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September 27, 2000

MEMORANDUM FOR M/CFO, Elmer S. Owens

FROM: IG/A/PA, Dianne L. Rawl

SUBJECT: Audit of USAID's Internal Controls over its Government-Sponsored Travel Card Program (Audit Report No. 9-000-00-004-P)

This memorandum is our report on the subject audit. We designed and performed the audit to determine whether USAID has appropriate controls to monitor its government-sponsored travel card program. Based on our audit work, we concluded that USAID generally has appropriate controls to monitor its government-sponsored travel card program. However, we found certain areas in which USAID should strengthen and document its controls in order to 1) maximize the use of travel cards and travel card rebates and 2) minimize the misuse of travel cards. We have made three procedural recommendations to address those issues.

In your response to our draft report you indicated agreement with the intent of our audit recommendations but suggested some modifications to each. We have concurred with and adopted your suggested changes for all three recommendations and consider that a management decision has been reached for each of them. Your comments are included in their entirety in Appendix II.

I want to express my sincere appreciation for the cooperation and courtesies extended to my staff during this review.

Background

Official travel results in significant expenditures for the federal government each year. In fiscal year 2000, USAID estimates that it will spend about \$28 million for travel costs from funds appropriated for operating expenses. Additional travel expenses are paid from appropriated program funds, but no estimated or actual figures are available because USAID does not budget or account for those expenses as a separate line item.

Reducing federal travel costs has been a longstanding goal of the U.S. government. Continuing efforts to improve federal travel by saving unnecessary costs and making the process more efficient include the enactment of Public Law 105-264, known as the Travel and Transportation

Reform Act of 1998. This Act, passed by Congress on October 19, 1998, requires federal employees to use government-sponsored travel charge cards to pay for official government travel expenses. Congress anticipated that, by increasing use of travel charge cards, agencies could 1) increase the amount of rebates received from contractors that issue charge cards for official government travel and 2) reduce administrative costs by consolidating travel expenditures and streamlining the process for paying travel advance funds.

The General Services Administration (GSA) issued regulations¹ implementing the requirements of the Act, with an effective date of February 29, 2000. GSA's regulations required that federal agencies select a travel card provider from a list of approved contractors. USAID currently uses Citibank, through a master contract with the State Department, to supply Visa travel cards to USAID personnel and offices.² Under this contract, Citibank provides two types of government-sponsored travel cards: 1) individual travel cards and 2) "centrally-billed" travel cards.

Individual travel cards are provided to USAID employees to pay for travel-related expenses while on official travel. This card is issued in the name of the employee, who is then responsible for paying Citibank directly for expenses charged on the card. While USAID is under no financial obligation to pay for charges made by employees on individual travel cards, under the terms of its contract, USAID may, upon written request from Citibank, help Citibank collect overdue balances from USAID employees. Centrally-billed travel cards are provided to USAID/Washington and certain overseas missions to purchase airline tickets and travelers checks for official travel. USAID/Washington and the missions with cards are responsible for paying Citibank directly for expenses charged on centrally-billed cards.

This audit was initiated as part of the Office of Inspector General's on-going responsibility to review the effectiveness of final actions taken by management to correct problems noted in prior audit reports. In this case, we were interested in actions taken in response to our Audit of USAID's Use of the American Express Travel Card³.

Audit Objective

We designed the audit to answer the following question:

Does USAID have appropriate controls to monitor its government-sponsored travel card program?

¹ On January 19, 2000, GSA issued its Final Rule on Mandatory Use of the Travel Charge Card in 41 CFR Parts 301-51, 301-52, 301-54, 301-70, 301-71, and 301-76, which amended the Federal Travel Regulation provisions pertaining to payment by the government of expenses connected with official government travel.

² USAID's contract with Citibank replaced a similar contract with American Express, which expired in November 1998.

³Audit Report No. 9-000-98-004-P, dated September 8, 1998.

Appendix I contains a complete discussion of the scope and methodology for this audit.

Audit Findings

Does USAID have appropriate controls to monitor its government-sponsored travel card program?

Based on our audit testing, we determined that USAID generally has appropriate controls to monitor its government-sponsored travel card program. However, we found certain areas in which USAID should strengthen and document its controls in order to 1) maximize the use of travel cards and travel card rebates and 2) minimize the misuse of travel cards.

Our prior audit of USAID's travel card program disclosed that USAID had not developed written procedures for the program's internal controls as required by the U.S. General Accounting Office's "Standards for Internal Controls in the Federal Government." Those standards include, among other requirements, a specific standard for documentation that states:

Internal control systems and all transactions and other significant events are to be clearly documented and the documentation is to be readily available for examination. This standard requires written evidence of an agency's internal control objectives and techniques. The documentation of internal control systems should include identification of the cycles and related objectives and techniques, and should appear in management directives, administrative policy, and accounting manuals.

Our prior audit included a recommendation that USAID develop written internal controls for operating and monitoring the Agency's travel card program. This audit recommendation was closed after USAID issued new travel card guidance in its Automated Directives System⁴. During our current review of this closed recommendation, we determined that the new guidance did not fully address the concerns included in the audit report. The new guidance included policies and procedures for operating the government-sponsored travel card program, but it did not specify how the program was to be monitored. Also, several significant changes—including the passage of the Travel and Transportation Reform Act of 1998 and the change in USAID's travel card provider—have occurred since the prior audit and have affected USAID's travel card program.

USAID Needs to Ensure that Non-Exempted Travelers Obtain an Individual Travel Card

⁴ USAID's travel card policy, originally issued in November 1998 under ADS 577, has been moved to ADS 633.

Applicable laws and regulations require that all federal travel expenses, unless specifically exempted, be charged on government-sponsored travel cards. Agency policy currently requires that all non-exempted USAID employees obtain and use individual travel cards for official travel-related expenses. During 1999, only one-third of the travelers listed on travel authorizations submitted to USAID/Washington charged their travel expenses to a government-sponsored travel card. This occurred largely because USAID did not ensure that all travelers had obtained an individual travel card prior to traveling. Without an individual travel card, USAID employees were not able to charge their official travel expenses as required. Not charging travel expenses to government-sponsored travel cards reduced potential travel card rebates.

Recommendation No. 1: We recommend that the Office of the Chief Financial Officer develop procedures and internal controls to help ensure that non-exempted travelers obtain an individual government-sponsored travel card.

The Travel and Transportation Reform Act of 1998 states that, “the [GSA] Administrator shall require that Federal employees use the travel charge card . . . for all payments of expenses of official Government travel.” GSA issued travel regulations which required federal employees to use a government-sponsored travel card for official travel expenses unless a vendor did not accept the card, or an exemption had been granted by GSA or the employees’ agency. While the effective date of GSA’s regulations was February 29, 2000, USAID implemented the requirements of the Act in November 1998 with the publication of ADS 577 and updated the policy in March 1999. USAID’s travel card policy reaffirms GSA’s regulations and further stipulates that:

All direct hire employees and personal service contractors (PSC) must have the Government-issued travel charge card (VISA). Travelers must use their Government-Sponsored Travel Cards, when practical, to pay for lodging, meals (where the card is accepted), rental vehicles, excess baggage, and other related travel expenses.

The principal control USAID put in place to ensure compliance with this policy was to eliminate cash travel advances,⁵ except under special circumstances. Despite this change, we found that only one-third of the travelers listed on travel authorizations submitted to USAID/Washington for official travel in 1999 charged any travel expenses on government-sponsored travel cards. This low usage resulted, in part, because only half of USAID/Washington’s travelers in 1999 had individual government-sponsored travel cards on which to charge their travel expenses. In

⁵ USAID Policy Interim Update, dated March 22, 1999, effectively eliminated travel advances as of March 1, 1999, for all USAID/Washington employees and personal service contractors.

fact, as of May 2000, only 55 percent of all USAID employees⁶ had travel card accounts, as shown in the following chart.

	As of 9/99			As of 12/99			As of 5/00		
	Number of Employees	Total with Travel Card	%	Number of Employees	Total with Travel Card	%	Number of Employees	Total with Travel Card	%
USDH FS	1,084	546	50	1,073	586	55	1,081	760	70
USDH GS	1,127	504	45	1,106	517	47	1,057	548	52
USPSC	546	96	18	563	109	19	587	195	33
Totals	2,757	1,146	42	2,742	1,212	44	2,725	1,503	55

Since September 1999, USAID has significantly increased its number of travel cardholders. However, as of May 2000, it still had 1,222 employees without an individual travel card. Many of those employees might have worked in positions for which they would not likely have performed official travel and would therefore not have needed a travel card. Even so, hundreds of employees without cards were actual or potential travelers.

Because many of USAID's actual and potential travelers did not have government-sponsored travel cards, USAID's travel card program did not fully comply with U.S. law or USAID policy. Further, because the formula Citibank uses to calculate rebates to USAID is based, in part, on travel card usage, any official travel expenses not charged to government-sponsored travel cards effectively reduced potential travel card rebates.

Management Comments and Our Evaluation

In response to our draft report, USAID management indicated that it agreed with the intent of the above recommendation, but suggested that the recommendation be modified toward developing controls which would give reasonable, rather than absolute, assurance that non-exempted travelers obtain an individual government-sponsored travel card. Pending our agreement with this suggested change, USAID management said that it would develop new procedures by December 31, 2000. USAID management further stated that it was considering a change to current policy to only require individuals who expect to travel more than once a year to obtain a card. Based on this response, we have modified our recommendation and consider it to have received a management decision.

⁶ For purposes of this audit report, references to USAID "employees" include U.S. direct hire Foreign Service (USDH FS) and General Schedule (USDH GS) employees, as well as U.S. Personal Service Contractors (USPSC).

USAID Should Explore Appropriate Ways to Utilize Travel Card Rebates

The Travel and Transportation Reform Act of 1998 was enacted in order to reduce the cost of federal travel, in part, by increasing the amounts rebated by travel card contractors to federal agencies for using travel charge cards. USAID's travel card rebates originated from travel funded by both operating expense and program appropriations, but in an unknown proportion. USAID officials believed that, because that proportion was unknown, they could not use the rebates appropriately. Accordingly, they sent the rebates to the U.S. Treasury as miscellaneous receipts. Consequently, USAID has not benefited financially from travel card rebates.

Recommendation No. 2: We recommend that the Office of the Chief Financial Officer implement appropriate action to utilize travel card rebates.

Congress passed the Travel and Transportation Reform Act of 1998 in order to reduce the cost of federal travel. The Congressional Budget Office (CBO) estimated that enacting this legislation would reduce federal travel costs by about \$90 million over a five-year period. A primary component of this estimate was an increase in the amounts rebated to federal agencies by travel card contractors for using travel charge cards. According to the CBO, if federal employees and agencies used travel charge cards for all travel-related expenses, the federal government would be eligible to receive up to \$40 million in rebates during fiscal year 1999. It was the CBO's understanding that federal agencies would be allowed to spend the funds rebated from their travel card providers.

USAID's travel expenses are funded by both operating expense and program appropriations. Therefore, travel card rebates can originate from travel funded by either type of appropriation. USAID is currently unable to determine the proportion of travel expenses and travel card rebates resulting from operating expense funds and program funds. Because of restrictions on the use of program funds for operating expenses, USAID financial management officials decided to send all travel card rebates to the U.S. Treasury as miscellaneous receipts.

From November 1998 to November 1999, USAID's rebates from Citibank totaled only \$7,549.73. However, Citibank deducted a percentage of those rebates and paid those deducted funds directly to GSA for its Industrial Funding Fee and to the Joint Financial Management Improvement Program as prescribed by law. USAID first deposited the remaining rebate amount of \$5,382.91 as miscellaneous income and then turned it over to the U.S. Treasury. Consequently, USAID has not used the rebates generated through its government-sponsored travel card program as intended.

Management Comments and Our Evaluation

In response to our draft report, USAID management concurred that the Agency should find a way to utilize travel card rebates. USAID management's response indicated that the problem of allocating the rebate between program and operating funds could be resolved by using a ratio developed from Washington-based travel expenses. It further stated that USAID management

was waiting for specific legislative authority, to be included in the President's Budget for FY 2001, to retain travel card rebates. Based on this response, we have modified our recommendation and consider it to have received a management decision.

USAID Needs to Improve Documentation of Controls to Minimize Misuse of Travel Cards

Federal regulations and USAID policies prohibit the misuse of government-sponsored travel cards and indicate that serious abuse by employees can result in disciplinary action. We found that USAID could better detect and minimize travel card misuse by documenting internal controls in certain areas of its travel card program. Specifically, USAID needs to document control procedures to minimize personal use of travel cards, multiple accounts per employee, open accounts for separated employees, and unknown cardholders. By minimizing travel card misuse, USAID could increase the effectiveness of its travel card program and help its employees avoid situations that might result in the need for disciplinary action.

Recommendation No. 3: We recommend that the Office of the Chief Financial Officer document procedures for managing USAID's travel card program. The procedures should specifically include controls to minimize: a) personal use of travel cards, b) multiple accounts per employee, c) open accounts for separated employees, and d) unknown cardholders.

Following are areas in which USAID management should develop and document controls to protect against travel card misuse.

Personal Use of Travel Cards - Federal regulations prohibit the use of government-sponsored travel cards for purposes other than those associated with official travel. Under authority granted by Public Law 105-264, GSA issued federal travel regulations⁷ that stated: "the Government contractor-issued travel charge card may be used only for official travel related expenses." GSA's regulations further indicated that employees who misuse their travel cards may be subject to "appropriate disciplinary action."

USAID policies also prohibit the personal use of travel cards and note that travel card accounts could be suspended or canceled for serious misuse. In addition, the policy indicates that serious abuse of the travel card could result in disciplinary action. ADS 633.5.2 states:

The Government-Sponsored Travel Card shall only be used for official, travel-related transactions. Absolutely no personal use of the card is permitted. Employees shall not use the Government-Sponsored Travel Card to charge anything that is not associated with their approved travel authorization (TA).

⁷ 41 CFR 301-70.

ADS 487 specifically states that federal employees using or allowing the use of Government credit cards or other resources for purposes not authorized by law or regulation could be subject to a range of penalties including removal. Despite this guidance, Citibank records for 1999 included a number of questionable charges that appeared to be personal in nature. For example, during 1999, we found charges made by 27 different USAID employees for payments to such merchants as department stores, book stores, and medical service providers. Other charges were made over the internet for merchandise of an undisclosed nature.

USAID's monitoring of Citibank records for misuse of travel cards is done solely by USAID's travel card program coordinator. According to ADS 633, the duties of the travel card program coordinator include reviewing travel card reports from Citibank, on a monthly basis, to "monitor cardholder activity and check for fraud and abuse by viewing the charges for each card." If it appears that a traveler has charged non-travel-related items or used the card when not scheduled for official travel, the coordinator may investigate further for abuse. The coordinator advised that when questionable charges appear to warrant further investigation, he sometimes called the employees to discuss the charges. However, he did not keep a record of such calls, inform USAID's Office of Human Resources or the employees' immediate supervisors, or check travel records to verify whether employees were actually on official travel status when they made the questionable charges. We believe that these would be reasonable procedures that, if followed, could help detect past and minimize future misuse of travel cards. At the time of the audit, no disciplinary action had been taken against any USAID employee for misuse of a Citibank travel card. However, after receiving a list of the 27 employees with questionable charges identified during the audit, USAID management indicated that they would review the charges and initiate appropriate action as soon as they had gathered the necessary information.

Multiple Accounts per Employee - In our prior audit of USAID's travel card program, we found that nine employees had more than one travel card account. As of December 31, 1999, there were 23 cardholders with multiple USAID travel card accounts. This occurred because USAID did not implement a control procedure to monitor and detect the existence of multiple accounts. While USAID's policy does not specifically prohibit an employee from having more than one active travel card account, we believe that multiple accounts may lead to misuse of cards.

We reviewed 1,414 individual accounts from a database provided by Citibank and found that 23 individuals had multiple USAID travel card accounts. We believe that allowing multiple accounts may lead to the misuse of cards and may circumvent other controls USAID has in place to prevent abuse. For example, monitoring the charges of a cardholder becomes more difficult the more accounts there are to monitor. Also, cardholders who have one account suspended or closed due to misuse or delinquency might continue abusing other accounts. In fact, we found a case where one employee had two separate travel card accounts. As of December 1999, one account had a \$3,462.80 balance and was over 100 days past due, and the other account had a balance of \$2,642.60 and was 25-35 days past due.

There are several potential ways USAID could solve this problem. Because new applications have to go through the travel card coordinator, that person could electronically search a current database of cardholders to determine whether a new applicant already had an active account. Additionally, USAID could periodically search the Citibank database for cardholders with multiple accounts using computer software. Finally, USAID could request that Citibank, under the terms of its contract, perform similar functions on a routine basis.

Open Accounts for Separated Employees - USAID policy requires that employees separating from the Agency return their government-sponsored travel cards and close their travel card accounts. As of May 2000, there were 61 separated employees with open travel card accounts. This condition existed, in part, because USAID did not have an effective system to determine that the accounts of all separated employees had actually been closed. Federal Travel Regulations state that government-sponsored travel cards may be used only for official travel-related expenses. Charges made by USAID employees after separation from the Agency, unless working for USAID in another capacity, would probably not be for official travel expenses. Thus, having separated employees with active travel card accounts adds another dimension of vulnerability for USAID's travel card program.

According to ADS 633, "Upon separation from the Agency, employees and PSCs must return their Government-Sponsored Travel Card to the Program Coordinator and close their Travel Card account." The clearance process for direct hire employees separating from USAID/Washington requires completion of a separation clearance form (AID 7-47A) which contains a list of actions to be taken by employees prior to separation. Included in this list is a fiscal clearance, initialed by a financial management officer, that the employee has turned in government-sponsored credit cards.

For employees separating while overseas, the separation clearance process may be different at each USAID mission. For example, some missions may use forms which do not require the return of government-sponsored credit cards. This problem becomes even more challenging for personal service contractors (PSCs). According to one USAID official, there are no formal checkout procedures for PSCs that include returning their government-sponsored travel cards.

USAID records show that between August 1997 and May 2000, 185 direct hire employees with travel card accounts separated from USAID. As of May 2000, 61 (33 percent) of those separated employees had open travel card accounts. We reviewed personnel files for the separated employees with open travel card accounts and found that nearly two-thirds of those files included copies of clearance forms with initials indicating that travel cards had been turned in, yet the Citibank accounts remained open.

This occurred, in part, because USAID did not have an effective system to 1) identify cardholders who were separating from the Agency or 2) determine that separated employees' travel card accounts were closed. The fact that separated employees have open travel card accounts adds another dimension of vulnerability to USAID's travel card program. For example, one of the cardholders on Citibank's database was an individual who had left USAID

over three years ago. This individual continued charging expenses to the travel card. As of November 1999, this individual's travel card balance totaled nearly \$7,000, most of which was over 100 days past due.

To help resolve this problem, USAID should ensure that checkout procedures for all direct hire employees, whether separating from USAID/Washington or overseas, as well as personal service contractors ending their contracts, include the submission of travel cards and the cancellation of open travel card accounts. Further, USAID's travel card coordinators could periodically compare a list of separated USAID employees with Citibank's database of travel cardholders.

Unknown Cardholders - USAID policy is that the government-sponsored travel card may only be used for official, travel-related transactions. Citibank's database of USAID cardholders for May 2000 includes individuals who do not appear to be current USAID employees. Obviously, USAID management cannot ensure that travel card charges made by non-USAID employees are for official Agency travel expenses.

ADS 633 states that the government-sponsored travel card may only be used for official, travel-related transactions. Citibank's database of USAID cardholders for May 2000 includes 82 individuals who do not appear to be USAID employees. Those individuals' names do not show up on USAID's employee rosters, PSC listings, or email/telephone directories. If those individuals are not USAID employees, USAID management cannot ensure that travel card charges made by non-USAID employees were for official Agency travel expenses. Further, USAID would be unable to help Citibank collect payment should non-USAID employees fail to pay their travel card balances.

USAID management could address this problem by periodically reviewing Citibank's cardholder database to ensure that only eligible USAID employees have active travel card accounts. This could be done by comparing the cardholder database to lists of direct hire and contract employees.

Management Comments and Our Evaluation

In response to our draft report, USAID management indicated that it agreed with the intent of the above recommendation and suggested that the recommendation be modified to only require the documentation of existing procedures. They stated that the internal controls in place, although not documented, appeared to address the areas cited in the draft. USAID management proposed documenting these internal controls in a separate guidebook for the Program Coordinator to be published by December 31, 2000. Based on this response, we have modified our recommendation and consider it to have received a management decision.

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Scope and Methodology

Scope

The Office of Inspector General (OIG) conducted an audit to determine if USAID had appropriate controls to administer its government-sponsored travel card program. This audit was conducted in accordance with generally accepted government auditing standards. Per those standards, we are disclosing that many OIG staff members participate in USAID's travel card program and were consequently included in the databases sampled during the audit. We do not believe that this in any way impaired the independence of the OIG staff working on this audit.

Fieldwork for the audit took place in USAID's Washington, D.C. offices between September 1999 and August 2000. The scope of this audit covered charges made with USAID's government-sponsored travel cards since the contract with Citibank began in November 1998, through December 31, 1999. For certain parts of the program the scope was expanded to include updated data as of May 31, 2000, as well as information on employees separated from the Agency since August 1997.

Methodology

In order to meet the objective for this audit, we interviewed officials from USAID, Citibank, the Office of Management and Budget, General Services Administration, American Express, and the Office of Inspector General. We also examined documentation and performed the following tasks:

- reviewed copies of USAID General Notices and Automated Directives System (ADS) to understand USAID's policies and procedures regarding its government-sponsored travel card program;
- reviewed a copy of GSA's master contract with approved travel card providers;
- reviewed copies of monthly Citibank reports on USAID employee travel card activities to determine whether employees made any questionable charges to their travel card accounts;
- reviewed an electronic database from Citibank of USAID travel card accounts for the periods of September 1999, December 1999, and May 2000 to determine the number of cardholders; and

- tested a sample of approved travel authorizations in USAID/Washington's Travel Office for official travel during 1999 to determine the extent of travel card usage.



U. S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

SEP 22 2000

MEMORANDUM

TO: IG/A/PA, Dianne L. Rawl
FROM: M/CFO, Elmer S. Owens *E. S. Owens*
SUBJECT: Audit of USAID's Internal Controls over its Government-Sponsored Travel Card Program

Following is our response to the recommendations contained in the September 8, 2000 draft report on the subject audit:

Recommendation No. 1: We Recommend that the Office of Financial Management, Bureau for Management, develop, document, and implement internal controls to ensure that all non-exempted USAID travelers obtain an individual government-sponsored travel card.

We agree with the intent of the above recommendation. However, we do not believe it is possible to develop and implement internal controls which would ensure that everyone who should have a card in fact has one. As you know, internal control systems are designed to give reasonable assurances, not zero tolerance. Accordingly, I would suggest that the recommendation be reworded as follows:

We recommend that the Office of the Chief Financial Officer develop procedures and internal controls to help ensure that non-exempted travelers obtain an individual government-sponsored travel card.

If you agree with the suggested change in the recommendation, we will develop and implement the new procedures by December 31, 2000. Please note that one of the changes we are considering is to only require individuals who expect to travel more than once a year to obtain a card. This change in policy would reduce the number of cards in circulation to employees who are not required to travel and also reduce the potential of abuse of the card.

I believe the statement on page 5 of the draft report that the program is not in compliance with U.S. law or USAID policy overstates the situation. This statement is based

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on credit card usage in 1999, before the GSA regulations on mandatory use of the card went into effect. As the report noted, the Agency has increased the number of cardholders in 2000. We anticipate that this trend will continue. However, it would be unreasonable to expect that we would go from 42% of staff having a card to 100% of staff who travel having a card in such a short period of time.

Recommendation No. 2 – We recommend that the Office of Financial Management, Bureau for Management, develop a study to explore appropriate ways in which USAID could utilize travel card rebates, as intended.

We agree that the Agency should find a way to utilize the travel card rebates. The draft report identifies the problem we have allocating the rebate between program and operating funds. We believe that this problem can be resolved using a ratio of USAID/Washington OE funded travel versus USAID/Washington program funded travel. However, the draft report does not address the other major issue regarding the disposition of the rebates, i.e. the lack of any legislative authority to retain the funds. We are aware of at least one major Department that has specific language authorizing it to retain their rebates. Unfortunately, USAID does not have such language. As you know, the President's Budget for FY 2001 contains a request to establish a Working Capital Fund (WCF) for USAID. The proposed language includes authority to deposit the credit card rebates to the WCF. Therefore, we intend to wait to see if the WCF language is enacted into law before proceeding to take any action on this matter.

Given the forgoing, we suggest that the recommendation be changed as follows:

We recommend that the Office of the Chief Financial Officer implement appropriate action to utilize travel card rebates.

Recommendation No. 3 – We recommend that the Office of Financial Management, Bureau for Management, in conjunction with other USAID offices and bureaus, as appropriate, develop, document, and implement internal controls to help prevent misuse of government-sponsored travel cards. Such controls should specifically include controls to minimize: a) personal use of travel cards, b) multiple accounts per employee, c) open accounts for separated employees, and d) unknown cardholders.

We agree with the intent of this recommendation. We believe that internal controls are in place to address the areas cited in the draft report. In fact, given the low percentage of exceptions noted, it would appear that the controls are functioning as intended. It is unlikely that any set of internal controls would prevent all exceptions.

On the other hand, we agree that the implementing procedures are not documented and that our files do not contain adequate evidence that the controls are being implemented. Therefore, we propose to document the internal control process as a separate guidebook for the Program Coordinator. The guidebook will be published by December 31, 2000. Accordingly, we would suggest that the recommendation be changed as follows:

We recommend that the Office of the Chief Financial Officer document the procedures for managing the travel card program. The procedures should specify the internal controls that help prevent misuse of government-sponsored travel cards. Such controls should specifically include controls to minimize: a) personal use of travel cards, b) multiple accounts per employee, c) open accounts for separated employees, and d) unknown cardholders.

I would like to thank you and the auditor-in-charge for the helpful and cooperative manner in which the audit was conducted. The results of the audit will strengthen the Agency's travel card program. If you have any questions or would like to discuss this response, please call me at X24737 or Richard Levine at X25996.

Cc:
M/FM:Richard Levine
M/FM:Joe Cicippio
M/MPI/MIC:Connie Turner

Filename: 90004000
Directory: C:\TEMP
Template: D:\MSOffice\Templates\Normal.dot
Title:
Subject:
Author: Jay R. Rollins
Keywords:
Comments:
Creation Date: 10/02/00 8:25 AM
Change Number: 2
Last Saved On: 10/02/00 8:25 AM
Last Saved By: Ernestine Cromartie
Total Editing Time: 2 Minutes
Last Printed On: 10/02/00 8:32 AM
As of Last Complete Printing
Number of Pages: 17
Number of Words: 4,236 (approx.)
Number of Characters: 24,149 (approx.)