

**Audit of NARA's Foreign
and Premium Travel**

OIG Audit Report No. 11-14

July 7, 2011

Table of Contents

Executive Summary	3
Background	4
Objectives, Scope, Methodology	5
Audit Results	6
Appendix A – Acronyms and Abbreviations	19
Appendix B – Management’s Response to the Report	20
Appendix C – Report Distribution List	21

Executive Summary

The National Archives and Records Administration (NARA) Office of Inspector General (OIG) completed an audit of premium and foreign travel. The objective of the audit was to determine whether premium and foreign travel was appropriately authorized and properly managed in accordance with *Federal Travel Regulations* (FTR) and agency policies.

NARA employees travel domestically and internationally to participate in conferences and work on various records-related issues. The agency's Finance Branch (NABF) is responsible for management of NARA's travel program and providing travel policies and procedures in accordance with NARA 601, *NARA Travel Policy*, and the FTR. During 2009 and 2010, the agency spent \$3,396,423 and \$3,759,183, respectively on travel expenditures.

Overall, we conclude opportunities exist to strengthen the effectiveness and control over the management of travel expenses related to premium and foreign travel. We identified:

- Management controls over travel did not function as intended resulting in: (1) inadequate review of travel activity, (2) ineffective oversight of premium class and foreign travel, and (3) inadequate reporting of foreign travel.
- Management of non-Federal sponsored travel needs enhancement. In particular, (1) requesting reimbursement from non-Federal sources was not centralized, (2) there was no verification payment was received from non-Federal sources, and (3) conflict-of-interest determinations were not always obtained from the Office of General Counsel (NGC).
- NARA's monitoring of travel card expenditures was not robust as it lacked internal controls to minimize the risk of travel card misuse. Specifically, we found unauthorized ATM withdrawals and purchases on travel charge cards.

As a result of these conditions, NARA cannot ensure premium and foreign travel is appropriately authorized and properly managed in accordance with FTR and agency policies. Management was receptive to the findings identified and agreed opportunities for improvement were warranted.

We made six recommendations which we believe, once implemented, will address weaknesses cited in this review.

Background

The *Federal Travel Regulation* (FTR) at 41 C.F.R. 300 to 304, issued by General Services Administration, implements statutory requirements and Executive Branch policies for travel by Federal civilian employees and others authorized to travel at Government expense. The purposes of the FTR are to interpret statutory and other policy requirements in a manner that balances the need to assure that official travel is conducted in a responsible manner with the need to minimize administrative costs, and to communicate the resulting policies in a clear manner to Federal agencies and employees.

NARA 601, *NARA Travel Policy*, outlines NARA's policy for official Government travel for Temporary Duty Station (TDY), local travel, and non-travel expenses. The policy is used in conjunction with the FTR.

The Office of Management and Budget (OMB) Circular A-123, Appendix B (revised January 2009), *Improving the Management of Government Charge Card Programs* (the Circular), establishes standard minimum requirements and suggested best practices for government charge card programs that may be supplemented by individual agency policy and procedures.

The Office of Administration – Finance Branch (NABF) is responsible for the management of NARA's travel program, including (1) providing travel policies and procedures in accordance with NARA 601, *NARA Travel Policy*, and the FTR, (2) reviewing travel authorizations and vouchers of Washington, D.C. and vicinity employees to ensure the amounts authorized and expended are appropriate and in accordance with NARA policies and the FTR, and (3) administering the Government Travel Card Program.

NARA's approving officials have the responsibility to authorize travel prior to employees commencing their trips. The approving officials (1) verify funds are available in the office's budget to cover the requested travel, (2) review travel authorizations to ensure authorized amounts are appropriate and in accordance with the FTR, and (3) upon the completion of travel, reviews the employee's travel voucher, receipts, and other supporting documentation to ensure they are correct and proper upon the completion of the travel.

NARA employees use GovTrip to prepare, examine, route, approve, and record travel authorizations, advances, and reimbursements. The Citibank MasterCard travel charge card is used for travel expenditures. The agency spent approximately \$3,396,423 on travel in FY09 and \$3,759,183 in FY10.

Objectives, Scope, Methodology

The objective of the audit was to determine whether premium and foreign travel was appropriately authorized and properly managed in accordance with agency and FTR. Our audit focused on premium class usage and NARA employees that traveled internationally. The audit was conducted with representatives from the Office of Administration - NABF¹ and the Office of General Counsel (NGC).

To accomplish this objective, we:

- Examined applicable laws, regulations, and NARA guidance related to the travel program and travel card including (a) FTR at 41 C.F.R. 300-304, (b) NARA 601, *NARA Travel Policy*, (c) the Circular, and (d) NARA Interim Guidance 601-11, *Travel Funded by Non-Federal Sources*.
- Held discussions with NABF staff to obtain an understanding of the travel program, including the use of the travel card.
- Interviewed NARA travelers and management from different divisions to understand travel authorizations and vouchers.
- Discussed travel funded by non-Federal sources with NGC.
- Obtained access to Citibank transaction data for NARA employees with individually billed travel cards and performed a number of analyses to test the effectiveness of controls.
- Obtained access to GovTrip to access travel authorizations, vouchers, and supporting documentation.
- Judgmentally selected international airline transactions over \$1,000 between January 2009 and October 2010. Specifically, we examined 35 transactions involving international travel arrangements and premium class usage. We also examined four transactions involving domestic travel.
- Reviewed travel related to activities with the International Council of Archives (ICA). We also interviewed management to understand NARA's role with the organization.

Our audit work was performed at Archives II in College Park, Maryland between June 2010 and April 2011. We conducted this audit in accordance with generally accepted government auditing standards. Those standards require 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 the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

¹ NARA underwent a Transformation effort during the timeframe of this audit. Office names and symbols have subsequently changed to reflect the reorganization. However, the previous office names and symbols are used in the body of this report to reflect the historical names of the offices involved in managing the travel program, as well as to remain consistent with the office names used in applicable NARA policy. Recommendations are addressed using the most current office and management titles.

Audit Results

1. Management controls over travel need improvement.

During the audit we identified several instances where approving officials, NABF, and Administrative Officers did not always ensure amounts claimed on travel vouchers were accurate, allowable, and actually incurred by the traveler. Specifically, we identified (1) inadequate review of travel activity, (2) ineffective oversight of premium class and foreign travel, and (3) inadequate reporting of foreign travel. This occurred because management oversight activities designed to ensure agency funds were used in an allowable, effective, and economical manner did not always function as intended. NARA 601, *NARA Travel Policy*, requires approving officials, NABF, and administrative officers to ensure amounts authorized and expended are appropriate and in accordance with NARA policies and the FTR. Without effective monitoring activities, employees may be reimbursed for charges they did not actually incur or that were unallowable, or reimbursed for more than they are actually entitled.

Inadequate review of travel activity

During the course of our audit, we reviewed a sample of 39 (35 international and 4 domestic) travel authorizations and vouchers from January 2009 through October 2010 to determine whether travel was properly authorized, managed, and adhered to NARA 601, *NARA Travel Policy*, and the FTR. Specifically, we found:

- Six instances (15%) where travelers filed travel vouchers, but did not have documentation in GovTrip to support their claimed expenses. Four of the vouchers were for international travel to Belgium, Korea, Switzerland, and the United Kingdom totaling \$7,682. Although domestic travel was not a part of our scope, we identified two domestic trips without documentation in GovTrip totaling \$3,236. There were no explanations provided for the missing documentation. We noted the approving officials, NABF, and Administrative Officers examined and approved these claims for reimbursement without required receipts or explanations.

During the course of our audit, two of the travelers were able to provide the documentation in response to our request. Based on review of documentation later provided by one of the travelers, we found the traveler terminated travel somewhere other than their official duty station per their travel voucher. There was no documentation or explanation in GovTrip indicating why a different route was traveled, therefore it is impossible to determine whether the traveler was responsible for any additional costs.

FTR § 301-11.25 states the employee must provide a lodging receipt and a receipt for every authorized expense over \$75, or provide a reason acceptable to the agency explaining why they were unable to furnish the necessary receipt. NARA 601.60,

NARA Travel Policy, also indicates receipts are required for common carrier transportation tickets and all lodging expenses regardless of amount.

FTR § 301-10.7 requires travelers to travel to their destination by the usually traveled route unless the agency authorizes or approves a different route as officially necessary. Further, FTR § 301-10.8 states the traveler's reimbursement will be limited to the cost of travel by a direct route or on an uninterrupted basis and that the traveler will be responsible for any additional costs. When combining TDY and personal travel NARA 601.28, *NARA Travel Policy*, requires the screen print of flight costs when submitting a Travel Cost Comparison worksheet².

- Two instances where employees incurred airline charges on their government issued travel charge cards, but travel authorizations did not exist in GovTrip. The trips were to Paris, France and totaled \$2,080. Although the airline charges were later refunded, a travel authorization was not completed for the original travel arrangements. The employees were traveling for another agency that later decided to make the travel arrangements. The agency provided a travel authorization to the employees and subsequently paid their travel expenses.

FTR § 301-50.3 states the traveler must use the E-Gov Travel Service when the agency makes it available to you. NARA 601.13, *NARA Travel Policy*, indicates GovTrip is to be used to process all NARA travel and non-travel expense requests for domestic and international travel.

- Sixteen (46%) instances where travel vouchers were not completed within five working days.

FTR § 301-52.7, states travelers must submit their travel claims within five working days after they complete their trip or period of travel. NARA 601.60, *NARA Travel Policy*, indicates travelers should keep a record of reimbursable travel expenditures and prepare a travel voucher in the GovTrip system within five working days after completion of the trip.

Ineffective oversight of premium class and foreign travel

We found the agency lacked effective oversight and monitoring in several instances for one particular traveler in the agency. Specifically, we found: (1) premium travel expenditures unauthorized or without adequate justification, (2) travel without sufficient documentation or explanations to support deviations or unusual circumstances in travel arrangements, and (3) receipt of per diem allowances when meals were included in conference registrations fees.

² The Cost Comparison Worksheet is used by a traveler to compare the actual travel costs that the employee incurred by taking a different mode of transportation other than the authorized mode to the authorized official travel costs. It also used for comparing personal travel combined with official travel. The traveler is required to submit the Worksheet with the screen print of flight costs and any other required receipts documenting the official travel costs.

The traveler is [REDACTED] represent NARA on the International Council on Archives (ICA), in which the employee serves [REDACTED]. Between 2008 and 2010, the employee traveled internationally on 12 trips to attend ICA related meetings and conferences in Denmark, Canada, Malaysia, Austria, United Arab Emirates, Uruguay, Algiers, France (2 separate times), Malta, Korea, and Norway. Several of the trips included premium travel and many days of personal vacation. We reviewed seven of these trips and discussed issues related to four of them below.

The FTR requires travelers to exercise the same care in incurring expenses that a prudent person would exercise if traveling on personal business. While the traveler's authorizations were approved, the OIG questions whether they were always appropriate. Much of the responsibility rests with the employee's management (the Deputy Archivist) and NABF, which did not enforce or monitor compliance with policies and thereby condoned the expenditures, some of which had the appearance of being excessive.

Detailed information about issues noted with the four trips follows:

- On trip #1 the traveler was authorized to attend a four day conference in Montevideo, Uruguay. The traveler originated travel from other than their official duty station and traveled to a location (Argentina) other than their official destination. The route of travel was: Miami →Dallas→Buenos Aires →Montevideo→Buenos Aires→ Miami→New York. The flight totaled \$6,531. There were no explanations in GovTrip for why the traveler traveled this route. When contacted by the OIG, the traveler indicated flying directly to Uruguay was too expensive, and in order to reduce costs he traveled to Argentina and took a ferry to Uruguay. A Cost Comparison Worksheet was attached in GovTrip to compare official travel to actual travel costs, but there was no documentation to support the official travel cost. Another NARA employee also traveled to Uruguay (via Argentina) for the same conference from Washington, DC, but their flight totaled \$858.

For two segments of the trip the traveler flew business class. A letter was provided by a medical authority stating a special accommodation was recommended for the traveler to fly business class because two travel segments of the trip exceeded 10 hours each. Based on the OIG's review one travel segment was 10 hours and 20 minutes and the other was 8 hours and 45 minutes. In addition to the doctor's letter, the traveler provided a personal letter requesting to amend the travel arrangements because of increased risk of Deep Vein Thrombosis (DVT). DVT is a condition in which a clot typically forms in a deep vein in a leg. According to the Federal Aviation Administration (FAA), this condition has been erroneously dubbed Economy Class Syndrome by some people because of the perception that passengers in the more restrictive coach or economy class of the aircraft are more likely to develop a DVT. The FAA also indicates research has found passengers in any seating class of the aircraft may develop DVT, not just coach or economy class. While the traveler requested business class for these segments, when we reviewed other trips we noted long travel segments, including one flight for 9 hours and 35 minutes.

According to NARA 601.37, travelers are required to submit required documentation when medical conditions require certain travel arrangements. NABF policy is to rely on the doctor's note and not request specific details regarding the illnesses due to what the officials consider privacy of the traveler.

- On trip #2 the traveler was authorized to travel to Paris, France for an ICA Advisory Board meeting then to Tamanrasset, Algeria for an ICA Executive Board meeting. On the return trip, the traveler flew premium class from Tamanrasset to Paris. According to NABF, the traveler was unaware they were booked in premium class and once they realized the error, the travel agency was contacted. The travel agency indicated the coach and business class cost the same and any changes would cost more. We note there was no supporting documentation or explanations in GovTrip to support these statements.

Also, there appears to be a lag of three days from when the meeting ended in Paris and when the meeting started in Tamanrasset. The traveler indicated instead of returning home and traveling back to Algeria, the stay was extended in Paris. In GovTrip the traveler provided a Cost Comparison Worksheet to compare official travel to actual travel costs, but there was no documentation or explanations to support the official travel cost or these statements.

- On trip #3 the traveler went to St Julian's, Malta for an ICA Conference. The traveler flew business class for the travel segments between London and Malta (\$1,517 for these two segments), but we found no authorization for the traveler to fly in premium class. Based on review of the booking classes offered by Air Malta, economy class is an option for travelers.
- On trip #4 the traveler went to Paris, France for an ICA Management Commission meeting. The traveler returned to their residence from Rome, Italy (airline ticket totaled \$883) instead of France. There were no explanations in GovTrip for why the traveler traveled this route. Also, the traveler departed on a Friday from their residence, but there were no details indicating the dates the meeting occurred in Paris, France. In GovTrip the traveler provided a Cost Comparison Worksheet to compare official travel to actual travel costs, but there was no documentation or explanations to support the official travel cost.

Also, based on review of travel vouchers and conference agendas, the traveler did not always reduce their per diem allowance when meals were provided at conferences. In comparison to vouchers for other travelers that attended the same conferences, the traveler sometimes received a higher per diem allowance although some meals were included in the registration fees for the conference. Differences were identified on trips to Malta and Korea. Travelers who are provided meals at Government expense or when included in registration fees must adjust the meal allowance, in accordance with the FTR § 301-11.18. NARA 601.61, *NARA Travel Policy*, indicates reimbursement of meal and

incidental expenses are adjusted when meals are furnished or the meal expenses are included in registration fees.

Premium class travel is considered permissible to employees only in certain limited circumstances, for instance, if it is necessary because of a traveler's disability, coach class accommodations are not available, or the travel is at least 14 hours long. FTR § 301-10.122 provides that with limited exceptions, travelers must use coach class accommodations for both domestic and international travel. Premium class travel (first or business class) may be used only when the traveler's agency specifically authorizes the use of such accommodations (authorization) and only under specific circumstances (justification).

FTR § 301-10.7, requires travelers to travel to their destination by the usually traveled route unless the agency authorizes or approves a different route as officially necessary. Further, FTR § 301-10.8, states the traveler's reimbursement will be limited to the cost of travel by a direct route or on an uninterrupted basis and the traveler will be responsible for any additional costs. When combining TDY and personal travel, NARA 601.28, *Travel Policy*, requires the screen print of flight costs when submitting a Travel Cost Comparison worksheet.

Inadequate reporting of foreign travel

During our review we identified employees were not adequately reporting the outcome of foreign travel. Without this information, NARA does not have the capability to identify the benefits of participation in conferences, training, and other activities internationally. There were 22 instances (out of 35 international trips reviewed) where offices did not report international travel on their quarterly performance reports to the Archivist. When international travel was included in the reports, it was not detailed as it did not include outcomes or measurable benefits to the agency.

NARA 601, *NARA Travel Policy*, indicates offices are required to report all international travel on their quarterly performance reports to the Archivist. Previously, NARA required travelers to complete NA Form 7003, *International Travel Request*, when traveling internationally. This form required the traveler to state the purpose for the international trip and justify why NARA needed to be represented at the event. It also required the traveler to identify how the trip would fulfill NARA's Strategic Plan objectives. NARA discontinued the use of this form in 2007. Absent of this information being included in the quarterly performance reports, the Archivist cannot evaluate the benefits to the agency. In 2009 OMB reported several federal agencies proposed several ways to cut their administrative budgets, including travel costs, as a part of cost saving measures. Requiring travelers to complete a form similar to the NA Form 7003, *International Travel Request*, prior to international travel, will allow management to determine if the trip is beneficial to NARA and provide an opportunity to identify savings to NARA's budget.

In addition to not identifying the benefits of activities related to international travel, NARA has failed to perform a review of the benefits related to the ICA. Based on our

review, NARA (1) spent \$450,988 in membership dues for the ICA since October 2008, (2) incurred \$60,149 in travel expenses for an employee to attend ICA events (other employees in the agency also attended some of the same conferences), (3) paid the employee a part-time GS-15 salary, and (4) provided that same part-time employee the opportunity to take seven vacations during 2009 and 2010 when traveling to ICA events.

Based on interviews and limited documentation provided by NARA's management, it is difficult to determine the benefit NARA receives from the expenditures associated with the ICA. While it is appropriate for NARA to be a part of an international organization, we question whether such lavish trips for a part-time employee are practical and in the best interests of the agency. When the OIG inquired with the Deputy Archivist about using a current full-time employee to represent NARA on the ICA, she indicated NARA is getting first class work for minimal dollars since the employee is working part-time and is paid only the difference between his pension and a GS-15 salary. The Archivist of the United States shares the OIG's concern about the benefit of the organization to NARA. Under the direction of the Archivist, the employee assigned to represent NARA on the ICA is conducting an analysis to determine the benefit, which is expected to be completed by August 2012.

The issues noted above occurred due to lack of effective oversight activities. While NABF has established NARA 601, *NARA Travel Policy*, and issued NARA notices reminding travelers important information regarding travel, they failed to effectively oversee travel foreign activities.

Recommendation 1

The Executive for Business Support Services (B) should:

- a) Enforce NARA 601, *NARA Travel Policy*, and deny any travel authorizations or vouchers that are in violation of it.
- b) Conduct periodic Budget and Finance (BCB) departmental meetings to discuss violations of travel policies.

Recommendation 2

The Executive for Business Support Services should develop and implement:

- a) A mandatory specialized training course for travelers and authorizing officials reiterating their roles and responsibilities. Refresher courses should be provided on a periodic basis. Until a training course is developed and implemented, require the applicable travelers and authorizing officials to review the FTR and agency policies and procedures related to their responsibilities in traveling, reviewing travel vouchers, and approving travel expenditures.

- b) Formal procedures for conducting quarterly audits of travel vouchers to ensure applicable Department and government-wide policies are adhered to. At a minimum, procedures should outline (1) objectives, (2) sampling requirements, (3) audit steps, (4) communicating with travelers and authorizing officials, and (5) reporting results and corrective actions.
- c) Procedures for reviewing international travel requests to ensure trips meet the agency's mission, fulfill the objectives of NARA's Strategic Plan, and are economically feasible.
- d) Procedures to follow-up on travel vouchers not submitted within five working days. Take appropriate action for people who do not comply within five working days.

Recommendation 3

The Executive for Business Support Services should create a webpage within NARA@work which includes all travel information including, but not limited to links to the FTR, NARA 601 - *Travel Policy*, GovTrip, the travel card application and agreement, and NABF contacts.

Recommendation 4

The Executive for Business Support Services should direct BCB to review the exceptions identified in this finding and make a determination as to whether potential funds can be recovered.

Management Response

Management concurred with each of the recommendations.

2. Management of non-Federal sponsored travel needs improvement.

Although guidance exists, controls over the management of travel sponsored by non-Federal sources³ needs improvement. Specifically, requesting reimbursement from non-Federal sources was not centralized, there was no verification by NABF that payment was received from non-Federal sources, and conflict of interest determinations were not always obtained from NGC. These weaknesses exist because the controls outlined in NARA 601.53 through 601.58, *NARA Travel Policy* (in effect until July 2010), and NARA interim guidance 601-11, *Travel Funded by Non-Federal Sources* (in effect as of July 2010), were not followed. As a result, NARA may be reporting reimbursements incorrectly to the US Office of Government Ethics or failing to receive all agreed-upon reimbursements from non-Federal source sponsors.

FTR § 304 allows NARA to accept payment of travel expenses from non-Federal sources for an employee to attend a meeting or similar function⁴. We found controls to centrally bill and track payments from non-Federal sources did not exist. In 2009 and 2010, in accordance with FTR § 304-6.4, NARA reported non-Federal sponsored travel totaling \$213,318. NARA Interim Guidance 601-11, *Travel Funded by Non-Federal Sources*, states when a non-Federal source offers to pay a traveler's expenses to a meeting or similar function, NABF will request reimbursement from the non-Federal source after the employee submits a fully approved travel authorization, the letter offering to pay the expenses, a fully approved travel voucher, completed NA Form 4012 - Report of Payments Accepted from non-Federal sources, and after the employee is paid for the travel expenses.

NABF does not follow the guidance as outlined in NARA 601-11, *Travel Funded by Non-Federal Sources*, as they do not act as the central office to request reimbursements from non-Federal sources. NABF relies on the field offices to request reimbursement from non-Federal sources, while they handle the Washington, DC area offices. Also, NABF has not established a process for tracking the reimbursements from non-Federal sources. When we interviewed NABF staff and requested documentation showing payments were received for four vouchers (out of 39 vouchers) totaling \$7,077 with non-Federal source payments, they were unable to confirm and provide documentation to support the payments were received from the non-Federal sources. Without a process in place, NARA cannot ensure all agreed-upon reimbursements from non-Federal sources were actually received.

³ A non-Federal source is defined in FTR 304-2.1 as “any person or entity other than the Government of the United States. The term includes any individual, private or commercial entity, nonprofit organization or association, international or multinational organization (irrespective of whether an agency holds membership in the organization or association), or foreign, State or local government (including the government of the District of Columbia).”

⁴ A meeting or similar function means a conference, seminar, speaking engagement, symposium, training course, or similar event that takes place away from the employee's official station.

According to NARA Interim Guidance 601-11, *Travel Funded by Non-Federal Sources*, as soon as an employee is aware of travel which may be reimbursed or provided "in-kind" by a non-Federal source, the employee must prepare an official travel authorization in the GovTrip system. Once the authorization is fully approved, the employee must submit a copy of the approved authorization along with the written invitation from the non-Federal source that details the purpose of the trip and the expenses to be paid to NGC for a conflict of interest determination. Without this information, NGC is unable to perform its responsibilities.

We found NARA travelers were not always obtaining conflict-of-interest determinations from NGC when on official travel to "meetings or similar functions" that was supposed to be paid for by non-Federal sources. One of the 35 international travel vouchers reviewed identified expenses paid by a non-Federal source, but there was no documentation to support a conflict-of-interest determination by NGC. For another international trip, the traveler did not request a conflict of interest determination from NGC within an appropriate timeframe. NGC is unable to perform its responsibilities if they are not properly notified. The trips were to Japan and Abu Dhabi. These in-kind payments were for flights, accommodations, local transportation, and meals. The payments were paid directly by the non-Federal source to the vendor. We could not identify the amounts of all of the in-kind payments, but the fare for the flight to Japan totaled \$11,437. This in-kind payment was not reported on the semi-annual reports to the US Office of Government Ethics. The other in-kind payment was later deemed a gift by NGC because the traveler did not notify NGC until eleven days after the trip to Abu Dhabi. We note approving officials and NABF approved the vouchers, without following the guidelines outlined for travel funded by non-Federal sources.

Ineffective oversight of payments from non-Federal sources can result in inappropriate use of agency resources and violations of agency policies.

Recommendation 5

The Executive for Business Support Services should:

- a) Require BCB to monitor travel documentation more carefully to ensure the established controls for non-Federal source payments are operating effectively.
- b) Establish a mechanism to track travel arrangements approved for funding by non-Federal sources. This mechanism can also be used to track payments.
- c) Develop a procedure to follow-up with all non-Federal sources who have not reimbursed the agency in a timely manner.

Management Response

Management concurred with the recommendation.

3. Monitoring of government issued travel cards for ATM withdrawals needs improvement.

Our limited review of individually billed travel cards found NARA was not effectively monitoring cards for improper charges or unusual activity. This occurred because the agency lacked adequate internal controls and robust management oversight activities to identify unauthorized transactions, specifically ATM withdrawals. FTR § 301-51.1 requires travelers to use the Government contractor-issued travel charge card for all official travel expenses unless they have an exemption. FTR § 301-51.6 states the Government contractor-issued travel charge card may be used only for official travel related expenses. The travel card is not to be used for personal, family, or household purposes, or cash advances through automatic teller machines (ATM) unrelated to official travel. Weak internal controls over review of travel cards expose the government to fraudulent, improper, and abusive purchase card activity.

OMB issued the Circular to executive branch agencies to establish standard minimum requirements (including internal controls that are designed to minimize the risk of travel card misuse) and suggested best practices for government charge card programs that may be supplemented by individual agency policy and procedures. The Circular indicates charge card managers are responsible for ensuring charge cards are used for authorized purchases or expenses only. Charge card managers are required to review ATM cash withdrawals for reasonableness and association with official travel.

Specifically, we identified charges on travel cards outside of official travel periods:

- Alcohol and convenience store purchases; and twelve ATM withdrawals from September 2010 through January 2011 on one cardholder's government issued travel card. These items totaled \$1,525 (see Table 1). We identified the September – December charges in December 2010. The November and December charges were identified by NABF in January 2011. NABF originally issued the employee a restricted card although his credit report results indicated a low credit score [REDACTED] and "serious delinquency." Before issuing the card NABF officials asked the employee's manager to inquire with the employee about whether he owed any money to the government and to talk with him about the importance of paying his travel card bill. Once the employee's manager notified NABF that NARA could trust the employee with the travel card based on the employee's verbal statement he did not owe the government any money, the restricted card was issued. NABF closed the employee's account in January 2011, although the activity occurred over a four month period.

The Circular indicates employees requesting a travel card must pass a credit worthiness check. If the employee's credit score is above 660 the employee is eligible for a card. If the employee's credit score is below 660, the agency may issue a card, but more stringent restrictions should apply, including (1) restricting use at ATMs, (2) limiting the length of time a card remains active, such as for the length of time in travel status, and/or (3) limiting the types of transactions allowed. None of

these stringent restrictions were applied for this cardholder. Also, NABF failed to effectively monitor the restricted card activity in light of the cardholder’s credit history.

Table 1

Date	Reason	Amount
9/28/2010	ATM Withdrawal	\$101.75
9/28/2010	ATM Withdrawal	101.75
11/2/2010	Rental Car	28.00
11/12/2010	ATM Withdrawal	101.50
11/12/2010	ATM Withdrawal	101.75
11/13/2010	ATM Withdrawal	101.50
11/13/2010	ATM Withdrawal	101.75
11/23/2010	ATM Withdrawal	41.75
11/23/2010	Purchase – Beer, Wine, Liquor Store	116.94
11/23/2010	Purchase – Convenience Store	137.29
11/24/2010	Purchase – Convenience Store	13.17
11/25/2010	Purchase – Convenience Store	18.17
12/29/2010	ATM Withdrawal	121.75
12/29/2010	ATM Withdrawal	102.60
1/4/2011	ATM Withdrawal	151.75
1/5/2011	ATM Withdrawal	101.75
1/5/2011	ATM Withdrawal	81.75
Total		\$1,524.92

- A cardholder used their government issued travel card between July 2009 and January 2011 to make 25 ATM withdrawals, totaling \$5,247 (see Table 2). Majority of the withdrawals occurred on the weekends. The employee’s credit card account was re-opened in 2009. Prior to re-opening the credit card, Citibank indicated the cardholder was ineligible for reinstatement due to excessive delinquency (account was past due 75% of the account history – 22 out of 29 statements). Since February 2010, NABF has contacted the employee six times regarding late payments with the new card, but not about the ATM activity occurring on the card. The ATM withdrawals remained undetected by NABF.

Table 2

Date	Reason	Amount
7/17/2009	ATM Withdrawal	202.50
8/15/2009	ATM Withdrawal	203.00
8/22/2009	ATM Withdrawal	42.75
9/5/2009	ATM Withdrawal	201.75
9/21/2009	ATM Withdrawal	203.00
9/26/2009	ATM Withdrawal	203.00
10/4/2009	ATM Withdrawal	202.75
10/4/2009	ATM Withdrawal	142.75
11/7/2009	ATM Withdrawal	102.00
11/22/2009	ATM Withdrawal	22.75
12/12/2009	ATM Withdrawal	402.75
12/12/2009	ATM Withdrawal	42.75
2/14/2010	ATM Withdrawal	302.75
3/20/2010	ATM Withdrawal	422.75
4/16/2010	ATM Withdrawal	182.00
5/1/2010	ATM Withdrawal	282.75
7/11/2010	ATM Withdrawal	442.75
8/19/2010	ATM Withdrawal	403.00
8/19/2010	ATM Withdrawal	43.00
10/30/2010	ATM Withdrawal	403.00
10/30/2010	ATM Withdrawal	23.00
11/20/2010	ATM Withdrawal	22.50
11/26/2010	ATM Withdrawal	303.00
1/7/2011	ATM Withdrawal	402.50
1/9/2011	ATM Withdrawal	42.50
Total		\$5,247.25

- ATM withdrawals, totaling \$663 (see Table 3) for one cardholder. Three of the charges were a few days before the Christmas holiday in December 2009 and 2010. These activities remained undetected by NABF.

Table 3

Date	Reason	Amount
12/22/2009	ATM Withdrawal	\$160.00
12/17/2010	ATM Withdrawal	303.00
12/23/2010	ATM Withdrawal	200.00
Total		\$663.00

Failure to implement proper controls increases the risk of inappropriate charges and unauthorized ATM withdrawals. Also, the agency exposes itself to unnecessary risk for inappropriate charges by issuing travel cards to employees that are not credit worthy.

Recommendation 6

The Executive for Business Support Services should:

- a) Review and update policy and procedures for issuing travel cards to employees. Include additional restrictions as outlined in OMB Circular A-123 on cardholders with credit scores less than 660.
- b) Enhance procedures to perform timely periodic reviews of the appropriateness of individually and centrally billed travel cards to help ensure the effectiveness of travel card expenditure controls. Specifically, as outlined in OMB Circular A-123, review ATM cash withdrawals for reasonableness and association with official travel.

Management Response

Management concurred with the recommendation.

Appendix A – Acronyms and Abbreviations

DVT	Deep Vein Thrombosis
FAA	Federal Aviation Administration
FTR	Federal Travel Regulations
ICA	International Council of Archives
NABF	Financial Services Division
NARA	National Archives and Records Administration
NGC	Office of General Counsel
OIG	Office of Inspector General
OMB	Office of Management and Budget
TDY	Temporary Duty Station
The Circular	Circular A-123, Appendix B, Improving the Management of Government Charge Card Programs

Appendix B – Management’s Response to the Report



Date: JUN 28 2011
To: Paul Brachfeld, Inspector General
From: David S. Ferriero, Archivist of the United States
Subject: Draft Report OIG 11-14, Audit of NARA’s Foreign and Premium Travel

Thank you for the opportunity to comment on this draft report. We appreciate the willingness of the auditor to meet and discuss corrections and changes to some of the language in the report. This report includes six recommendations. We concur with all six recommendations and have already begun working to contain some of the problems noted in the draft report.

If you have questions about these comments, please contact Mary Drak at mary.drak@nara.gov or by phone at 301-837-1668.



David S. Ferriero
Archivist of the United States

NATIONAL ARCHIVES and
RECORDS ADMINISTRATION
8601 ADELPHI ROAD
COLLEGE PARK, MD 20740-6001
www.archives.gov

Appendix C – Report Distribution List

Archivist of the United States (N)
Deputy Archivist of the United States (ND)
Chief Operating Officer (C)
General Counsel (NGC)
Executive for Business Support Services (B)
Chief Financial Officer (BC)
Chief of Staff (NCS)
Management Control Liaison, Performance and Accountability (CP)