



The Library of Congress
Office of the Inspector General



Office of the Chief Financial Officer

*Travel Credit Card Program:
Controls Generally Effective, but
Some Improvements Are Needed*

Audit Report No. 2009-PA-106
January 2010



UNITED STATES GOVERNMENT


LIBRARY OF CONGRESS

Memorandum

Office of the Inspector General

TO: James Billington
Librarian of Congress

February 9, 2010

FROM: Karl W. Schornagel 
Inspector General

SUBJECT: *Travel Credit Card Program: Controls Generally
Effective, but Some Improvements Are Needed*
Audit Report No. 2009-PA-106

This transmits our final audit report on the Office of the Chief Financial Officer's management of the Library's government travel credit card program. The Executive Summary begins on page *i*, and complete findings and recommendations appear on pages 6 to 14. OCFO's response is briefly summarized in the Executive Summary and in more detail after individual recommendations. Its complete response is included as appendix B.

Based on the written comments to the draft report, we consider all of our recommendations resolved. Please provide, within 30 calendar days, an action plan addressing implementation of the recommendations, including implementation dates, in accordance with LCR 211-6, Section 11.A.

We appreciate the cooperation and courtesies extended by the Office of the Chief Financial Officer during this audit.

cc: Chief Financial Officer
Chief Operating Officer

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▶▶ EXECUTIVE SUMMARY

The Library of Congress makes travel credit cards available to staff who are expected to travel on official business at least once a year. Such cards provide a convenient means for the Library to pay for travel expenses and effectively manage its travel costs. The Library also benefits from rebates that the card provider offers.

This report provides the results of our audit of the Library's travel credit card program. The program is managed by the Library's Office of the Chief Financial Officer (OCFO). The principal purpose of the audit was to determine whether the Library operates an effective program to control the use of the travel cards by Library staff members.

We concluded that OCFO effectively monitors employees' card use, detects instances when cards are misused, and reports instances of improper use to appropriate parties, including the Office of the Inspector General (OIG). We also concluded that the vast majority of Library employees have used their travel cards appropriately and paid their bills on time.

However, we further concluded that OCFO has neither performed timely audits to identify improper transactions nor conducted semiannual reviews to identify inactive cards that should be deactivated. The following paragraphs provide summaries of significant issues we identified through our audit and key recommendations to improve the Library's travel card program.

OCFO Travel Credit Card Policies and Procedures

Generally Comparable to Best Practices—In general, the Library's travel credit card program controls favorably compare to best practices suggested by the Office of Management and Budget (OMB). We recommend that OCFO include more details in its internal written procedures. Doing so would better ensure that staff are fully aware of and consistently apply the control procedures, and have a written document to reference.

When Performed, OCFO Reviews Effectively Detect Card Misuse—Reviews performed by OCFO's Travel Card Coordinator were effective in detecting improper travel credit

card use and, when card misuse was identified, the coordinator reported it to appropriate parties, including the OIG. However, OCFO's card transaction reviews were not occurring on a consistent basis due to problems with the transition to a new card contractor and unexpected Travel Office staff absences. If travel card transactions are not reviewed consistently and thoroughly, the likelihood increases that improper and/or fraudulent transactions or delinquent accounts will not be detected. This may affect the Library's relationship with the vendor and decrease its rebates. We recommend that OCFO ensure that the Travel Office thoroughly reviews travel credit card transactions every month.

The Library's Delinquent Accounts are Minimal—Only 2 of 805 active cardholder accounts were more than 60 days past due as of August 31, 2009, amounting to a total of \$1,503.85. No account was more than 90 days old. This excellent record is attributable to the level of oversight that OCFO provides to ensure that cardholders were paying outstanding balances on their individually billed accounts on time.

OCFO Needs to be More Proactive in Minimizing the Number of Active Cards—OCFO was not performing the travel card account activity reviews that it needed to in order to identify inactive accounts for deactivation and to prevent improper card transactions in the future. According to OCFO, it did not consistently perform this control review partly because it views it as a low priority due to the Library's minimal levels of card abuse and delinquent accounts. We recommend that OCFO (1) perform periodic reviews to identify inactive cards and coordinate with the Service Unit to determine the appropriate action to take and (2) periodically remind supervisors and cardholders of their responsibilities such as notifying OCFO when an employee's job duties change and no longer include traveling.

OCFO concurred with our findings and recommendations.

►► INTRODUCTION

We undertook this audit in view of various waste, fraud, and abuse issues that have affected federal government travel credit card programs.¹ Some federal employees have used travel cards to purchase items and services for personal uses and to obtain premium-class travel accommodations without authorization. Additionally, some have failed to pay their travel card bills in a timely manner. Moreover, investigations conducted by the Library of Congress' Office of the Inspector General (OIG) confirm cases in which Library staff have intentionally misused the government travel credit cards that have been issued to them.

The Library's travel credit card program is managed by the Library's Office of the Chief Financial Officer (OCFO). The Library's policy² is to offer a travel card to employees who are expected to travel at least once a year.³ The purpose of the program is to increase convenience to the traveler and lower the Library's travel costs through reduced needs for the Library to issue cash advances to travelers and avoidance of some administrative expenses. The Library also benefits from rebates offered by the card provider.

Effective November 30, 2008, the Library began using J.P. Morgan Chase (JPMC), a contractor under the General Services Administration's (GSA's) SmartPay 2 Program, as its travel credit card service provider.⁴ The travel card program includes both individually billed accounts and centrally billed accounts. In general, centrally billed accounts are used by OCFO to pay for transportation costs of invitational travelers,⁵ a few Library senior level staff,⁶ and for employees who have

¹ *Waste, Fraud, and Abuse in Agency Travel Card Programs*, Congressional Research Service, May 13, 2009.

² Library of Congress Regulation (LCR) 1750, *General Services Administration Charge Card Program*, November 10, 1997.

³ Each employee must first apply to the contract service provider and have their application approved. This process includes a credit check.

⁴ The Library could select from three GSA SmartPay-2 prime contract providers: Citibank, US Bank, and J.P. Morgan Chase.

⁵ Invitational travelers are non-Library staff invited to speak, perform, or attend a meeting at the Library's expense.

⁶ Senior level staff that travel frequently and/or do a lot of international travel. Using the centrally billed account prevents them from having to charge so much on their individual cards.

not been issued a travel card. In contrast, individually billed travel accounts are used by staff primarily for lodging, rental cars, and other authorized travel expenses associated with approved official travel. The cards also provide the means to obtain cash advances for official trips from automated teller machines (ATMs).

Use of cards for personal expenses is not permitted. The Library is responsible for reimbursing an employee for authorized travel expenses within 30 days of the employee's submission of a properly completed reimbursement claim to the approving official. Cardholders are responsible for making payments to JPMC in full and on time for the expenses that were charged to the cards (with the exception of charges incurred on promptly reported lost or stolen cards).

The Library is under no obligation to pay any employee's credit card bill; the employee must pay his or her bill on time even if the employee has not received reimbursement for the corresponding travel expenses. The Library has no liability for lost or stolen credit cards. Accounts are canceled by JPMC when they are more than 120 days past due.

OCFO's Accounting Operations Office has direct responsibility for monitoring the use of the travel credit cards.⁷ OCFO Directive 08-03 regarding the travel card program (available to all staff on the Library's Staff Intranet) provides guidelines for the program and procedures for requesting, issuing, and using the credit cards. OCFO has one full-time employee who is designated as the Travel Card Coordinator and 100 percent of that employee's time is spent on travel administration. Tasks involved in administering the travel card program vary significantly from day to day.⁸

⁷ LCR 211-5, *Functions and Organization of the Office of the Chief Financial Officer*, December 17, 2008.

⁸ The administrative tasks vary depending upon the number of new travel card applications received, whether or not there is a major conference (such as the American Library Association annual conference), cardholder issues which need to be resolved, and resolving reconciliation issues.

The Coordinator's duties include setting-up new accounts,⁹ understanding and implementing the Federal Travel Regulations and the Library's policies on official travel, monitoring accounts for misuse and delinquency, sending misuse and delinquency notification letters, and responding to cardholders' questions on proper uses of travel cards. An OCFO senior accountant serves as back-up administrator.

Approximately 1,300 Library employees have government cards, but only about 800 of those had been activated as of September 30, 2009. There were 6,107 transactions made by Library employees between November 30, 2008 and August 31, 2009, totaling \$1,141,886, excluding negative transactions (i.e., credits applied to accounts). About 80 percent of the dollars charged represented airline fares and associated fees, lodging expenses, and cash advances from ATMs. Further details on the travel card transactions made by Library employees between November 30, 2008 and August 31, 2009 are provided in Appendix A

The Library earned rebates totaling approximately \$11,300 (rebates averaged about 0.9 percent) from JPMC on the expenses that Library employees charged to their cards between November 30, 2008 and August 31, 2009. The Library is not required to submit these rebates to the U.S. Department of the Treasury. OCFO's Financial Reports Office proportionally allocates the total rebate amount that the Library receives to the service units according to the aggregated amounts that the employees of a particular service unit had charged to their cards.

⁹ Setting up an account includes ensuring the employee completely filled out the Employee Card application, completing sections designated for agency information and authorization, and forwarding the application to the contractor.

► OBJECTIVES, SCOPE AND METHODOLOGY

The objectives of our audit were to determine whether OCFO has established adequate controls to prevent and timely detect travel credit card misuse, to minimize overdue cardholder payments, and to minimize the need for JPMC to charge-off delinquent card account balances.¹⁰ We assessed 1) the adequacy of the travel credit card program's internal controls (e.g., available guidance, required training, the effectiveness of OCFO's card transaction and account inactivity reviews, etc.), 2) the extent to which staff use their cards improperly and whether OCFO effectively detects such activity, 3) the extent of delinquent travel card accounts of Library employees and the effectiveness of OCFO's controls for minimizing them, and 4) OCFO's effort to limit the number of active travel cards to the minimum number practicable.

To assess the adequacy of OCFO's management of the travel credit card program, we held discussions with OCFO and GSA officials. We also compared applicable Library guidance, training, and controls with Office of Management and Budget (OMB) Circular A-123, *Management's Responsibility for Internal Controls*, Appendix B, *Improving the Management of Government Charge Card Programs*, revised January 15, 2009. The circular establishes standard minimum requirements and provides best practices for government credit card programs that agencies may supplement through their own policies and procedures. Because it is not part of the executive branch, the Library is not required to comply with instructional material issued by OMB, however, in our view, OMB's material on managing a government credit card program represents best practices which the Library should follow.

To assess the effectiveness of OCFO's card transaction reviews for determining the extent of card misuse, we selected and tested a random sample of 173 travel credit card transactions (including 168 debit transactions totaling \$40,435.52 and 5 credit transactions totaling \$1,000.94) from a total universe of 6,107 transactions (90 percent confidence level) which were posted between November 30, 2008 (the effective date for JPMC as the Library's travel credit card service provider) and

¹⁰ Usually unpaid balances 120 or more days past due that the card provider deems uncollectible.

August 31, 2009. We traced the transactions made to corresponding travel authorizations to determine whether they represented improper charges for personal items or services. To determine the extent of account delinquencies, we reviewed JPMC Delinquent Account reports and examined applicable information in OCFO's correspondence files.

To assess the effectiveness of OCFO's card account inactivity reviews for identifying cards that should be deactivated, we selected and reviewed a random sample of 45 of the 805 (90 percent confidence level) active cardholder accounts to determine whether they had any account activities during the nine-month period ending August 31, 2009. Similarly, to determine whether OCFO effectively identifies and deactivates the cards of staff who are no longer employed at the Library, we selected and reviewed a random sample of 45 active cardholders to determine whether the cardholders were current Library employees.

Our scope was limited to the administration of and oversight provided through the Library's travel credit card program, which was designed to conform to the GSA SmartPay Program.¹¹ We reviewed card transactions for the period November 30, 2008 through August 31, 2009.

We performed our audit fieldwork from August through November 2009 in accordance with generally accepted government auditing standards and Library of Congress Regulation (LCR) 211-6, *Functions, Authority, and Responsibility of the Inspector General*. Government auditing standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence we obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

¹¹ GSA's SmartPay program includes three types of charge cards: purchase cards, used to pay for the acquisition of goods and services; travel cards, used to pay for official Government travel expenses; and fleet cards, used to pay for fuel and vehicle maintenance and repair.

►► FINDINGS AND RECOMMENDATIONS

Most Library employees use their travel cards appropriately and pay card account bills on time. Only a few cardholders had not paid their account balances when due, and even in those cases, the past due amounts were minimal.

Through this audit, we found that OCFO was effectively monitoring travel card use and was reporting improper card use to the employee, the employee's supervisor, and to the OIG Office of Investigations when it was detected. We also found that OCFO's travel card policies and procedures are comparable to those suggested by the OMB. Moreover, OCFO was introducing training requirements for all cardholders to make sure they fully understand the proper use of the cards.

Notwithstanding these efforts, OCFO needs to ensure it conducts timely card transaction reviews and ensure that the number of cards in "active" status is kept to a minimum. Inappropriate travel card use violates the contract agreement with JPMC and represents abuse of a government-provided resource.

The following sections provide assessments of significant issues we identified during this audit and recommendations to improve the OCFO's management of the Library's travel credit card program.

I. OCFO Travel Credit Card Policies and Procedures Generally Comparable to Best Practices

Operational and administrative controls for the Library's travel credit card program are contained in OCFO Directive 08-03, *Travel Charge Card Program*, effective October 15, 2007, and internal OCFO policies and procedures. The directive outlines procedures for requesting, issuing, and using travel credit cards; specifies OCFO's role in managing the Library's program; and effectively implements the travel card portion of the GSA SmartPay Program at the Library. Internal OCFO policies and procedures provide instruction and guidelines to OCFO staff for the Library program's administration.

We concluded that in general, the Library’s travel credit card program controls favorably compare to corresponding best practices suggested by the OMB¹² as detailed in this comparison of the Library’s policies and procedures and OMB’s suggested best practices:

OMB’s Suggested Best Practices	OIG’s Assessment of the Library’s Controls
Sufficient specificity on allowable purchases.	OCFO 08-03 Sections VI, VII, VIII, and XIII describe purchases that are and are not allowable.
A description of the method the agency utilizes to identify and detect possible card misuse.	OCFO internal written procedures state that the Travel Program Coordinator will review the statements. OIG believes that more specificity is needed to detail the transaction review steps and types of misuse that may occur.
Follow-up actions for misuse.	Addressed in OCFO 08-03 Section XIV.
Documentation and record retention requirements.	Not covered.
A policy on canceling travel card accounts when employees no longer travel or travel very infrequently.	Addressed in OCFO 08-03 Sections X and XI.
A description of the current process for monitoring delinquency, including the reports the agency reviews and the actions that will be taken when a problem is discovered.	OCFO procedures mention monitoring but provide no specifics. OCFO 08-03 Section XI addresses actions taken (i.e., letter to the cardholder and card cancellation).
A description of the steps the agency takes to address turnaround time greater than 15 working days following voucher submission for travel voucher reimbursement.	OCFO 08-03 Section V states that OCFO is responsible for providing reimbursement to travelers within 30 days of travel voucher submission. When vouchers are paid beyond 30 days of proper submission, the Travel Office adds interest to the travel voucher.
Maintaining a policy that ensures that administrative and/or disciplinary actions are initiated in the event cardholders or other program participants fail to meet their responsibilities with respect to appropriate use of charge cards and timely payment of card charges.	Addressed in OCFO 08-03 Section XIV. However, the specific actions that may be taken are not stated.
Communicating the agency’s policy with respect to administrative and/or disciplinary actions to cardholders, and other program participants, including when referral to an agency Office of Inspector General is appropriate and/or required.	Addressed in OCFO 08-03 Section XIV. OCFO internal written procedures mention referral to IG.
All approving officials and travel cardholders receive training before taking on such roles and refresher training at a minimum of every three years. Copies of training certificates must be maintained.	In 2009, OCFO started requiring all new card applicants to complete online the GSA SmartPay Travel Cardholder’s training program. OCFO plans to make this training a requirement for all cardholders. However, OCFO does not plan to require refresher training every three years.

OCFO has taken many positive actions in its management and administration of the Library’s travel credit card program. For example, the office has posted OCFO Directive 08-03 on the

¹² Appendix B of OMB Circular A-123 prescribes policies and procedures to executive branch agencies regarding how to maintain internal controls that reduce the risk of fraud, waste, and error in government charge card programs, including travel cards.

Library's Intranet Web site to ensure that the Library's travel credit card policies are conveniently available for cardholders. It has also established and maintains secure cardholder files.

Moreover, OCFO is using automated tools to control and monitor card spending and prevent fraud, waste, and abuse. For example, OCFO is using credit limits to control cardholder spending and is prohibiting some cardholder transactions (i.e., blocking approvals for goods and services not related to travel via Merchant Category Codes). Additionally, OCFO is using JPMC management reports to help it manage the program. Those reports include Account Activity, Disputed Charges, Unusual Spending Activity, Lost/Stolen Cards, among others.

Although we concluded that in general, the operational and administrative controls of the Library's travel credit card program compare favorably to corresponding best practices suggested by OMB, we believe that OCFO should include more specific details in its internal procedures on performing each step of its travel card transaction review, semiannual activity review, and delinquent report review procedures. Further, it needs to detail what actions are taken when misuse is suspected and the discretion given to the Travel Coordinator. OCFO believed additional written details were unnecessary because it has instructed each Travel Office staffer about the proper procedures for performing the reviews, including monitoring group travel. We believe having written details on each step of the review processes would better ensure all Travel Office staff are fully aware of and consistently apply the procedures, and provide a written document for staff to reference if they have questions on procedures...

Recommendation

We recommend that the Chief Financial Officer:

- a. include more specific details in internal OCFO written procedures for performing travel card transaction reviews and delinquency report reviews. Additional details should include specifics on how different types of improper travel card use should be handled; and
- b. ensure all cardholders are fully aware of their responsibilities and of proper card use by either (1)

requiring all cardholders receive refresher training every three years as suggested by the OMB or (2) sending out a yearly reminder to all cardholders to review OCFO Directive 08-03 and LCR 1750, *General Services Administration Charge Card Program*.

Management Response

OCFO concurred with our findings and recommendations.

II. When Performed, OCFO Reviews Effectively Detect Card Misuse

Testing that we performed on a sample of travel credit card transactions indicated that the OCFO Travel Card Coordinator's reviews were generally effective in detecting improper card use and that the coordinator reported it to the cardholders, the cardholders' supervisors, and the OIG's Office of Investigations. However, the card transaction reviews have not occurred on a consistent monthly basis due to (1) initial problems with the transition to JPMC, (2) the time that the Travel Card Coordinator has needed to perform other duties (e.g., making travel arrangements for Library staff to attend an American Library Association Conference), and (3) unanticipated Travel Office staff absences.

The testing that we performed involved reviewing 173 transactions that we randomly selected from the 6,107 travel credit card transactions made by Library employees between November 30, 2008 and August 31, 2009.¹³ Our reviews included tracing the transactions made to corresponding travel authorizations that we obtained from the OCFO Travel Card Coordinator. Through our testing, we identified eight transactions (4.6 percent) that were improper because they represented charges for personal items or services. The eight transactions totaled \$873.32 (2 percent of the dollar transactions sampled) and involved three cardholder accounts. We confirmed that the Travel Card Coordinator previously identified the eight transactions that we identified through our testing and took appropriate action.

¹³ Our sample was selected at the 90 percent confidence level with a precision range of 5 percent.

If travel card transaction reviews are not done consistently and thoroughly, the likelihood increases that improper and/or fraudulent transactions will not be detected. OCFO informed us that it would take action to ensure the Travel Card Coordinator will have enough time to perform thorough travel card transaction reviews every month.

The sheer volume of travel card transactions (about 678 transactions per month) makes their review a substantial task. In response to a survey conducted by the Association of Government Accountants,¹⁴ a majority of agencies reported that responsibilities for auditing travel expenses are delegated to lower-level supervisors. In general, it is believed that supervisors are better positioned to verify employees' legitimate travel expenses and detect cases of fraud or misuse than an agency travel coordinator would be because they would be more familiar with the employees who had traveled and the requirements of the travel assignments. However, given the present Coordinator's effectiveness in detecting improper credit card use, we believe OCFO should not change its current procedure.

At the time of our fieldwork, OCFO was working with JPMC to determine if software that is compatible with the Library's automated financial system is available to identify potentially fraudulent travel card charges. Adding automation to OCFO's card transaction review process would substantially benefit the program.

Recommendations

We recommend that the Chief Financial Officer:

- a. ensure that travel credit card transactions made by Library employees are thoroughly reviewed by the Travel Office every month; and
- b. issue annual reminders to cardholders regarding proper card use and a suggestion to carry the card only while on official travel.

¹⁴ Association of Government Accountants Corporate Partner Advisory Group Research Series Report No. 4, *The Federal Purchase Card: Use, Policy, and Best Practice*, June 2007.

Management Response

OCFO concurred with our findings and recommendations.

III. Card Delinquency Rates Among Library Staff are Minimal

The percentage of delinquent travel credit card accounts among the Library's cardholders is relatively low and the delinquent balance considerably less than the government average. There were no accounts that were over 90 days past due and only 2 of the 805 active cardholder accounts (0.25 percent) were more than 60 days past due as of August 31, 2009. OCFO has suspended both accounts. The two overdue account balances totaled \$1,503.85 or about 0.80 percent of the total balance due. This favorably compares to a delinquency rate of 1.25 percent for the executive branch agencies reporting travel card statistics to GSA. Similarly, about 86 percent of the executive branch agencies reporting statistics to the GSA had account balances past due more than 90 days while the Library had none.

The Library's excellent record of avoiding cards reaching the point that JPMC will cancel an account (120 days or more past due) is attributable to the level of oversight that OCFO provides to ensure that cardholders were paying outstanding balances on their individually billed accounts on time. At the time of our audit, OCFO was following most of the best practices suggested by OMB regarding delinquent payments. The office was 1) closely monitoring delinquency reports from credit card vendor, 2) promptly contacting delinquent cardholders to ensure payments would be made; and was 3) advising delinquent cardholders that overdue payments may result in disciplinary actions. However, despite OMB's suggestions, OCFO had not implemented split disbursement¹⁵ or salary offset¹⁶ procedures to ensure that delinquent charge amounts would be paid.

¹⁵ Split disbursement is the process of dividing a travel voucher reimbursement between the charge card vendor and traveler. The balance owed to each is sent directly to the applicable party.

¹⁶ Salary offset is the collection of an undisputed, delinquent charge card amount via direct deduction from an employee's payroll disbursement or retirement annuity on behalf of the charge card vendor.

According to OCFO, the Library did not have a policy in place for initiating salary offsets for delinquent cardholder balances. Additionally, the Library's financial system, Momentum, lacks the capability for processing split disbursement payments. Since there were no Library cardholders who had accounts over 90 days past due at the time of our audit, we saw no need for the Library to establish split-disbursement and salary offset payment collection policies.

The Library can be adversely affected by their employees' delinquent travel card accounts even though employees are responsible for paying their account balances on time. Rebates that the Library receives from JPMC may be reduced depending on late payment histories and account delinquencies of employees, and the number of cancelled or charged-off employee accounts. Although rebate amounts are generally minimal compared to the Library's official travel expenditures, they reduce the Library's total travel costs.

Recommendation

None.

IV. OCFO Needs to be More Proactive in Minimizing the Number of Active Cards

At minimum, OCFO should be reviewing travel cardholder accounts in "active" status twice a year to determine whether those accounts have had any activity. OCFO should deactivate accounts that have not had any activity in the prior six months. According to OCFO Directive 08-03, "the Program Coordinator will work with the contractor bank to perform semiannual deactivation of cards that remain inactive during a six-month period."

As of August 31, 2009, 805 Library employees had travel credit card accounts that were in "active" status. Based on a review that we performed on a sample of those accounts, we concluded that OCFO was not performing the travel card account activity reviews that it needed to perform in order to implement the directive procedure. For our review, we randomly selected 45 of the 805 "active" accounts and looked for activity in those accounts from November 30, 2008 and

August 31, 2009.¹⁷ We found that transaction activity was absent in 21 of those 45 card accounts (47 percent) during the nine-month period.

OCFO acknowledged that it was not performing cardholder account activity reviews every six months, and therefore was not meeting the directive's requirement. OCFO explained that the reviews had not been performed partly because it thoroughly reviewed cardholder activity at the start of the new contract (November 30, 2008). Further, due to the minimal level of card abuse and delinquent accounts, OCFO believes an annual review is sufficient. It plans to revise the OCFO Directive 08-03 accordingly. Based on the minimal levels of card abuse, we believe this approach is reasonable.

Although it was not deactivating employees' "active" travel card accounts when activity was absent from those accounts during a six-month period, OCFO was deactivating card accounts in other circumstances and generally conforming to or meeting the intent of OMB's guidance in those situations. Appendix B, *Improving the Management of Government Charge Card Programs*, of OMB Circular A-123 states that an agency's charge card management plan should include recovery of charge cards and other documentation when employees terminate employment, and if applicable, when an employee moves to a different organization.

We found that OCFO was effectively deactivating staff members' travel credit card accounts when staff members terminated their Library employment and when they transferred to other organizations within the Library and no longer needed their travel cards. Deactivations of card accounts of staff members involved in Library organization transfers occurred in response to service unit notifications of the transfers to OCFO.

We noted that OCFO was relying on cardholders to notify JPMC when changes in their addresses occurred. However, in cases of delinquent accounts, OCFO's written procedures should require OCFO to confirm that the card provider's records include up-to-date cardholder names and addresses.

¹⁷ Our sample of 45 accounts was selected at the 90 percent confidence level, and with a precision range of 10 percent.

Recommendations

We recommend that the Chief Financial Officer:

- a. ensure that the Travel Office identify cards without activity in twelve months and coordinate with the Service Units to determine the appropriate action; and
- b. periodically remind supervisors and cardholders of their responsibilities such as notifying OCFO whenever an employee's job no longer involves travel.

Management Response

OCFO concurred with our findings and recommendations.

» CONCLUSION

Overdue and unpaid employee travel card accounts are serious situations for the involved employees and the Library. They represent abuse of a Government-provided resource. A delinquent travel card account may harm an individual's credit rating and may result in the Library's contract card provider suspending or even cancelling the individual's account. Furthermore, an account suspension or cancellation may adversely affect an employee's ability to perform official business travel which would detrimentally affect the employee's job performance. While responsibilities for paying card account balances on time belong to card-user employees, ensuring that employees fulfill their responsibilities is in the Library's best interest.

OCFO has established a good travel card management program, but it has not always performed its program oversight responsibilities as effectively as it should have. Because ineffective monitoring of cardholder transactions is a major reason why fraudulent and improper travel card transactions go undetected, OCFO must perform travel card transaction reviews on a timely basis and deactivate inactive card accounts according to Library procedures to decrease the potential for improper travel card use.

Finally, we concluded that OCFO is providing effective oversight for delinquent accounts. This is important because unpaid employee account balances reduce the rebate amounts that the Library is entitled to receive from the card provider.


Major Contributors to This Report:

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►► APPENDIX A: BREAKDOWN OF TRAVEL CREDIT CARD EXPENSES

Major Expense Categories November 30, 2008 – August 31, 2009

Major Categories	Transactions	Net Amount
Air Fares	1,120	\$453,283
Hotels	935	325,643
Cash Advances	262	55,726
Restaurants	967	31,038
Business Services	91	30,161
Rail Fares	217	24,803
Travel Agent Fee	824	26,275
Travel Agency/Tour Operator Fees	91	21,891
Membership Organizations	40	18,745
Car Rental	110	18,461
Colleges, Univ., Prof. Schools	19	10,170
Charitable Services	35	8,247
Parking	171	7,538
Finance Charges	669	6,119
Taxis	147	5,754
Gasoline	113	2,378
Other	296	36,838
Totals	6,107	\$1,083,067

▶▶ APPENDIX B: MANAGEMENT RESPONSEUNITED STATES GOVERNMENT
MEMORANDUM LIBRARY OF CONGRESS
Office of the Chief Financial Officer

DATE: January 19, 2010

TO: Karl W. Schornagel
Inspector General of the Library of Congress

FROM: Jeffrey Page
Chief Financial Officer

SUBJECT: Response to IG Audit Report No. 2009-PA-106

Thank you for the opportunity to comment on IG Audit Report 2009-PA-106. Our responses to your recommendation follow:

I. OCFO Travel Credit Card Policies and Procedures Generally Comparable to Best Practices

We concur with your recommendations. OCFO is in the process of working with the card service provider to schedule additional demonstrations of their fraud prevention and detection tools which could automate some parts of our review process. Our current procedures will be updated to reflect any changes and include more details after the tools have been implemented. OCFO plans to require retraining for staff that have abused their card privileges or have had delinquent accounts as part of our updated review procedures. OCFO also plans to send an annual reminder to all staff about their travel card privileges and responsibilities, and to remind staff that OCFO Directive 08-03 is on the OCFO Intranet site, as part of our year end close procedures.

II. When Performed, OCFO Reviews Effectively Detect Card Misuse

We concur with your recommendations. OCFO plans to establish a monthly due date for the review and develop a procedure for ensuring the reviews have been completed. Our target date for implementing these procedures is April 1, 2010.

III. Card Delinquency Rates Among Library Staff are Minimal

There were no recommendations for this section of the report.

IV. OCFO Needs to be More Proactive in Minimizing the Number of Active Cards

We concur with your recommendations. The Accounting Operations Office is creating a year end task list beginning with fiscal 2010. The review of inactive cards will be included on the task list and performed annually as part of year end close. OCFO currently provides name and address updates to the card service provider for any employee upon request.