20,000 (with the exception of the Members from Guam and American Samoa who have a limit of \$25,000 due to the cost of airfare to and from their districts). The staffs of Members and Committees have a limit of \$10,000. The CAO staff is limited to the dollar amount needed per trip.

OBJECTIVE

To evaluate the adequacy of the House's policies and procedures for ensuring the sound fiscal management and programmatic integrity of the travel card program. However, our audit did not include a review of travel card transactions to determine authorized use, accuracy, and timeliness of payments.

SCOPE

Current policies and procedures issued by the House covering the use of travel cards, the Citibank Master Contract, and the House task order and modifications provided the basis for this audit.

METHODOLOGY

We conducted this review in accordance with government auditing standards as implemented in the Office of Inspector General (OIG) policies and procedures. To accomplish our objectives we interviewed associated personnel and reviewed selected travel card documents. Our field work was conducted during the period July 2005 to September 2005.

Improvements Are Needed in the House Travel Card Program

James M. Eagen III
Chief Administrative Officer

Office of the
Chief Administrative Officer
U.S. House of Representatives
Washington, DC 20515-6860

MEMORANDUM

To: James Cornell
Inspector General

From: Jay Eagen
Chief Administrative Officer

Subject: CAO responses to Office of Inspector General's Draft Report *Improvements are Needed in the House Travel Card Program*

Date: MAR 09 2006

Thank you for the opportunity to comment on the subject audit report. We have carefully reviewed the report's findings and recommendations and concur with each of them.

The following is a brief response to each of the audit recommendations made in the audit report:

Finding 1: The House Travel Card Program Needs to Incorporate Best Practices to Improve Program Management

Recommendation 1: Transfer travel card program responsibilities to one full-time employee dedicated to managing the program.

CONCUR.

The CAO will transfer travel card program responsibilities to one full-time employee dedicated to managing the program by June 1, 2006.

Recommendation 2: Revise the CAO's policies and procedures to require monthly audits of travel card activity and report the results to the CAO and Committee on House Administration (CHA) for corrective action.

CONCUR.

The CAO plans to revise the current policies and procedures related to Travel Card Program audits. This will include analysis of trends, delinquency rates, suspensions, and cancellations, as well as identifying questionable transactions to be reported to the CAO and CHA. The CAO will revise the current policies and procedures by April 1, 2006.

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Finding 2: **The New PayLinks System Needs to Provide Termination Reports**

Recommendation: Expedite the ability of PayLinks to produce monthly reports of terminated House employees so travel card accounts can be closed timely.

CONCUR.

The CAO is currently receiving monthly termination reports from Human Resources, and all reports are re-verified and travel cards are canceled accordingly. The CAO believes we have taken the appropriate action to close this recommendation.