

**AUDIT OF MANAGEMENT OF THE
GOVERNMENT TRAVEL CHARGE CARD PROGRAM**

AUDIT PROGRAM

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AUDIT PROGRAM

PART I - INTRODUCTION

PURPOSE:

To provide Internal Review (IR) offices background and recommended audit steps to use during audits of the Government Travel Charge Card Program. Internal Review Offices should use this guide, subject to any modifications the local commander deems necessary, during audits of their local Travel Card Program.

SOURCES:

1. GSA Contract Guide GS-00F-34139 (Travel and Transportation Payment and Expense Control System), September 1995.
2. DOD Financial Management Regulation (DOD 7000.14-R), Volume 9 (Travel Policy and Procedures), December 1996.
3. HQDA Letter 37-97-1 (Government Travel Charge Card Program), 14 August 1997.
4. Office, Deputy Assistant Secretary of the Army (Financial Operations) supplemental e-mail guidance, subject: Tailoring options for the travel card program, 15 Oct 97.
5. Army Travel Charge Card Training Package.
6. Management Control Evaluation Checklist for the Government Travel Charge Card Program.
7. Home Page, Assistant Secretary of the Army (Financial Management and Comptroller), [http:// www.asafm.army.mil](http://www.asafm.army.mil) (click on the Travel Charge Card button to read and/or download items 2, 3, 4, 5 and 6 above).
8. Army Regulation 11-2, Management Control.

OVERALL OBJECTIVE: The overall objective of the audit is to ensure proper management controls are maintained over the management of the Government Travel Charge Card and individual cardholder use of the card.

SCOPE: Internal Review offices should determine the audit scope, sample size, and audit standards required based upon the type of audit or service to be performed, i.e., formal audit, quick response, or consulting service.

BACKGROUND: The Government Travel Charge Card is a government-sponsored contractor-operated charge card issued to permanently-employed government personnel for their use in paying for the expenses of official travel. The travel charge card is intended to provide convenience to the traveler, reduce DOD's cost of cash management and reduce the finance workload associated with processing and reconciling travel advances. The card has built-in management controls to minimize misuse, and MACOMs/activities are authorized to further tighten these controls.

MACOMs establish their programs by establishing a program hierarchy -- a structure of control accounts for their units/activities -- and assigning a Program Coordinator to each control account to administer that portion of the program. Program Coordinators process applications to American Express, which then issues the travel charge card to the employee. Before an application is sent to American Express, the Program Coordinator must receive a completed applicant Statement of Understanding, which is then retained on file for use in subsequent disciplinary action, if needed.

As cardholders use their cards, their charges are processed by American Express and reflected in monthly billing statements that are mailed directly to the cardholder. American Express also sends each Program Coordinator a package of monthly reports that provide information on all cardholders tied to that control account, to include how they have used their card and the status of their account balance (e.g., current, past due, pending suspension or cancellation, etc.).

Travelers use the travel charge card to:

-- Draw travel advances through ATM machines. There is a standard monthly limit of \$600, but MACOMs/activities are authorized to lower this monthly limit. Travelers can call American Express directly to request that their monthly limit temporarily increased up to \$4,000 per month, based on the needs of a particular TDY trip, but MACOMs and units/activities are authorized to restrict such requests by requiring that they come through the Program Coordinator.

-- Charge routine travel-related expenses (e.g., lodging, meals, rental cars, rail and other forms of transportation). There is no monthly limit on these kinds of travel-related charges.

-- Charge "other retail" expenses if travel-related (e.g., long-term airport parking). There is a standard monthly limit of \$500 on these "other retail" charges; experience indicates that this level exceeds most travelers' needs and increases

the opportunity for card misuse, so MACOMs and units/activities are authorized (and encouraged) to establish lower monthly limits.

At the completion of their travel, the cardholder is required to file their settlement voucher within five calendar days. If this is done in a timely manner and the cardholder's unit forwards it promptly to the servicing finance office, the cardholder should receive reimbursement for their travel expenses in time to pay their travel charge card bill.

On a monthly basis, American Express sends each cardholder a billing statement that itemizes that month's ATM withdrawals and charges and indicates the current account balance. The cardholder may contact American Express to dispute any charge that they believe is in error. Except for any disputed charges, the cardholder is responsible for paying off this account balance within 30 days of the closing date on the billing statement.

PART II - PREPARATION FOR AUDIT:

1. Obtain and Review (as a minimum):
 - a. DOD Financial Management Regulation (DOD 7000.14-R), Volume 9 (Travel Policy and Procedures), December 1996,.
 - b. HQDA Letter 37-97-1 (Government Travel Charge Card Program), 14 August 1997.
 - c. Army Travel Charge Card Training Package.
 - d. Management Control Evaluation Checklist for the Government Travel Charge Card Program.
 - e. Supplemental MACOM and unit/activity policies/procedures.
2. Contact the MACOM and unit/activity Program Coordinators to obtain relevant statistical data on cardholder delinquency and to determine if there any other travel charge card problems/issues that would be relevant to the audit.
3. Contact the local Inspector General, Staff Judge Advocate or Criminal Investigation offices to determine if there is a history of problems associated with the Travel Charge Card Program or if there have been prior reviews/inspections.
4. Contact your Management Control Administrator to determine whether any material weaknesses have been reported and whether any management control evaluations have been performed or are planned.

PART III - AUDIT OBJECTIVES AND STEPS:

1. **Objective:** To determine the adequacy of the program structure for the Travel Charge Card Program.

Audit Steps:

Auditor W/P

Initial

a. Determine who functions as the MACOM Program Manager for the travel charge card program.

b. Determine the MACOM's structure of control accounts and whether this is kept current.

c. Determine whether the MACOM has taken advantage of authorized options for tailoring their program.

d. Determine who functions as the Program Coordinator for each unit/activity being audited, and who has been designated as their alternate.

e. Determine whether each unit/activity has provided American Express with the name, address and phone number of their current Program Coordinator and alternate.

f. Determine the structure of control accounts at the unit/activity, and if it is reasonable (i.e., does it balance workload demands -vs- benefits of managing at lower level?).

2. **Objective:** Determine the adequacy of command emphasis on, and support for, the Travel Charge Card Program.

Audit Steps:

Auditor W/P

Initial

a. Determine whether the chain of command stresses the importance of the program, to include proper use of the card and prompt payment of account balances.

b. Determine how this support is evidenced (e.g., memoranda, policy directives, updates to the command group, agenda item at commanders' conferences, etc.).

c. Determine whether Program Coordinators are given adequate support, in terms of:
-- Time to administer the program and train cardholders.
-- Attendance at scheduled cardholder training classes.

d. Determine whether supervisors respond in a timely and effective manner when advised of cardholder problems.

e. Determine whether command has taken aggressive measures to reduce card misuse and cardholder delinquency (e.g., reducing ATM cash limits, etc.).

3. **Objective:** Determine the adequacy of program administration for the Travel Charge Card Program.

Audit Steps:

Auditor W/P

Initial

a. Determine whether a completed Statement of Understanding is obtained (and retained on file) before the application is sent to American Express.

b. Determine whether cards are issued only to eligible government employees (i.e., not issued to contractor personnel, to temporary employees, or to Local Nationals).

c. Determine whether Program Coordinators review the monthly reports from American Express to:
-- Identify delinquent cardholders and notify their supervisors of the need to take action.
-- Identify possible cases of card misuse (excessive ATM cash withdrawals, inappropriate charges) and notify cardholder and/or their supervisors.

d. Determine whether arriving and departing cardholders are required to in/out-process with their Program Coordinator.

e. Determine whether Program Coordinators are taking action to transfer newly arrived cardholders onto their control account.

f. Determine whether Program Coordinators are taking action to transfer departed cardholders to their new control accounts.

g. Determine whether Program

Coordinators are taking action to transfer appropriate cardholder accounts to the Army "Separated" account.

h. Determine whether Program Coordinators are taking action to cancel the accounts of cardholder who:

- Misuse their cards.
- Fail to pay their account balance (after 120 days past due).
- Depart on PCS/reassignment and fail to have their accounts transferred to their new control account within 90 days.

i. Determine whether Program Coordinators schedule and provide training to ensure that cardholders understand their obligations and responsibilities.

j. Determine whether Program Coordinators keep subordinate Program Coordinators (if any) informed on travel charge card policies, procedures, issues and events.

4. **Objective:** Determine the adequacy of unit actions related to travel settlement vouchers to ensure that reimbursement delays (and their impact on cardholder delinquency) are minimized.

Audit Steps:

Auditor W/P

Initial

a. Determine whether the unit/activity requires prompt filing of settlement vouchers and prompt review and transmission to finance.

b. Determine whether travelers file their settlement vouchers within five calendar days of completing travel.

c. Determine whether the unit/activity promptly reviews these settlement vouchers and expedites their transmission to finance.

d. Determine whether the unit/activity takes adequate measures for travelers going on long-term TDY, to include:
-- Working with the finance office to educate travelers on filing interim claims every 30 days (e.g., forms, instructions, mailing address, etc.)
-- Ensuring that travelers receive this guidance prior to departure.
-- Ensuring that travelers file interim vouchers every 30 days.

5. **Objective:** Evaluate the implementation of the Management Control Process as it relates to the Travel Charge Card Program.

Audit Steps:

Auditor W/P

Initial

a. Review the MACOM and/or unit/activity Management Control Plan to determine if an evaluation of the program is required.

b. Review this latest management control evaluation to determine whether any management control problems were identified (see the completed DA Form 11-2-R).
-- If weaknesses were detected, were they evaluated as potential material weaknesses and reported at the appropriate command level.
-- Were material weakness corrective action milestone plans developed and tracked through completion.
-- Were they properly corrected.

PART IV - DEFINITION OF TERMS:

MACOM Program Manager: The MACOM HQ official, typically the Resource Manager or an equivalent level manager, who has overall responsibility for effective implementation of the Travel Charge Card Program.

Program Coordinator: The individual in the organization responsible for maintaining an up-to-date list of all cardholders names, addresses, account numbers and telephone numbers. This individual may determine who the approving officials and the cardholders will be.

Cardholder: The individual government employee who is issued a Travel Charge Card. The card bears the cardholder's name and individual account number and may only be used by this individual for their own expenses for official travel.

Statement of Understanding: A written statement that documents the applicant's understanding of the rules and requirements of the Travel Charge Card Program, and their agreement to abide by them. Program Coordinators must receive a completed statement before they send the application to American Express. This statement is a DOD requirement. The Army's HQDA Letter 37-97-1 establishes separate versions for military and civilian employees and authorizes MACOMs to require completed statements from existing cardholders.

Individual Cardholder Account: The account tied to the individual cardholder, which captures all of their ATM cash withdrawals and charges and all of their payments to American Express. The individual cardholder is liable for promptly paying off the balance of their account. Individual cardholder accounts are linked to the appropriate control account for their organization.

Structure of Control Accounts (or Program Hierarchy): The organization of control accounts for a MACOM or subordinate command. The structure of control accounts should reflect the organization structure, so that all units/activities are covered and can be aggregated at higher organization levels, and so that command influence can be brought to bear on cardholder problems. Not every unit/activity has to have it's own control account, but they must be included in the MACOMs control account structure (e.g., if a division chooses to establish control accounts only down to brigade level, cardholders in subordinate battalions would be included under the brigade's control account).

Basic Control Account: A summary account established for an organization to "hold" one or more individual cardholder accounts. For each Basic Control Account, there is a designated Program Coordinator. Each month, American Express provides each Program Coordinator with a standard package of reports that summarize card use and account status (delinquency, etc.) for all individual cardholder accounts tied to that Basic Control Account.

Intermediate Control Account: A summary account for an organization that roll up data from the Basic Control Accounts of subordinate units. An Intermediate Control Account does not “hold” individual cardholder accounts (it functions only as a “subtotal”), but it does have a designated Program Coordinator.

PCS Control Account: A variation of the Basic Control Account that is established only at the MACOM HQ level. The PCS Control Account acts as a temporary “holding account” to facilitate the transfer of individual cardholder accounts between MACOMs. When the losing Program Coordinator cannot determine the Basic Control Account of the gaining unit, they can transfer the departed cardholder’s account into the gaining MACOM’s PCS Control Account. The gaining MACOM would then be responsible for transferring the individual cardholder account into the correct Basic Control Account.

Cardholder Account Transfer: The transfer of an individual cardholder account from one Basic Control Account to another.

Army Separated Account: A control account maintained at HQDA to hold the individual cardholder accounts of those cardholders who have a balance when they leave the Army (through reassignment, discharge, retirement, resignation or death). Program Coordinators throughout the Army should work with American Express to transfer these individual cardholder accounts to the Army separated account.

PART V - UNAUTHORIZED USE:

The travel charge card should not be used for the following:

- Any ATM cash withdrawals or charges for anyone other than the cardholder.
- ATM cash withdrawals that are unrelated to the cardholder's official travel (e.g., ATM cash withdrawals on dates when the cardholder was not on official travel, or would not be legitimately preparing to go on official travel).
- ATM cash withdrawals that are excessive to the cardholder's needs for official travel (i.e., amounts greater than that needed for incidental expenses).
- Any charges that are not related to expenses for the cardholder's official travel. As a general rule, if an expenditure would not be reimbursed by the finance office, the card should not be used.

PART VI - POTENTIAL PROBLEMS:

- Lack of command emphasis and support for the program.
- Poor control account structure (e.g., control account too large to manage).
- Failure to revise control account structure to reflect organization changes.
- Failure to keep American Express informed of changes in Program Coordinator or alternate.
- Failure to take advantage of authorized options for tightening controls.
- Failure to keep command informed on travel charge card performance (i.e., delinquency rates).
- Failure to take action to correct problems of poor performance.
- Failure to train Program Coordinators.
- Failure to obtain completed Statement of Understanding from new applicants.
- Failure to use monthly reports from American Express to identify potential card misuse.

- Failure to inform supervisors of cardholder delinquency and instances of apparent card misuse.
- Failure to require in/out-processing with Program Coordinators.
- Failure to train cardholders.
- Failure to keep subordinate Program Coordinators (if any) informed on travel charge card policy, procedures, issues or events.
- Inadequate supervisor response to cardholder delinquency.
- Failure to require/ensure prompt filing of travel settlement claim.
- Failure to promptly forward traveler settlement claim to finance office.
- Failure to work with finance office to educate travelers on the requirement for interim travel vouchers prior to their departure on long-term TDY.

PART VII - SUGGESTIONS FOR IMPROVEMENT:

We envision that this guide will need to be periodically updated and revised. Please send your suggestions to :

Office of the Deputy Assistant Secretary (Financial Operations)
ATTN: SAFM-FOI, Mr. Bob Barnhart
109 Army Pentagon, Room 3E575
Washington, DC 20130-0109