

FINAL REPORT

**Audit of the Travel Card
Program**

**No. IG-02-03-A
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**PEACE CORPS
Office of Inspector General**


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AUDIT OF THE TRAVEL CARD PROGRAM

INTRODUCTION

The Office of Inspector General (OIG) conducted an audit of the Peace Corps' travel card program. The audit involved an examination and analysis of operations in the Office of Planning, Budget, and Finance.

PRINCIPAL FINDINGS

The agency had an effective system in place to manage the travel card program. The agency implemented policies and procedures for cardholders to follow, evaluated cardholders' purchases, and tracked cardholders' use. The agency program coordinator developed an effective system to monitor purchases made by cardholders that reduced the risk of cardholders misusing the travel card.

BACKGROUND

The General Services Administration master contract offers a worldwide system for purchasing travel and travel-related products and services. Under this program, credit cards are issued to purchase travel and travel-related services and products. Citibank offers centrally billed and individually billed accounts. The program is designed to simplify purchases, reduce paperwork and administrative costs, improve cash management, streamline payment procedures, and improve management controls.

The Federal Travel Regulations require agencies to pay for government travel with charge instruments under contract, e.g., the Citibank Government Travel Card. In November 1999, the Peace Corps signed an agreement with Citibank to use its Government Travel Card Program. The agency established centrally billed and individually billed accounts. The Chief Financial Officer designated an agency program coordinator to manage the travel card program at the Peace Corps. During calendar year 2001, the average number of cards active each month was 460.

OBJECTIVE AND METHODOLOGY

The objective of this audit was to determine whether the Peace Corps had a system to monitor the use of the government travel card. We reviewed Peace Corps' policies, procedures, and regulations for the program. We evaluated the programs operations and functions against generally accepted management practices for internal controls.

The audit was performed at Peace Corps headquarters from October 15 to January 18, 2002. The on-site review covered fiscal year 2001. Senior auditor Renee Thomas performed the audit. Our evidence-gathering methods included document analysis, personal interviews, and direct observation. The audit was conducted in accordance with generally accepted government auditing standards.

RESULTS OF AUDIT

The agency had an effective system to manage the travel card program.

The agency managed the travel card program by implementing policies and procedures for cardholders to follow, evaluating cardholders' purchases, and tracking cardholders' use. The agency program coordinator developed an effective system to monitor purchases made by each cardholder. Policies and procedures for cardholders to follow were distributed by e-mail. The coordinator created a spreadsheet to track the number of active cards, delinquencies, and notices issued for delinquencies or possible misuse.

The coordinator analyzed each cardholder's charges monthly and issued notices to cardholders who were delinquent or who made questionable purchases. During the last eight months of the fiscal year, the coordinator wrote 157 letters to cardholders. The program coordinator created professionally written, formal notices of delinquency and questionable charges. The coordinator sent them to cardholders who were delinquent for thirty days or more and to those with questionable charges. The coordinator evaluated the cardholder responses to determine whether questionable charges were adequately explained and followed up on each until it was resolved. A few cardholders who received notices requesting an explanation of charges did not understand why they were being asked to explain questionable charges. The coordinator professionally explained why the notices were sent and made the individual aware that the use of the card was for government travel and subject to government review.

Of the 157 letters, 126 were delinquency letters, 30 were for questionable charges, and one was for possible misuse. The coordinator's diligent monitoring of cardholder use and timely follow-up resulted in all of these issues being resolved.

All of the information on the travel card program was not available on the intranet.

Some cardholders responded to delinquency and misuse notices by complaining that they did not have the customer service number or payment address. Others responded that they did not know that the VISA card was for government travel expenses only. All of this information was included with the guidance provided to each cardholder by Citibank and the coordinator. In addition, the coordinator discussed this at the training provided to cardholders.

The policy issued by Peace Corps did not include the Citibank customer service phone number and the Citibank payment address for easy access. The agency policies and updates did not remind cardholders to call the Citibank customer service department to report a change of home address promptly. The agency policies and updates did not list allowable expenses, particularly typical expenses incurred by recruiters. The agency policies and updates did not include a copy of the letters that would be issued for delinquency or possible misuse.

The agency program coordinator updated and e-mailed policies and procedures to all cardholders. Citibank sends the cardholder a Travel Card Cardholder Guide with procedures to follow. While posting this information on the internet is not required, in our opinion it would be helpful for the Peace Corps to provide cardholders with easy access at any time to standardized policies and any updates.

Former employees accounts were still open months after they left the agency.

By comparing the Citibank account listing with the list of departed employees, we identified former employees whose accounts were still open months after they departed the agency. Many of the employees whose accounts were not closed were from the regional offices. The coordinator identified many of the employees who left the agency and closed their accounts. During calendar year 2001 the coordinator closed an average of 55 accounts each month. The coordinator learned about some departed employees by asking IFO and BIT staff whether employees had left the agency.

We did not find evidence that a former employee had used the card after leaving the agency.

Recommendations

1. That the agency include the following information on the intranet:
 - ◆ the Citibank customer service phone number,
 - ◆ the Citibank payment address,
 - ◆ a reminder to report address changes to Citibank promptly,
 - ◆ a list of typical, allowable expenses,
 - ◆ a sample of the letters issued for delinquency, and
 - ◆ a sample of the letters issued for possible misuse.
2. That the agency establish a system to promptly notify the program coordinator when staff members leave the agency.

Appendix A
Agency Response

RESPONSE TO REPORT OF AUDIT OF TRAVEL CARDS
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Recommendation #1:

That the agency includes the following information on the intranet:

- The Citibank customer service phone number,
- The Citibank payment address,
- A reminder to report address changes to Citibank promptly,
- A list of typical, allowable expenses,
- A sample of the letters issued for delinquency, and
- A sample of the letters issued for possible misuse.

Response to Recommendation #1:

Concur, with exception.

We are in agreement that the first four items on the above referenced list should be available on the Peace Corps Intranet. While the Citibank customer service number is currently on the Intranet, it would be more effective to have all the contact information in one place. Therefore, we are modifying the "Here's what you need to do to access CitiDirect . . ." document that cardholders receive at the time of card issuance to include the customer service number, payment address and a reminder to contact Citibank to report address changes. This document will be submitted to the Intranet Coordinator for placement on the Intranet by September 16, 2002.

The jointly signed memorandum from the Chief Financial Officer and the Director of Human Resource Management titled "Travel Cards – Misuse and Late Payments" was revised on June 13, 2002 to include the following statement: "**TRAVEL CARD IS FOR OFFICIAL TRAVEL ONLY. ONLY CHARGE WHAT IS AUTHORIZED ON THE TRAVEL AUTHORIZATION.** The employee's travel authorization is his/her *official* guidance for what expenses are allowable. This document is also issued to the employee at the time of card issuance. The revised memorandum was submitted to the Intranet Coordinator for placement of the Intranet on August 23, 2002.

We are not in agreement with the audit recommendation that a sample of letters issued for delinquency and/or possible misuse should be included on the Internet. At the time of travel card issuance employees are given both written and verbal instructions regarding appropriate travel card usage. In addition, the joint memorandum from the Chief Financial Officer and Director of Human Resource Management warns employees of the action that will occur if they are delinquent paying or misusing their card. This memorandum also provides contact information if the cardholder has any questions regarding misuse or delinquency and is on the Peace Corps Intranet.

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Recommendation #2:

That the agency establishes a system to promptly notify the program coordinator when staff members leave the agency.

Response to Recommendation #2:

Concur.

Currently a BIT Manager is required to sign Section D of the *Peace Corps Clearance For Final Payment Form* to acknowledge the employee has no travel card and/or cash advance outstanding. In the past, a BIT Manager has not always signed the signature line. BIT Managers have been reminded that one of the three BIT Managers must always sign the clearance document, that it is their responsibility to ensure all records have been checked, and that the travel card coordinator has been properly notified. I have forwarded a memorandum to the Director of Human Resource Management advising that their office should accept no other signature when they conduct the final clearance form review.

Appendix B

OIG Comments on the agency response

OIG COMMENTS

We have reviewed the CFO's response to each of the recommendations in this report and have closed both the recommendations.

Closed recommendations do not necessarily mean that we have reviewed the actions taken by management. We may perform a follow-up review to determine if actions were taken and if they were effective in improving performance.