



U.S. DEPARTMENT OF TRANSPORTATION
OFFICE OF INSPECTOR GENERAL

**DOT Needs To Strengthen Travel Card
Program Internal Controls To Minimize
Misuse**

OST

Report No. FS2021011

December 16, 2020





DOT Needs to Strengthen Travel Card Program Internal Controls to Minimize Misuse

Required by the Government Charge Card Abuse Prevention Act of 2012

Department of Transportation | FS2021011 | December 16, 2020

What We Looked At

According to U.S. Bank, Department of Transportation (DOT) employees made more than 1.1 million travel card transactions—totaling \$180 million—in calendar year 2019. In 2014, we reported on internal control weaknesses in the Department’s travel card program and found that excessive or unauthorized cash advances and instances of travel card misuse sometimes went undetected because DOT lacked robust internal controls to prevent these transactions. In addition, our annual charge card risk assessments disclosed areas that constitute risk to the Department’s charge card program such as outdated and incomplete policies, overdue travel card training, and a travel card account that remained active after a travel cardholder (TCH) separated from the Agency. As a result, we determined that another audit of this program was needed. Accordingly, our objective was to determine whether DOT’s internal controls for its travel card program are effectively designed and operating efficiently to prevent and detect travel card misuse and abuse.

What We Found

We identified internal control weaknesses that prohibit DOT from preventing or detecting the inappropriate use of travel cards. These weaknesses have resulted in TCHs not consistently following existing controls, increasing the risk of travel card misuse and abuse. Specifically, based on our findings for 71 of the 793 travel card transactions in our samples, TCHs did not always follow prescribed controls for an estimated \$18.6 million in purchases. Furthermore, we found that TCHs did not use their Government travel cards to pay for \$28 million in official travel related expenses, thus preventing DOT from receiving the total amount of rebates it would be eligible to receive.

Our Recommendations

We made 11 recommendations to assist DOT in increasing the effectiveness of its internal controls. DOT fully concurred with the all of our recommendations, and we consider them resolved but open pending completion of the planned actions.

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Memorandum

Date: December 16, 2020

Subject: ACTION: DOT Needs to Strengthen Travel Card Program Internal Controls to Minimize Misuse | Report No. FS2021011

From: Louis C. King
Assistant Inspector General for Financial Audits 

To: Chief Financial Officer, Department of Transportation

According to U.S. Bank,¹ Department of Transportation (DOT) employees made more than 1.1 million travel card transactions—totaling \$180 million—in calendar year 2019. The Chief Financial Officer (CFO) in the Office of the Assistant Secretary for Budget and Programs (OASBP) manages DOT’s travel card program and delegates the day-to-day program management duties to DOT’s National Program Coordinator (NPC), who resides within the OASBP. OASBP oversees this program for all DOT Operating Administrations (OA), including the Federal Aviation Administration (FAA).

In 2014, we evaluated whether travel card program internal controls were properly designed and implemented to prevent and detect abuse or misuse.² During that audit, we found that excessive or unauthorized cash advances and instances of travel card misuse sometimes went undetected because DOT lacked robust internal controls to prevent these transactions.

We have not audited the Department’s travel card program since 2014. However, we have performed annual charge card risk assessments that disclosed areas that constitute risk to the program—such as outdated and incomplete policies, overdue travel card training, and a travel card account that remained active after a travel cardholder (TCH) separated from the Agency. As a result, we determined that OIG should conduct another audit of this program.

¹ U.S. Bank is the service provider that issues travel cards for DOT.

² *Actions Needed To Enhance Controls Over Travel Cards* (OIG Report No. FI-2014-129), September 18, 2014. OIG reports are available on our website: www.oig.dot.gov.

Our objective for this audit was to determine whether DOT's internal controls for its travel card program are effectively designed and operating efficiently to prevent and detect travel card misuse and abuse.

We conducted our work in accordance with generally accepted Government auditing standards. To accomplish our objective, we reviewed relevant laws, regulations, and other authorities that govern DOT's travel card program. We reviewed the departmentwide travel card management policy, as well as DOT and individual OA's travel policies and procedures. We interviewed the key DOT personnel who oversee travel card operations. We also assessed the effectiveness of internal controls by analyzing statistical samples of cash advance³ transactions, purchase transactions, and travel vouchers⁴ with expenses that were incurred during calendar year 2019. For the cash advance sample, our total sample size was 386 with a total transaction amount of \$99,797. For the purchase transactions sample, our total sample size was 407 with a total absolute transaction amount of \$471,879. For the closed voucher sample, our total sample size was 68 with a total voucher amount of \$182,103. Exhibit A details our scope and methodology. Exhibit B lists the entities we visited or contacted.

We appreciate the courtesies and cooperation of Department of Transportation representatives during this audit. If you have any questions concerning this report, please call me at (202) 366-1407 or George Banks, Program Director, at (202) 420-1116.

cc: The Secretary
DOT Audit Liaison, M-1

³ A cash advance is the withdrawal of money from an automated teller machine or financial institution. TCHs use cash advances as a secondary method of payment when vendors do not accept travel cards.

⁴ A travel voucher is a written request, submitted by the TCH, for reimbursement of expenses incurred in the performance of official travel. The voucher must be supported by documentation and receipts.

Results in Brief

DOT's controls are not sufficient to prevent or detect inappropriate use of travel cards.

We found that TCHs did not follow prescribed policies and procedures for an estimated \$18.6 million⁵ in purchases of a universe totaling \$193.6 million. These findings are based on 71 of the 793 travel card transactions in our samples.⁶ DOT is required to establish and maintain internal control activities to ensure the proper, efficient, and effective use of travel charge cards. It is also required to have policies and procedures to reduce waste, fraud, and error in Government charge card programs. Our analysis of travel card transactions, found instances in which TCHs were not using their travel cards appropriately. Specifically, TCHs did not always obtain approved written authorization⁷ prior to incurring temporary duty (TDY)⁸ travel expenses; used the travel card for purposes unrelated to official travel; took cash advances more than 3 days prior to starting trips; and claimed travel expenses on vouchers without adequate supporting documents. Also, from our review of a sample of closed vouchers, we estimate that TCHs did not use their Government travel cards to pay for \$28 million in official travel related expenses, as required.⁹ In addition, TCHs did not complete mandatory refresher training within required timeframes. In some cases, managers did not certify if employees needed a travel card, as required, before they open new travel card account. Lastly, we found a TCH without authorized official travel who made personal purchases on their travel card. These purchases—totaling approximately \$40,000—included payments for cruises, for airline tickets, to a utility company, and at a supermarket in close proximity to the TCH's residence. These internal control weaknesses occurred because some TCHs did not follow prescribed controls, or the controls were not adequately designed or operating effectively to help ensure effective oversight. Such issues significantly increase the risk that travel cards will be misused or abused.

We are making recommendations to assist DOT in improving its oversight of the travel card program and increasing the effectiveness of its internal controls.

⁵ Our \$18.6 million estimate has a precision of +/- \$5.6 million or 2.9 percent of the \$193.6 million in the universe at the 95-percent confidence level so that our confidence limits range from \$13 million to \$24.2 million.

⁶ The 793 sampled transactions are from the combined cash advance sample, which has 386 sample items totaling \$99,797, and the purchase transaction sample, which has 407 sample items totaling \$471,879, which are pulled from all travel card transactions made between January 1, 2019 and December 31, 2019.

⁷ Written authorizations provide individuals or groups permission to take official business trips. They must include a specific purpose, itinerary, and estimated costs.

⁸ TDY travel is travel that is more than a 50-mile radius from an employee's official duty station.

⁹ Our \$28 million estimate has a precision of +/- \$6.6 million or 2.6 percent of the estimated \$253.6 million universe at the 90-percent confidence level so that our confidence limits range from \$21.5 million to \$34.6 million.

Background

DOT uses travel cards to improve cash management, reduce administrative workloads, and enhance service to travelers. The Government Charge Card Abuse Prevention Act of 2012¹⁰ requires Executive Branch agencies to establish and maintain internal controls to ensure the proper, efficient, and effective use of travel charge cards. The Office of Management and Budget (OMB) prescribes policies and procedures to reduce waste, fraud, and error in Government charge card programs.¹¹

DOT's travel card program is governed by two policies. First, DOT's Travel Card Management Policy (travel card policy) facilitates and standardizes a safe, effective, convenient, and commercially available method for travelers to pay for expenses incurred during official travel, including local travel.¹² It also requires travel cardholders to use their cards for all expenses related to official travel, wherever accepted, unless otherwise exempted. Second, the Temporary Duty Assignment Travel Manual (travel manual) establishes procedures, identifies key roles, and defines responsibilities for TDY travel. The travel card policy is the primary internal travel card guidance for all DOT OAs, including FAA. However, the travel manual does not apply to FAA. Instead, FAA has its own internal travel guidance,¹³ which supplements the DOT travel card policy.

Travel program staff have various roles and responsibilities. Travel card personnel at the departmental level include OASBP's CFO and the NPC. The CFO establishes and manages the DOT-wide travel card policy. The NPC performs day-to-day travel card management duties, as delegated by the CFO. The NPC's responsibilities include maintaining oversight; management control; and an in-depth knowledge of DOT's travel card program, policies, and procedures. At the OA level, travel card personnel include the Level 2 agency/organization program coordinators (A/OPC), the cardholder's first level manager or approving official (AO), and the TCHs. Each of these roles has different responsibilities. A/OPCs manage daily travel card program operations for their respective OAs. Their responsibilities include establishing new travel card accounts, managing changes to account information, and monitoring travel card activities¹⁴ and delinquencies. AO duties include certifying that a travel card applicant's position and duties

¹⁰ Public Law No. 112-194 (2012).

¹¹ OMB, Circular A-123, Appendix B, *A Risk Management Framework for Government Charge Card Programs*, August 27, 2019.

¹² DOT defines local travel to be travel within a 50-mile radius of an employee's official duty station.

¹³ FAA, *Federal Aviation Administration Travel Policy*, November 1, 2016.

¹⁴ The A/OPCs review cash advance reports to determine if cash advances: (1) were associated with official travel, (2) were within the approved meal and incidental expenses, and (3) were taken no more than 3 days prior to travel. They also receive and review notifications of potentially unauthorized purchases identified by US Bank.

necessitate a travel card account, authorizing travel, and reviewing and approving travel vouchers. TCHs are responsible for adhering to DOT's travel card policies and procedures, as well as applicable supplemental travel card guidance issued by individual OAs, and paying undisputed amounts documented on monthly billing statements in full.

DOT employees use two different types of travel charge card accounts: individually billed travel card accounts (IBA) and centrally billed travel card accounts (CBA). IBAs are issued to individual employees and are used to pay for official travel and travel-related expenses. IBA travel cardholders are directly responsible for all purchases charged to their travel cards. CBAs are issued to DOT OAs and managed by key travel card management officials. These officials book travel arrangements for individuals without IBAs, such as United States Merchant Marine Academy midshipmen, employee travel companions, and potential hires.

DOT's Controls Are Not Sufficient To Prevent or Detect Inappropriate Use of Travel Cards

We identified internal control weaknesses in multiple areas within DOT's travel card program. For example, TCHs did not always follow prescribed policies and procedures for an estimated \$18.6 million¹⁵ in expenses. For the 386 cash advance transactions we tested, we found travel authorization approvals were not obtained before travel expenses were incurred, cash advances were used for purposes unrelated to official travel, a travel expense claimed on a voucher was not adequately supported, and TCHs took cash advances more than 3 days prior to the start of trips. For the 407 purchase transactions we tested, some TCHs did not obtain travel authorization approvals before travel expenses were incurred, travel cards were used for purchases unrelated to official travel, and travel expenses claimed on vouchers were not adequately supported. In addition, we reviewed a sample of closed travel vouchers and found that TCHs did not use their travel card to pay official travel related expenses. Moreover, some TCHs used their travel card without completing mandatory refresher training and some managers did not certify that employees applying for travel cards actually needed them.

¹⁵ Our \$18.6 million estimate has a precision of +/- \$5.6 million or 2.9 percent of the \$193.6 million in the universe at the 95-percent confidence level so that our confidence limits range from \$13 million to \$24.2 million.

TCHs Did Not Always Follow Prescribed Controls for an Estimated \$18.6 Million in Purchases

We found that TCHs did not follow prescribed controls when making 71 of 793 sampled transactions—totaling \$47,447. Based on our findings, we estimate transactions in the amount of \$18.6 million (9.6 percent of the universe total) were made by TCHs who did not follow existing controls. According to FAA’s travel policy, TCHs are responsible for ensuring they have written and approved authorizations, prior to incurring travel-related expenses. The travel policy states that travelers must provide itemized receipts with their travel claims, including receipts for lodging and transportation expenses. Further, FAA’s standard operating procedures document the process for conducting a proper voucher review. However, in 2019, a TCH began a trip on October 7 but did not submit a travel authorization request until October 10, which was then approved on October 15. This did not comply with FAA’s travel policy, which requires prior approval. The same TCH claimed reimbursement for lodging expenses totaling \$2,157 without attaching a receipt to the voucher as required. These issues occurred because neither the TCH nor the AO reviewing the voucher followed FAA’s existing policy and guidance.

TCHs risk incurring unauthorized travel expenses when they do not follow one or more of the prescribed controls for travel card transactions. Furthermore, when AOs do not properly review vouchers, they increase the risk that the Department may reimburse travelers for unsupported costs. Table 1 summarizes the transactions in our samples that had noncompliance issues.¹⁶

¹⁶ One transaction had more than one noncompliance issue but is reflected only once in the projection calculation.

Table 1. Schedule of Noncompliant Travel Card Transactions

Area of Noncompliance	Number of Noncompliant Cash Advance Transactions	Dollar Value of Noncompliant Cash Advance Transactions	Number of Noncompliant Purchase Transactions	Dollar Value of Noncompliant Purchase Transactions	Total Dollar Value of Noncompliant Transactions
Travel expenses incurred without prior authorization	25	\$4,722	34	\$39,997	\$44,719
Travel card misuse and/or abuse	3	\$750	3	\$942	\$1,692
Unsupported reimbursements	1	\$123	4	\$2,422	\$2,545
Timeliness of cash withdrawals	2	\$647	N/A	N/A	\$647

Source: OIG analysis

TCHs Incurred Travel Expenses Before Their Written Authorizations Were Approved

We found that 59 of 793 sampled transactions in our combined sample—totaling \$44,719—were associated with trips that did not have approved written authorizations before TCHs incurred travel expenses. The transactions were subsequently authorized and approved. These late approvals occurred because TCHs and AOs did not follow established policy and management lacked oversight. Based on our findings, we estimate \$16.8 million¹⁷ of the transactions in the universe were associated with trips that occurred without prior written authorization. DOT’s travel manual and FAA’s travel guidance state travelers must have an approved written authorization to travel before incurring any travel expenses. When travel authorizations do not receive the required approval, there is an increased risk that unauthorized purchases will be made with Government travel cards.

¹⁷ Our \$16.8 million estimate has a precision of +/- \$5.4 million or 2.8 percent of the \$193.6 million universe at the 95-percent confidence level so that our confidence limits range from \$11.5 million to \$22.2 million.

TCHs Used Travel Cards for Purposes Unrelated to Official Travel

We identified 6 of 793 travel card transactions in our combined sample with unauthorized costs—totaling \$1,692. Based on our findings, we estimate \$1.5 million¹⁸ of the transactions in the universe were not related to official travel. DOT's travel card policy states that TCHs may not use travel cards for any transactions, personal or otherwise, unrelated to official travel. However, we found that a TCH overpaid their travel card account and recovered the overpayment by taking a \$343 cash advance from the card. The TCH did not know the correct way to recover the money because DOT's travel card policy does not address overpayments. Further, the Federal Travel Regulation states that travelers may not use travel cards for personal reasons while on official travel. Contrary to this regulation, we found that a TCH made an unauthorized \$217 purchase at a Costco warehouse located near their residence. We also reviewed this TCH's transactions in the universe and identified \$2,351 in additional unauthorized purchases at restaurants and grocery stores that were located in close proximity to the TCH's residence. These purchases occurred before the TCH's authorized trip and while they were on break from TDY. TCHs made unauthorized purchases and cash advances because the Agency does not have sufficient controls in place to identify unauthorized transactions. As long as TCHs pay their travel card account statements within 30 days of the payment due date, they can make unauthorized purchases without the Department's knowledge.

Travel Expenses Claimed on Vouchers Sometimes Lacked Adequate Support

We identified 5 of 793 sampled transactions in our combined sample with questioned costs totaling \$2,545. Receipts for these costs were either unavailable or did not support the claimed reimbursement amounts. Based on our findings, we estimate \$750,783¹⁹ of the travel expenses in the universe were not adequately supported. FAA's travel policy states that travelers must provide itemized receipts with their travel claims, including receipts for any lodging or transportation expenses. Yet, an FAA TCH claimed reimbursement for hotel taxes totaling \$70 but the receipt included with the voucher only supported taxes

¹⁸ Our \$1.5 million estimate has a precision of +/- \$1.7 million or 0.9 percent of the \$193.6 million universe at the 95-percent confidence level so that our confidence limits range from \$1,692 to \$3.2 million.

¹⁹ Our \$750,783 estimate has a precision of +/- \$1 million or 0.5 percent of the \$193.6 million universe at the 95-percent confidence level so that our confidence limits range from \$2,545 to \$1.8 million.

totaling \$31.72. Another FAA TCH claimed reimbursement for lodging expenses totaling \$2,157 but did not attach a receipt to the voucher as required. These issues occurred because Department staff responsible for reviewing and approving submitted travel vouchers did not properly review voucher support or return vouchers that lacked supporting documentation. This is because the Department's travel card guidance does not specify the steps necessary to review vouchers. Additionally, while FAA has a standard operating procedure that describes how to review a voucher, employees did not follow this guidance. When approvers do not properly review vouchers, the Government faces an increased risk that it may reimburse travelers for unsupported costs.

TCHs Sometimes Took Cash Advances More Than 3 Days Prior To Starting Trips

We identified 2 of 386 transactions—totaling \$647—where TCHs withdrew cash more than 3 days in advance of the trip. Based on our findings, we estimate \$17,219²⁰ of the transactions in the universe were associated with noncompliant cash advances. According to DOT's travel card policy, TCHs are permitted to withdraw cash only in the 3 days before a trip with an approved travel authorization and during the approved trip dates. However, we found examples of noncompliance where TCHs withdrew cash 6 and 5 days prior to their trips. This occurred because TCHs did not follow the Department's established policy, and DOT does not have suitably designed controls to detect cash advances that occur more than 3 days prior to an authorized trip. Not following this requirement increases the risk that money will be used for purposes unrelated to the trip.

TCHs Did Not Use Their Government Travel Cards To Pay for All Official Travel Expenses

We identified 33 of 68 travel vouchers in our sample²¹ that included \$17,913 in travel-related expenses that were paid with personal funds rather than a travel card. Based on our findings, we estimate that \$28 million²² of the travel-related

²⁰ Our estimate of \$17,219 has a precision of +/- \$23,591 or 0.73% of the \$3.2 million universe at the 95-percent confidence level so that our confidence limits range from \$647 to \$40,811.

²¹ We reviewed a statistical sample of 68 out of 202,989 travel vouchers closed between January 1, 2019 and January 31, 2020. This sample had a transaction amount of \$182,103.

²² Our estimate of \$28 million has a precision of +/- \$6.6 million or 2.6% of the \$253.6 million universe at the 90-percent confidence level so that our confidence limits range from \$21.5 million to \$34.6 million.

expenses in the universe were not paid with travel cards. DOT's travel card policy states that DOT travel cardholders must use their travel cards for all expenses related to official travel, wherever accepted, unless otherwise exempted. To determine whether any trips did not comply with this requirement, we reviewed all expenses on travel vouchers for noncompliance. We found a TCH who traveled for 5 days but only charged two meal transactions to their travel card. The remaining meals were paid for with personal funds. One TCH used personal funds to pay for lodging expenses. Another TCH rented a car but did not charge the rental or fuel expenses to their travel card; the invoice showed these expenses were paid for with a different credit card. Despite having clear guidance, DOT does not have controls designed to detect official travel expenses that were not paid with the travel card as required. Per the General Services Administration, each agency or organization using travel cards receives a rebate based on sales volume. According to the Office of the Secretary (OST), DOT received travel card rebates totaling \$3.5 million in calendar year 2019. Had TCHs used their travel cards to pay for all official travel-related reimbursable expenses, DOT would have received an even higher rebate amount.

FAA TCHs Were Not Always Timely With Cardholder Refresher Training

Some FAA TCHs did not take the cardholder refresher training in FAA's electronic learning management system (eLMS). We determined 14 of 68 TCHs in our sample did not have training records available in eLMS. Three of these cardholders did not take the refresher training course that was loaded in their eLMS learning profiles, and the course was not loaded in the profiles for the remaining 11 cardholders. DOT's travel card policy states that all DOT travel card program participants must complete refresher training, at a minimum, once every 3 years. Also, OMB Circular A-123, Appendix B²³ states that all program participants must take refresher training in accordance with agency policy but, at a minimum, every 3 years. The DOT travel card policy does not indicate specifically who is responsible for ensuring TCH training requirements are met. FAA did not monitor cardholder refresher training to ensure it was completed in a timely manner. Also, FAA does not have effective controls in place to ensure refresher training is consistently set up in eLMS for its travel card holders. Using the travel card without completing the required refresher training increases the risk that TCHs will use the cards improperly.

²³ OMB, Circular A-123, Appendix B, *A Risk Management Framework for Government Charge Card Programs*, August 27, 2019.

Managers Did Not Always Certify In Advance That Applicants Needed a Travel Card Account

During our preliminary information gathering interviews, DOT travel card program A/OPCs communicated that employees do not obtain manager approval when they apply for travel cards. DOT's travel card policy requires managers to certify that an applicant's position and duties necessitate a travel card account. Additionally, OMB Circular A-123, Appendix B, requires that controls exist to ensure that the application for a Government charge card is completed by each employee, is approved by the employee's manager, and includes documentation of management approval. According to A/OPCs, employees send an email to the A/OPC requesting a travel charge card but only copy their manager on the email. However, the manager does not certify in advance that employees need a travel card, as required. This situation exists because managers are not following policy, and the Agency's oversight is lax. As a result, there is an increased risk that travel cards will be issued to employees whose positions do not require travel—providing more opportunities for misuse or abuse. For example, an FAA TCH had transactions in the universe totaling \$40,000. This amount included charges for cruises, airline tickets, a third-party payment processor,²⁴ payments to a utility company, and a supermarket in close proximity to the TCH's residence. We were not able to find any trip authorizations or vouchers in DOT's electronic travel management system to justify any of these transactions. We did not see a manager certification indicating that the employee needed a travel card account. FAA confirmed that the employee's position did not require travel, and we determined that all of the employee's transactions were unauthorized.

Conclusion

Many DOT employees are required to travel in support of the DOT's mission. Therefore, it is essential that the Department manages the travel card program effectively and efficiently to maintain the integrity of the program and reduce opportunities for travel card misuse and abuse. OMB, OASBP, and FAA prescribe policies and procedures for TDY travel and appropriate use of the travel card for

²⁴ Third-party payment processors offer e-commerce and internet payment solutions for commercial transactions. The processors own merchant accounts that allow them to accept and process charge card orders on behalf of other vendors. These orders are generally considered high-risk transactions because they are susceptible to fraud and misuse.

travel-related expenses. However, these established policies and procedures are not consistently followed by TCHs and AOs or enforced by travel card program personnel. Internal controls—such as the travel card application process and the voucher review process—are not designed to prevent or detect noncompliance. Without DOT better managing the program, the risk of travel card misuse and abuse will persist.

Recommendations

To strengthen compliance with existing travel card requirements and enhance controls, we recommend that the Chief Financial Officer:

1. Notify all travel card program participants that advance written approval must be obtained prior to incurring any travel expenses.
2. Develop and implement a plan for Agency/Organization Program Coordinator to identify travel authorizations that were not submitted or approved prior to the incurrence of official travel-related expenses. The plan should include follow-up with cardholders and approvers on instances where noncompliance is identified.
3. Update DOT's travel card management policy, DOT Order 15006.b, and DOT travel card training to include guidance on how cardholders should recover travel card account overpayments.
4. Develop and implement a control that will allow the Department to identify questionable travel card transactions outside of the delinquency report review that is performed by the operating administrations.
5. Expand existing training for managers and Approving Officials to incorporate a proper voucher review.
6. Notify all travel cardholders that cash withdrawals must not occur more than 3 days prior to an authorized trip.
7. Strengthen current cash-advance controls to test cardholder compliance with cash advances and require follow-up with cardholders when instances are detected.
8. Design and implement a control to test that cardholders are using the travel card to pay only for official travel expenses as required. The control should include follow-up with cardholders when charges unrelated to official travel are detected.

9. Modify training materials to emphasize the required use of the travel card for all expenses related to official travel.
10. Develop and implement controls to require that refresher training is administered timely in electronic learning management system, and require that cardholders complete refresher training in a timely manner.
11. Modify the current travel card application process to include a manager certification as required by the DOT travel card management policy.

Agency Comments and OIG Response

We provided DOT with our draft report on November 10, 2020, and received its formal response on December 7, 2020. DOT's response is included in its entirety as an appendix to this report. DOT fully concurred with all 11 recommendations and provided appropriate actions and completion dates. Accordingly, we consider all recommendations resolved but open pending completion of planned actions.

Actions Required

We consider all 11 recommendations resolved but open pending completion of planned actions.

Exhibit A. Scope and Methodology

We conducted this performance audit between January 2020 and November 2020 in accordance with generally accepted Government auditing standards as prescribed by the Comptroller General of the United States. These 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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The audit scope covered all DOT travel card transactions from January 1, 2019 to December 31, 2019 and all DOT employees who possessed a travel card during that period. The scope also included a review of Federal laws and regulations; travel card policies and procedures; travel card transaction data from US Bank; cardholder refresher training records; and transaction-related supporting documentation such as travel authorizations, vouchers, and receipts.

To accomplish our objective to determine whether DOT's internal controls for its travel card program are effectively designed and operating efficiently to prevent and detect travel card misuse and abuse, we assessed the effectiveness of travel card program's internal controls. We did this by selecting statistical samples of travel card transactions. We downloaded all 1,105,177 DOT transaction records—including cash advance transactions and purchase transactions—between January 1, 2019, and December 31, 2019 from the US Bank server. The universe for the sample of cash advance transactions was the subset of all downloaded transactions, where "money" was the merchant category code group description. From this subset, we removed 85 negative cash advance values. The universe for the purchase transactions sample was the subset of all downloaded transactions where "money" was not the merchant category code group description. We analyzed these samples to determine whether TCHs followed the required process when incurring travel expenses and the supporting documentation was sufficient to support each sampled transaction.

For the cash advance transactions sample, we stratified the cash advance transactions universe into 14 strata based on the 13 OAs and a census strata for high cash advance values. For the sample size computations, we used an estimated noncompliance rate of 50 percent, a confidence level of 95 percent, and a precision no greater than +/- 5 percent—with a minimum of two cash advances transaction per strata. We allocated sample sizes to each strata as approximately proportional to the total value of cash advances in each strata. We selected samples based on probability proportional to the size of the cash advance amount. Our total sample size was 386 with a total cash advance amount of \$99,797.25 (3.1 percent) of the \$3,253,076.10 in the universe amount.

For the purchase transactions sample, we stratified the purchase transactions universe into 15 strata based on the 13 OAs, a census strata for high purchase transaction values, and a strata for negative transaction amount values. For our sample size computations, we used an estimated noncompliance rate of 50 percent, a confidence level of 95 percent, and a precision no greater than +/- 5 percent, with a minimum of two purchase transactions per strata. We allocated sample sizes to each strata as approximately proportional to the total absolute value of transactions in each strata. We selected samples based on probability proportional to the size of the transaction amount. Our total sample size was 407 with a total purchase transaction amount of \$471,878.99 (0.25 percent) of the \$190,322,778.61 total absolute value of transactions in the universe.

We also sought to determine if TCHs pay official expenses with their travel cards as required by Federal and DOT policies. To do this, we selected a statistical sample of 68 closed vouchers from a universe of 202,989 DOT and FAA closed vouchers in the E2 Travel system from January 1, 2019 through January 31, 2020. The total voucher amount for the universe was \$275,585,084.46. For our sample size computations, we used an estimated noncompliance rate of 50 percent, a confidence level of 90 percent, and a precision no greater than +/-10 percent. We selected samples based on probability proportional to the size of the voucher amount. We did not perform a stratification.

Additionally, we selected a sample of 68 TCHs and reviewed their refresher training records to identify those who did not complete the required training timely. We used the calendar year 2019 DOT transaction records, downloaded from the US Bank server, to select the sample of TCHs. The sample unit was a unique combination of the account name and the account number which contained the last four digits of the DOT travel card number, after removing duplicates. There were 27,618 unique account name and number combinations among DOT travel card transactions in 2019. For our sample size computations, we used an estimated noncompliance rate of 50 percent, a confidence level of 90 percent, and a precision no greater than +/-10 percent. We took a simple random sample and did not perform a stratification.

We assessed the control environment by identifying the oversight and management roles and responsibilities of key travel card program officials. We interviewed those officials to determine how they perform their responsibilities. Through such interviews and our review of DOT policy and procedures, we gained an understanding of how DOT's travel card program operates in key internal control areas, identified by OMB A-123, Appendix B, such as the application, transaction, review and approval, and the charge card management processes. We also evaluated whether DOT policies and procedures comply with the Federal laws and regulations that govern the travel card program.

For our analysis, we relied on computer-generated data from US Bank. We assessed the reliability of the data by verifying the data against supporting documentation from DOT's electronic travel management system. Based on our testing, we determined US Bank's data were sufficiently reliable for the purpose of achieving our objective.

Exhibit B. Organizations Visited or Contacted

DOT Headquarters

Office of the Secretary
Office of the Assistant Secretary for Budget and Programs
Office of the Inspector General
Federal Aviation Administration
Federal Highway Administration
Federal Motor Carrier Safety Administration
Federal Railroad Administration
Federal Transit Administration
Maritime Administration
National Highway Traffic Safety Administration
Pipeline and Hazardous Materials Safety Administration
Saint Lawrence Seaway Development Corporation

DOT Field Offices

Volpe Center, Cambridge, MA
Enterprise Services Center, Oklahoma City, OK

Other Organizations

U.S. Bank

Exhibit C. List of Acronyms

AO	Approving Official
A/OPC	Agency/Organization Program Coordinator
CBA	Centrally Billed Account
CFO	Chief Financial Officer
DOT	Department of Transportation
eLMS	Electronic Learning Management System
FAA	Federal Aviation Administration
IBA	Individually Billed Account
NPC	National Program Coordinator
OA	Operating Administration
OASBP	Office of the Assistant Secretary for Budget and Programs
OIG	Office of Inspector General
OMB	Office of Management and Budget
OST	Office of the Secretary
TCH	Travel Cardholder
TDY	Temporary Duty

Exhibit D. Major Contributors to This Report

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Appendix. Agency Comments



Memorandum

U.S Department of
Transportation

Office of the Secretary
of Transportation

Subject: INFORMATION: Management Response to the
Office of Inspector General's (OIG) Draft Report
on DOT's Travel Card Program

Date: December 7, 2020

From: Jennifer Funk
Deputy Chief Financial Officer

JENNIFER
SANCHEZ FUNK

Digitally signed by JENNIFER
SANCHEZ FUNK
Date: 2020.12.07 13:01:22
-0500

To: Louis C. King
Assistant Inspector General for Financial Audits

The Office of the Assistant Secretary for Budget and Programs is dedicated to safeguarding DOT's travel card program. The DOT travel card program aids the Department in fulfilling its mission. The Department continues to improve in all phases of managing DOT's travel card program, including internal controls, policy development, training, and process improvement.

In addition to our ongoing efforts to improve the DOT travel card program, the Department has the following initiatives underway to address specific issues that OIG described in its draft report:

- Updating the DOT Travel Card management policy which will continue to stress the importance of obtaining preapproval of travel authorizations.
- Releasing a new travel card training module within the DOT training system. The updates will include a control to systematically track training completion and notify employees when training is due. The new training module addresses many of the recommendations in this audit report and is scheduled to be available by the second quarter of fiscal year (FY) 2021.
- Preparing new training materials for both approving officials and travelers.
- Developing a travel data analytics tool that will allow DOT to more efficiently identify and research questionable travel card transactions. The Department anticipates the tool will be fully implemented in FY 2022.

Based on our review of the draft report, we concur with OIG's eleven recommendations as written and plan to complete actions to address all recommendations by December 31, 2022.

We appreciate the opportunity to review the OIG draft report. Please contact Dan King, at 202-366-5381 with any questions.

U.S. DOT IG Fraud & Safety Hotline

hotline@oig.dot.gov | (800) 424-9071

<https://www.oig.dot.gov/hotline>

Our Mission

OIG conducts audits and investigations on behalf of the American public to improve the performance and integrity of DOT's programs to ensure a safe, efficient, and effective national transportation system.

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