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**AUDIT
REPORT
06-05**

**CENTRALLY CHARGED TRAVEL
EXPENDITURES**

May 16, 2006

OFFICE OF INSPECTOR GENERAL



U.S. GOVERNMENT
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WASHINGTON, DC 20401

Memorandum

OFFICE OF THE INSPECTOR GENERAL

DATE: May 16, 2006

REPLY TO

ATTN OF: Assistant Inspector General for Audits and Inspections

SUBJECT: Final Report on Audit of Centrally Charged Travel Expenditures
Report Number 06-05

TO: Chief Financial Officer

Enclosed please find the subject final report. Our evaluation of your response has been incorporated into the body of the report and is included in its entirety as Appendix C. We consider management's proposed actions responsive to each of the report recommendations. The recommendations will continue to be open for reporting purposes until corrective actions are complete. Please notify us when actions have been completed on the remaining recommendations. The final report distribution is in Appendix E.

We appreciate the courtesies extended to the audit staff. If you have any questions concerning the report, please contact Mr. Joseph Verch, Supervisory Auditor at (202) 512-0065, or myself at (202) 512-2009.

A handwritten signature in cursive script that reads 'Kevin J. Carson'.

Kevin J. Carson
Assistant Inspector General for Audits and Inspections

cc:
Deputy Chief of Staff

GPO Office of Inspector General

Report Number 06-05

May 16, 2006

Centrally Charged Travel Expenditures

Introduction

The Government Printing Office's (GPO) Office of Inspector General (OIG) has completed an audit of centrally charged travel expenditures. The GPO has an agency account with MasterCard through the Bank of America (BoA) for centralized charging and billing of various common travel expenditures. The account with MasterCard is administered by the Agency/Organization Program Coordinator (A/OPC) who is assigned to the Cash Management Services Section in the Office of the Chief Financial Officer (CFO). Prior to authorizing payment to BoA, the A/OPC is responsible for ensuring that monthly charges to the MasterCard account are for authorized and incurred GPO travel, and that the charges are complete, accurate, and supportable.

The audit objective was to determine whether GPO has established effective controls to ensure that travel fares charged to GPO's agency MasterCard and service fees billed directly to GPO are for official GPO travel, and are supported by appropriate travel orders and vouchers. Appendix A contains further details on the audit objectives, scope, and methodology.

Results in Brief

Our audit found that controls are not effective over (1) travel fares being charged to GPO's agency MasterCard account, and (2) service fees charged directly to GPO. We identified approximately \$32,000 in travel fares and service fees associated with travel by GPO travelers during Fiscal Year (FY) 2005 that could not be reconciled to official travel records.

Background

GPO Instruction 815.1C, "GPO Travel Regulations," provides the policies, procedures, and guidance to be followed by GPO employees when traveling for official business. GPO's policy is to follow the Federal Travel Regulations (FTR) promulgated by the U.S. General Services Administration (GSA), except in the most unusual of circumstances. Authority has been delegated by the Public Printer to GPO's CFO to grant deviations from the FTR when appropriate, and in GPO's best interest. In accordance with GPO

Instruction 815.3B, "Charge Cards Issued for Travel and Transportation Expenses," travel cards issued to GPO employees shall be used for expenses incurred in conjunction with official travel.

In August 1984, GPO established the Travel Card Program to reduce the number and amount of travel advances to employees and to eliminate the need for employees to use private funds for official GPO travel. GPO contracted with BoA to issue MasterCard travel cards to GPO employees at no charge or interest fees. Employees use the card for charging lodging, rental cars, meals, and other travel-related expenses. The employee is billed directly and is personally liable for all charges incurred with the card. At GPO, charges for airline and rail tickets are an exception to this practice. GPO has contracted with National Travel Services, Inc. (NTS) to provide assistance to GPO travelers in making travel arrangements. Services provided by NTS include airline, rail, hotel, and rental car reservations. NTS receives a fee in return for each travel-related service provided to a GPO traveler. All costs for airline and rail tickets are charged directly to the agency MasterCard account and paid by GPO to BoA each month. Fees charged by NTS for services provided are billed directly to GPO each month.

In FY 2005, NTS transacted a total of 1,084 airline and rail tickets, 480 car rentals, and 578 hotel reservations to 325 GPO travelers. For these services, GPO paid NTS a total of \$26,810 in fees. Further, NTS charged a total of \$389,036 to the agency MasterCard account for airline and rail tickets.

Finding and Recommendations

Ineffective Controls over Charges and Payments for Travel Fares and Service Fees

Prior to authorizing monthly payments to BoA, the A/OPC does not verify that all travel fares charged to GPO's agency MasterCard account and NTS service fees billed directly to GPO are for actual travel expenses incurred. This situation exists because payment generally must be made to BoA (MasterCard) and NTS (service fees) before all employee travel vouchers are submitted for review and approval. Prior to payment to BoA and NTS, the A/OPC verifies that each travel fare and service fee billed to GPO is supported by travel orders (either blanket travel order¹ or single trip travel order) for the time of the travel. However, no follow-up reconciliation of travel vouchers is performed to ensure that the travel fare or service fee was actually incurred for official business. The lack of reconciliation potentially allows GPO employees to obtain personal airline and rail tickets at GPO's expense with little chance of detection. Additionally, charging of travel fares and billing of NTS service fees in this manner potentially provides a disincentive to GPO travelers to submit timely vouchers at the completion of travel to obtain reimbursement. This disincentive results because airline and rail tickets are charged to

¹ Blanket travel orders are typically issued for a specific time period to employees who travel frequently. These orders negate the need for single trip travel orders for each individual trip an employee makes during a specific time period.

the agency MasterCard account and service fees are billed directly to GPO and then paid monthly by the agency. We identified approximately \$30,400 in travel fares charged to the agency MasterCard account and \$1,600 in NTS service fees billed to GPO during FY 2005 that could not be reconciled to official travel records.

Internal Controls

GPO Instruction 825.18A, "Internal Control Program," Standard 2, states that management controls must provide reasonable assurance and safeguards to protect assets against waste, loss, unauthorized use, and misappropriation. Management controls developed for agency programs should be logical, applicable, reasonably complete, and effective and efficient in accomplishing management objectives.

Filing of Travel Vouchers

The FTR, Part 301-52, "Claiming Reimbursement," section 301-52.7, states that unless your agency administratively requires you to submit your travel claim (voucher) within a shorter timeframe, you must submit your claim within five working days after you complete your trip or period of travel or every 30 days if you are on continuous travel status.

Payments Made For Unsupported and Non-Government Travel Costs

We reviewed travel fare charges made to the agency MasterCard account during FY 2005 for 130 GPO travelers (see Appendix A for details on how the sample was selected). The 130 travelers in the sample made approximately 600 travel reservations through NTS in FY 2005. We reviewed the airline and rail ticket and service fee charges for each of the 130 GPO travelers and attempted to compare the charges to travel orders and vouchers to determine whether the charges were incurred for official travel. Our review showed that 18 of the 130 sampled GPO travelers had not submitted a total of 71 travel vouchers for various trips that were taken. The reasons provided by the travelers for not filing vouchers varied but included:

- forgetting to file a voucher (7 employees and 33 vouchers);
- one-day trip (6 employees and 8 vouchers);
- non-GPO employees attending a GPO sponsored event (2 civilian librarians and 2 vouchers);
- employees left GPO employment without submitting vouchers (2 employees and 2 travel vouchers); and
- a civilian GPO contractor (15 travel vouchers).

The above examples of missing travel vouchers represented a total of approximately \$30,400 in airfares charged to GPO's centrally billed MasterCard account and \$1,600 in NTS service fees billed directly to GPO for which there is no support that the expenses were incurred for official travel.

Additionally, we found that two GPO employees made a total of 11 reservations through NTS for personal travel, of which approximately \$240 (included in the \$1,600 mentioned above) in service fees were charged to, and paid by GPO to NTS. Each of the employees confirmed the travel was for personal reasons and not related to official GPO business.

Charging Travel Fares and NTS Service Fees to Employee MasterCard or Personal Credit Card Would Ensure Timely Filing of Vouchers

Controls over payments to BoA for airline and rail fares charged to the GPO MasterCard account, and NTS service fees billed directly by NTS to GPO can be improved by ensuring that vouchers are filed on a timely basis at the completion of travel. With a significant portion of travel expenses being in the form of airline or rail tickets, there is currently no incentive for GPO travelers to file timely vouchers because those expenses are charged by NTS for each traveler to the GPO agency MasterCard account. Alternatively, eliminating the centrally billed MasterCard account and requiring that all airline and rail tickets and NTS service fees be charged to each individual traveler's Government-issued MasterCard or personal credit card, would create the incentive to travelers to file timely vouchers for reimbursement at the completion of trips. Employees would have the incentive to file timely vouchers because they are individually responsible for making prompt payments on their government-issued MasterCard and personal credit cards. At a minimum, use of the GPO agency MasterCard account should be controlled by the Chief Financial Officer and its use limited to travel fares for only those employees who do not have a Government-issued MasterCard or a personal credit card. This change would also eliminate the risk of GPO employees booking personal travel through NTS and having the service fees charged to GPO or of employees obtaining airline and rail tickets at GPO's expense with no chance of detection.

Recommendations

1. The GPO Chief Financial Officer should eliminate the use of GPO's agency MasterCard account for airline and rail tickets and direct NTS to charge all tickets to either the individual GPO traveler's Government-issued MasterCard or personal credit card.

Management's Response. Concur. The FTR (Section 301-51.1) requires the use of the Government travel card for payment for all official travel expenses, including transportation. Personal credit cards cannot be used. All travel-card holders will be directed to pay for transportation using their Government-issued MasterCard. The GPO Travel Manager will coordinate this change with GPO travel card holders. The Travel Manager will also coordinate with NTS so that travel card holders' charges are not billed to the agency central account. Travelers not holding cards will continue to use the agency MasterCard central billing account. These changes will require an amendment to the agreement between GPO and NTS. The complete text of management's response is in Appendix C.

Evaluation of Management's Response. Management's planned actions are generally responsive to the recommendation. We do note however, that personal credit cards can be used for travel expenses incurred by Government travelers. Section 301-51.2 of the FTR provides several exemptions from required use of the Government travel card, including employees who travel "five times or less a year." FTR Section 301-51.5 states that if you receive an exemption from using the Government travel card, the Agency may authorize one or a combination of methods for paying travel expenses including "cash or a personal charge card." Subsequent to receipt of management's response, the GPO CFO informed us that further procedures would be implemented concerning the agency MasterCard account that, while not eliminating the account, would restrict its use to those travelers not possessing a Government-issued travel card. In addition, NTS would be directed to issue tickets to travelers without travel cards only if the ticket is referenced to a valid travel order. Transactions of this type would then be reconciled each month by the A/OPC prior to GPO approving payment of NTS service fees and the centrally billed MasterCard account. The recommendation is resolved, but will remain undispositioned and open for reporting purposes until corrective actions are completed and the OIG is able to verify that these changes have in fact, strengthened controls.

2. The GPO Chief Financial Officer should direct NTS to charge all service fees to each individual GPO traveler's Government-issued MasterCard or personal credit card.

Management's Response. Concur. The GPO Travel Manager will coordinate this change with National Travel so that fees are not billed to the agency central account for travel card holders. Fees for travelers not holding cards will still be billed to the central billing account. Personal credit cards will not be charged (see Appendix C).

Evaluation of Management's Response. Management's planned actions are generally responsive to the recommendation. As stated in our evaluation of management's response to recommendation one, the FTR does provide under certain circumstances for the use of personal credit cards for travel expenses incurred by Government travelers. As such, NTS service fees billed directly to, and paid by GPO should be kept to a minimum. The recommendation is resolved, but will remain undispositioned and open for reporting purposes until corrective actions are completed and the OIG is able to verify that service fees billed directly to GPO are kept to the minimum necessary to conduct Agency business.

Appendix A. Objectives, Scope, and Methodology

Objectives

The audit objective was to determine whether GPO has established effective controls to ensure that travel fares charged to GPO's agency MasterCard and service fees billed directly to GPO are for official GPO travel, and are supported by appropriate travel orders and vouchers.

Scope and Methodology

To accomplish our audit objectives, we selected a sample of 130 GPO travelers that used NTS for making travel reservations in FY 2005 based on the following criteria:

- (1) all travelers (21) from BoA's Delinquency Reports for October 2004 through March 31, 2005;
- (2) 96 travelers from a sample of 315 travelers from the NTS "Employee Travel Audit Report" for October 2004 through September 2005;
- (3) 13 travelers with a high-volume of travel identified from the NTS "Employee Travel Audit Report" for October 2004 through September 2005.

We reviewed in detail each of the following items for the 130 travelers:

- travel taken and travel vouchers submitted/or processed in FY 2005;
- travel fares reserved and charged in FY 2005; and
- service fees charged for reservations made in FY 2005.

We also reviewed management reports from BoA and NTS related to travel expenses. These reports were reviewed and matched to travel vouchers submitted to identify whether the travel was actually taken and for official business. We then followed up with the employee and their supervisor to determine whether the travel was for official business.

We also interviewed the A/OPC and voucher examiners to determine whether policies and procedures related to the Travel Program were being implemented and followed.

Management Controls Reviewed

We reviewed management controls related to the Travel Program at GPO including those over the reconciliation of GPO's centrally billed accounts. The significant management controls related to travel at the GPO are contained in GPO Instruction 815.1C, "GPO Travel Regulations," the FTR promulgated by the U.S. General Services Administration,

Appendix A

GPO Instruction 825.18A, "Internal Control Program," and Standard Form 1012-A, "Travel Voucher," signed by each GPO employee receiving reimbursement for travel expenses.

The audit identified management control weaknesses which are described in detail in the body of this report.

Audit Field Work

We performed field work from October 2005 through February 2006 at the GPO Central Office in Washington, D.C. We performed the audit in accordance with generally accepted government auditing standards.

Appendix B. Acronyms Used in the Report

A/OPC	Agency/Organization Program Coordinator
BoA	Bank of America
CFO	Chief Financial Officer
FTR	Federal Travel Regulations
FY	Fiscal Year
GPO	Government Printing Office
GSA	General Services Administration
NTS	National Travel Services, Inc.
OIG	Office of Inspector General

Appendix C. Management's Response



U.S. GOVERNMENT
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Memorandum

DATE: March 27, 2006

REPLY TO

ATTN OF: Chief Financial Officer

SUBJECT: Response to Draft Audit Report 06-XX, *Centrally Charged Travel Expenditures*

TO: Assistant Inspector General for Audits

THRU: Deputy Chief of Staff

This memo is in response to your two audit recommendations contained in the draft audit report titled "*Centrally Charged Travel Expenditures*." Each recommendation and my comment regarding concurrence and expected disposition/resolution date are provided.

Recommendation 1. The GPO Chief Financial Officer should eliminate the use of GPO's agency MasterCard account for airline and rail tickets and direct National Travel Services, Inc. (NTS) to charge all tickets to either the individual GPO traveler's Government-issued MasterCard or personal credit card.

Response: Concur, but with modification. Federal Travel Regulations [5 USC 5707, Section 301-51.1] require the use of the Government travel card for payment of all official travel expenses, including transportation. Personal credit cards cannot be used.

This recommendation will be implemented as follows:

- All travel-card holders will be directed to pay for transportation using his or her Government-issued MasterCard. The GPO Travel Manager will coordinate this change with GPO travel card holders. The Travel Manager will also coordinate with NTS so that travel card holders charges are not billed to the agency central account.
- Travelers not holding cards will continue to use the agency MasterCard central billing account.

These changes will take a few months to coordinate. As a result of these changes, the agreement between National Travel and GPO will also need to be amended. I anticipate the recommendation will be fully implemented by July 31, 2006.

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Recommendation 2. The GPO Chief Financial Officer should direct NTS to charge all service fees to each individual GPO traveler's Government-issued MasterCard or personal credit card.

Response: Concur, but with modification.

The GPO Travel Manager will coordinate this change with NTS so that fees are not billed to the agency central account for travel card holders. Fees for traveler not holding cards will still be billed to the central billing account. Personal credit cards will not be charged.

This change will be implemented by July 31, 2006.

Thank you for opportunity to comment on the draft report. Please contact me if you have any questions regarding our responses or action plan.


STEVEN T. SHEDD

Appendix D. Status of Recommendations

Recommendation No.	Resolved	Unresolved	Open/ECD*	Closed
1	X		07/31/06	
2	X		07/31/06	

*Estimated Completion Date.

Appendix E. Report Distribution

Government Printing Office

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Managing Director, Plant Operations
Superintendent of Documents

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