

Bureau of Consumer Financial Protection

The Bureau's Travel Card Program Controls Are Generally Effective but Could Be Further Strengthened



Office of Inspector General
Board of Governors of the Federal Reserve System
Bureau of Consumer Financial Protection



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Executive Summary, 2018-FMIC-C-014, September 26, 2018

The Bureau's Travel Card Program Controls Are Generally Effective but Could Be Further Strengthened

Findings

Although the Bureau of Consumer Financial Protection's (Bureau) government travel card (GTC) controls are generally effective, they could be further strengthened to prevent improper reimbursements. In a few cases, cardholders received duplicative reimbursements for multicity trips. In others, they received reimbursements for unallowable expenses incurred during leave while on official travel.

In addition, the Bureau has enhanced controls to ensure compliance with Federal Travel Regulation requirements related to reimbursing official travel expenses for traveling by personally owned vehicle, but it should strengthen controls to ensure compliance with requirements related to excess time spent traveling by personally owned vehicle. After we presented our draft findings to Bureau officials during our audit, the agency updated its existing cost-comparison worksheet to include estimated travel time per method of transportation and communicated the update to all managers and staff.

Recommendations

Our report contains recommendations designed to help ensure GTC program integrity. We recommend that the Bureau update travel guidance to clarify how to submit vouchers for multicity trips, incorporate instructions for multicity trips into training, and evaluate the benefit of detective controls for duplicative reimbursements. In addition, we recommend that the Bureau review transactions made by cardholders who received payment for unallowable expenses and seek reimbursement in accordance with Bureau policy. In its response to our draft report, the Bureau concurs with our recommendations and describes actions that have been or will be taken to address our recommendations. We will follow up to ensure that the recommendations are fully addressed.

Purpose

The objective of our audit was to determine whether the Bureau's GTC program controls are effectively designed and operating to prevent or identify instances of illegal, improper, or erroneous travel expenses and payments.

Background

Through its GTC program, the Bureau provides its employees with an individually billed GTC account to arrange and pay for official travel and related expenses. Approving officials review and approve authorized expenses, for which the Bureau then reimburses cardholders. The GTC program involves five major processes: (1) issuing GTCs, (2) training cardholders and approving officials, (3) reviewing and approving travel authorizations and travel vouchers, (4) monitoring GTC usage, and (5) closing GTC accounts.



Office of Inspector General

Board of Governors of the Federal Reserve System
Bureau of Consumer Financial Protection

Recommendations, 2018-FMIC-C-014, September 26, 2018

The Bureau’s Travel Card Program Controls Are Generally Effective but Could Be Further Strengthened

Finding 1: Control Weaknesses Resulted in Reimbursements for Unallowable Expenses in Limited Cases

Number	Recommendation	Responsible office
1	Update travel guidance to clarify how to submit vouchers for multicity trips.	Office of the Chief Financial Officer
2	Incorporate instruction on multicity trips into training for cardholders and approving officials.	Office of the Chief Financial Officer
3	Evaluate the benefit of implementing additional controls to detect duplicative reimbursements, such as developing and implementing a tool for identifying travel vouchers with overlapping trip dates.	Office of the Chief Financial Officer
4	Review transactions and seek reimbursement in accordance with Bureau policy from cardholders who received duplicative reimbursements for multicity trips and from cardholders who were reimbursed for lodging and M&IE expenses incurred while on personal leave during official travel.	Office of the Chief Financial Officer

Finding 2: POV Controls Are Not Effectively Designed to Ensure Compliance with Applicable Requirements

Number	Recommendation	Responsible office
	No recommendations.	



Office of Inspector General

Board of Governors of the Federal Reserve System
Bureau of Consumer Financial Protection

MEMORANDUM

DATE: September 26, 2018

TO: Elizabeth Reilly
Chief Financial Officer and Assistant Director, Office of the Chief Financial Officer
Bureau of Consumer Financial Protection

FROM: Melissa Heist *Melissa Heist*
Associate Inspector General for Audits and Evaluations
Office of Audits and Evaluations

SUBJECT: OIG Report 2018-FMIC-C-014: *The Bureau’s Travel Card Program Controls Are Generally Effective but Could Be Further Strengthened*

We have completed our report on the subject audit. We conducted this audit to determine whether the Bureau of Consumer Financial Protection’s government travel card program controls are effectively designed and operating to prevent or identify instances of illegal, improper, or erroneous travel expenses and payments.

We provided you with a draft of our report for review and comment. In your response, you concur with our recommendations and outline actions that have been or will be taken to address our recommendations. We have included your response as appendix C to our report.

We appreciate the cooperation that we received from the Travel Office during this audit. Please contact Cynthia Gray, Senior OIG Manager for Financial Management and Internal Controls, or Jackie Ogle, OIG Manager, if you would like to discuss this report or any related issues.

cc: Katherine Fulton, Acting Chief Operating Officer and Acting Associate Director, Operations Division
Dana James, Deputy Chief Financial Officer, Office of the Chief Financial Officer
Rumana Ahmad, Director for Governance and Compliance and Acting Director for Travel and Relocation, Office of the Chief Financial Officer
Lauren Hassouni, Finance and Policy Analyst, Office of the Chief Financial Officer
Anya Veledar, Finance and Policy Analyst, Office of the Chief Financial Officer
Carlos Villa, Finance and Policy Analyst, Office of the Chief Financial Officer



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Introduction

Objective

The Government Charge Card Abuse Prevention Act of 2012 requires Offices of Inspector General to conduct periodic audits or reviews of agency travel card programs with more than \$10 million in travel card spending. The objective of this audit was to determine whether the Bureau of Consumer Financial Protection's (Bureau) government travel card (GTC) program controls are effectively designed and operating to prevent or identify instances of illegal, improper, or erroneous travel expenses and payments. The scope of our audit covered controls over travel that occurred in fiscal year (FY) 2017 (October 1, 2016–September 30, 2017). Details on our scope and methodology are in appendix A.

We also followed up on the remaining open recommendations from two of our prior GTC reports.¹ The status of each recommendation is included in appendix B.

Background

The Bureau's Government Travel Card Program

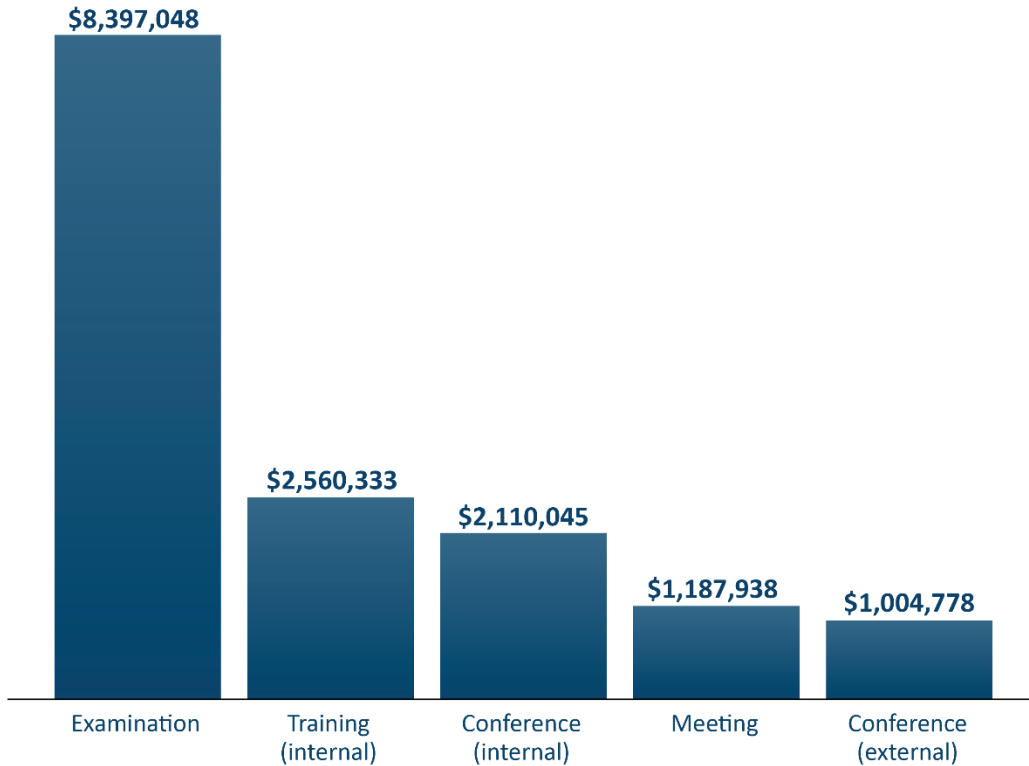
Through its GTC program, the Bureau provides its employees with an individually billed GTC account to arrange and pay for official travel and related expenses. Approving officials review and approve authorized expenses, for which the Bureau then reimburses cardholders. The Bureau acquires GTC services through the U.S. Department of the Treasury's task order to the U.S. General Services Administration's (GSA) master contract with Citibank.² Citibank issues GTCs to Bureau employees, and cardholders are responsible for all expenses incurred on their GTC. The U.S. Department of the Treasury's Bureau of the Fiscal Service, Administrative Resource Center (BFS ARC), provides the Bureau with GTC administration services through an interagency agreement.

As of September 30, 2017, the Bureau had 1,362 cardholders and 280 approving officials. In FY 2017, 62,228 purchase transactions were made on individually billed GTCs. Cardholders were reimbursed a total of \$17 million. Figure 1 shows the five travel purposes accounting for the highest amounts of travel reimbursements. Examinations account for nearly 50 percent of the Bureau's travel. The Bureau conducts examinations as a key tool to ensure that supervised entities comply with federal consumer financial laws. The Bureau's examination staff is organized into four regions, and examiners work from home offices across the country. Internal training and conferences account for 27 percent of the Bureau's travel. The remaining 23 percent of travel comprises meetings, external conferences, and other purposes.

¹ Office of Inspector General, *The CFPB Should Strengthen Internal Controls for Its Government Travel Card Program to Ensure Program Integrity*, [OIG Report 2013-AE-C-017](#), September 30, 2013; Office of Inspector General, *The CFPB Should Continue to Enhance Controls for its Government Travel Card Program*, [OIG Report 2016-FMIC-C-009](#), June 27, 2016.

² GSA provides commercial payment services to more than 350 federal agencies, organizations, and Native American tribal governments through the GSA SmartPay 2 program.

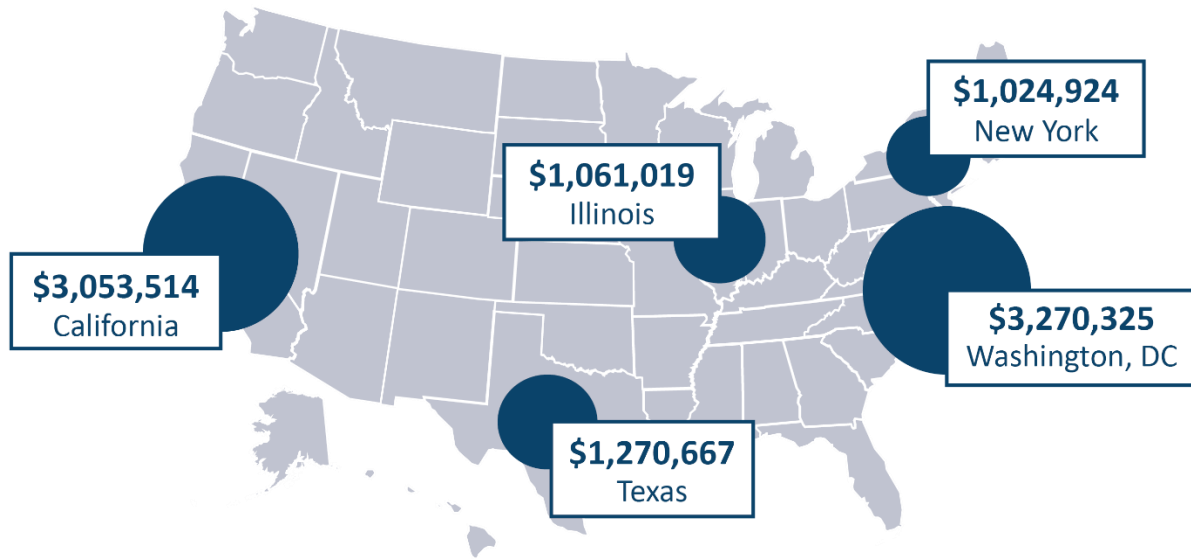
Figure 1. Top Five Travel Purposes, by Amount Reimbursed to Cardholders



Source. OIG analysis of trip purpose data from the Bureau’s electronic travel system.

Figure 2 shows the five locations that account for the highest amounts of travel reimbursements. Washington, DC, where the Bureau is headquartered, is the location with the highest travel reimbursements, accounting for about 19 percent of the Bureau’s travel. This location has the highest amount of internal training, internal conferences, and informational meetings. California is the location with the second-highest travel reimbursements, accounting for about 18 percent of the Bureau’s travel. It has the highest number of Bureau examinations and the second-highest number of internal conferences. Texas, Illinois, and New York combine for about 20 percent of the Bureau’s travel, with examinations being the majority of travel expenditures in each state.

Figure 2. Top Five Travel Locations, by Amount Reimbursed to Cardholders



Source. OIG analysis of trip location data from the Bureau's electronic travel system.

Applicable Federal Laws, Regulations, and Guidance

The Bureau is subject to the Government Charge Card Abuse Prevention Act of 2012, which requires agencies with employees who use GTCs to establish and maintain safeguards and internal control activities to ensure the proper, efficient, and effective use of GTCs.

Bureau cardholders are required to follow GSA SmartPay 2 program guidelines as stipulated in the GSA master contract. According to the GSA SmartPay 2 program, GTCs are used to pay for official travel, including local travel, and related expenses. The agency is to reimburse employees only for authorized and allowable expenses. Any amounts charged in excess of the allowable reimbursement are to be paid for with the employee's personal funds. The GTC is to be used for official government purposes only.

Bureau cardholders are also expected to adhere to the Federal Travel Regulation (FTR), which implements statutory requirements and executive agency policies for travel by federal civilian employees and others authorized to travel at government expense.

The Bureau is not required to follow the Office of Management and Budget's (OMB) Circular A-123, Appendix B: Improving the Management of Government Charge Card Programs. However, for the purposes of this audit, we consider this OMB guidance to be the prevailing authority regarding training for GTC programs. OMB develops and issues GTC training guidance for all executive agencies. According to OMB, training is important because it is vital that cardholders and approving officials understand their roles and responsibilities for GTC programs to be effectively implemented. OMB states that approving officials who are not cardholders should receive the same training as cardholders. Further, training should ensure that cardholders are informed of any changes or updates to their agency's GTC program.

The Bureau's Travel Policy and Internal Guidance

The Bureau's travel policy outlines the responsibilities of cardholders, supervisors and approving officials, and the Bureau's Travel Office.³ It also restates the Bureau's adherence to GSA's SmartPay 2 program and the FTR by noting that where the policy is silent on either issue, the traveler should defer to the SmartPay 2 program guidelines or FTR, respectively. The travel policy, in conjunction with the Travel Office wiki (available on the Bureau's intranet), provides guidance for making travel arrangements, traveling for the Bureau, and claiming reimbursement for expenses related to official travel. The Bureau's *Travel Desk Procedures*, dated January 20, 2015, and updated March 17, 2017, serve as a guide for the Travel Office.

Cardholder responsibilities include

- traveling on official Bureau business in accordance with the travel policy and the FTR
- obtaining and using a GTC for official travel and adhering to GSA SmartPay 2 regulations on the use of the card
- submitting to their approving official travel authorizations before travel and travel vouchers within 5 business days after a trip is completed
- paying statements promptly and keeping accounts current

Supervisor and approving official responsibilities include

- completing training to become an approving official to sign travel forms
- ensuring that cardholders have the necessary resources to travel in order to conduct Bureau business as a part of their official duties
- reviewing and approving travel authorizations and travel vouchers to help ensure compliance with Bureau policies and procedures
- maintaining a current training certificate for the GTC program

Travel Office responsibilities include

- managing and overseeing the GTC program
- authorizing the levels of access in the Bureau's electronic travel system for cardholders and approving officials
- creating and conducting training on the Bureau's travel policies and procedures for cardholders and approving officials
- administering the Bureau's centrally billed account, including authorizing charges and assisting in the reconciliation of monthly statements

³ Travel policy collectively refers to the *Policy on Travel Cards and Temporary Duty Travel* (May 21, 2012), the *Travel Policy Addendum* (December 7, 2013), and other travel-related policies.

In December 2017, the Bureau issued the *CFPB Policy on Travel*, which combined and updated all previous travel-related policies.⁴

Overview of the Bureau's GTC Process

The Bureau's Travel Office, part of the Office of the Chief Financial Officer, is responsible for administering the Bureau's GTC program, and BFS ARC helps administer some of the program's functions. The GTC program involves five major processes: (1) issuing GTCs, (2) training cardholders and approving officials, (3) reviewing and approving travel authorizations and travel vouchers, (4) monitoring GTC usage, and (5) closing GTC accounts.

Issuing GTCs

The Bureau's travel policy states that Bureau employees who travel four or more times a year are required to obtain and use a GTC. Employees must complete the GSA SmartPay 2 Travel Card Training online and then complete the Citibank travel card application. Applications are forwarded to the Travel Office, where they are reviewed for completeness.

Training Cardholders and Approving Officials

The travel policy states that the Travel Office is responsible for developing and conducting training on the Bureau's GTC policies and procedures for cardholders and approving officials. The Travel Office provides training during new employee orientation that covers select areas of the travel policy and gives cardholders an overview of their responsibility to travel in accordance with the travel policy. The training also provides cardholders with resources and reference tools for travel-related inquiries and instructions on using the Bureau's electronic travel system for arranging travel.

In addition to the required training during the application process, existing cardholders and approving officials must recertify in GSA SmartPay 2 training at least once every 3 years. The Travel Office is responsible for monitoring the expiration dates of cardholders' GSA SmartPay 2 training certificates and notifying cardholders in advance of those dates.

Reviewing and Approving Travel Authorizations and Travel Vouchers

Before official travel, cardholders complete a travel authorization for approval in the electronic travel system. Cardholders are required to include on their travel authorization their estimated travel expenses, including their lodging and method of transportation. Cardholders also receive a daily financial allotment for meals and incidental expenses (M&IE), the amount for which is established by GSA based on the temporary duty location.⁵ The travel authorization is submitted to the approving official for review and approval. When cardholders return from a trip, they use the electronic travel system to complete a travel voucher for all actual expenses incurred and submit it for approval.

⁴ We used the original travel policy to conduct our fieldwork but considered the updated travel policy in developing our findings.

⁵ A temporary duty location is an ordered work location more than 40 miles away from an employee's official duty station where the employee is authorized to travel.

According to the travel policy, approving officials are responsible for reviewing and approving travel authorizations, vouchers, and local vouchers in the Bureau's electronic travel system for their employees. Approving officials may be an individual's supervisor, a manager within the organization, or a nonsupervisory employee (such as a Regional Travel Specialist) who has a specific delegation of authority from the Bureau's Chief Financial Officer. If the approving official finds errors in either the travel authorization or the travel voucher, the form is returned to the cardholder. After correcting the form, the cardholder must resubmit it to the approving official.

Monitoring GTC Usage

The *Travel Desk Procedures* outline different methods for monitoring GTC usage:

- **Performing monthly compliance reviews.** The Travel Office performs a monthly review of selected cardholders' accounts for compliance with GSA policies. The Travel Office compares the Citibank statement to the electronic travel system to determine whether the charges are related to official travel. If the Travel Office finds errors in either the travel authorization or the travel voucher, the Travel Office follows up with the cardholder to inquire about and resolve unusual charges or charges for non-travel-related expenses. When noncompliance has been determined, corrective action is handled case by case. The Travel Office notifies the relevant supervisor and the Office of Human Capital if there are recurring instances of noncompliance.
- **Monitoring delinquent accounts.** The Travel Office receives a monthly delinquency report from BFS ARC indicating accounts that are 30 or more days past due. Depending on the number of days the account is past due, the cardholder, the cardholder's supervisor, and the Office of Human Capital may be notified of the delinquency. If the account is more than 60 days past due, the account may be temporarily suspended until the cardholder pays the full amount due. Until the card is reactivated, the cardholder cannot travel.
- **Performing active accounts annual review.** BFS ARC initiates an annual review of cardholders' accounts to ensure the list of current cardholders is accurate and that accounts of separated employees have been closed. The Travel Office compares a Bureau active employee list to a list of active cardholders and researches and reconciles discrepancies. Updates are returned to BFS ARC.

Closing GTC Accounts

The *Travel Desk Procedures* state that GTC accounts are closed when cardholders are no longer authorized to possess a Bureau travel card as a result of a separation. When employees separate from the Bureau, the Travel Office is notified of their effective date of separation as part of the offboarding process. BFS ARC is primarily responsible for closing GTC accounts in the Bureau's electronic travel system and Citibank. However, to ensure accounts are closed within 7 business days, the Travel Office continues to maintain a record of offboarding employees, check for closed accounts each Friday, and close accounts that same day if the separation date has passed and the account has not already been closed by BFS ARC.



Finding 1: Control Weaknesses Resulted in Reimbursements for Unallowable Expenses in Limited Cases

The Bureau's GTC controls did not prevent reimbursements for unallowable expenses in limited cases. The Bureau reimbursed a few cardholders for M&IE included on multiple vouchers for the same days. In addition, some cardholders received reimbursements for lodging and M&IE on days they took personal leave during official travel. In accordance with the travel policy and the FTR, cardholders are entitled to one M&IE reimbursement a day, as determined by their temporary duty location. Further, while the travel policy allows cardholders to take personal days at a temporary duty location, it states that they are responsible for all leave-related expenses and must not use their GTC. Travel guidance is not clear on how to submit and approve authorizations and vouchers for multicity trips. In addition, the Travel Office and approving officials noted confusion among cardholders and approving officials about how to document multicity trips and personal leave in the electronic travel system. Fully implementing our past recommendations related to training and data mining tools as well as those we make in this report should help the Bureau reduce the risk that it reimburses unallowable travel expenses.

Controls Did Not Prevent Improper Reimbursements for Multicity Trips

We reviewed all 14,070 local and travel vouchers for FY 2017 to identify dates that appeared in more than one voucher for an individual cardholder to determine whether the Bureau was making duplicative reimbursements to cardholders. We found that the Bureau improperly reimbursed \$523 in excess M&IE to three cardholders who submitted multiple travel authorizations and vouchers for overlapping dates. All three cardholders submitted separate vouchers for multiple locations during a single trip, and all three approving officials provided their approval.

- One cardholder attended a meeting in one city and traveled to a conference in another city during the same day. The cardholder submitted one authorization and voucher for each city and received M&IE reimbursement for both cities on the overlapping day. The cardholder received excess M&IE of \$52.
- One cardholder traveled to two cities in one trip. The cardholder submitted one authorization and voucher for each city and received M&IE reimbursement for both cities on the overlapping day. It appears that the cardholder reduced the M&IE reimbursement on one of the vouchers but did not properly designate the change in the electronic travel system. Therefore, the system adjusted the reimbursement amount to include duplicative M&IE for that day. The cardholder received excess M&IE of \$59.
- One cardholder traveled to three cities in one trip. The cardholder submitted three separate authorizations and vouchers for this trip: One voucher covered all three cities for the entirety of the trip, one voucher covered all three cities for part of the trip, and one voucher covered the

second and third cities. It appears that the cardholder reduced the M&IE reimbursement but did not properly designate the change in the electronic travel system. Therefore, the system adjusted the reimbursement amount to include duplicative M&IE for several days. The cardholder received excess M&IE of \$412.

In accordance with the travel policy and FTR, cardholders are entitled to reimbursement of M&IE at the applicable rate for one temporary duty location. Specifically, when lodging is required, the applicable M&IE rate is the rate where that night's lodging is located. When lodging is not required, the applicable M&IE rate is the rate applicable to the temporary duty location or the highest per diem rate when multiple locations are involved.

Travel guidance is not clear on whether multicity trips should be submitted in a single voucher or in multiple vouchers. The Travel Office wiki explains that cardholders can book multicity itineraries in one authorization; however, the wiki does not clearly state that as the expectation. Both the Travel Office and approving officials noted confusion among cardholders and approving officials about whether multicity trips should be submitted in separate vouchers or a single voucher. In addition, the electronic travel system allows multicity trips to be submitted in a single voucher, and it allows multiple travel vouchers to be submitted for overlapping dates.

Submitting multicity trips in multiple vouchers presents a risk that cardholders improperly receive duplicate reimbursements. The electronic travel system will warn the cardholder when multiple vouchers are submitted for overlapping dates, and the cardholder is required to submit a justification; however, the cardholder still has the ability to submit the voucher for approval. The approving official will also receive a trip overlap notification and justification but still has the ability to approve the voucher.

The electronic travel system automatically generates M&IE on vouchers. When cardholders submit a multicity trip in separate vouchers, the electronic travel system populates M&IE for all travel days on each voucher. Therefore, the days that overlap will result in duplicate M&IE. The cardholder can manually override the M&IE in the system. If the cardholder does not correctly override the M&IE reimbursement, the electronic travel system does not remove the M&IE, thereby improperly reimbursing the cardholder for M&IE for multiple cities on the same day.

Controls Did Not Prevent Improper Reimbursements for Lodging and M&IE While on Leave During Official Travel

We tested all 14,070 local and travel vouchers for FY 2017 to determine whether the Bureau reimbursed cardholders for lodging and M&IE while on personal leave during official travel. The Bureau improperly reimbursed \$1,605 for lodging and M&IE to 11 cardholders while the cardholders were on leave during official travel. Six of these cardholders were reimbursed \$596 for M&IE. It appears that all six of the cardholders who were reimbursed for M&IE entered zero in the M&IE field but did not properly designate the change in the electronic travel system. The system adjusted the reimbursement amount to include M&IE for those days. The remaining five cardholders were reimbursed \$1,009 for both lodging and M&IE.

The Bureau's travel policy allows cardholders to take personal leave at a temporary duty location but states that cardholders are responsible for all expenses incurred while on personal leave and that they must not use their GTC for those expenses. The travel policy requires cardholders to clearly denote personal leave on their travel authorization and voucher in the electronic travel system. The travel policy also requires approving officials to review expenses for compliance with Bureau policies and procedures.

Further, although the travel policy requires cardholders to clearly denote their personal leave in the electronic travel system, some cardholders incorrectly input their leave into the system. Both the Travel Office and approving officials noted confusion among cardholders about how to document personal leave in the electronic travel system. As noted above, the electronic travel system automatically generates M&IE on vouchers and the cardholder must manually override the M&IE in the system. If the cardholder does not correctly override the M&IE reimbursement, the system does not remove the M&IE, thereby improperly reimbursing the cardholder for M&IE while on leave.

Fully Implementing Prior Recommendations Should Help Reduce the Risk of Reimbursing Unallowable Expenses

In 2013, we recommended that the Chief Financial Officer coordinate with the Office of Human Capital to obtain personnel leave data and require the Travel Office to expand the monthly cardholder statement review to include cardholders on leave in order to identify potential cases of unauthorized or fraudulent use and incorporate this requirement in the draft internal procedure. We also recommended in 2016 that the Chief Financial Officer enhance the monthly compliance audits of the GTC program by finalizing the development of and implementing in-house data mining tools. The Travel Office has not expanded its monthly cardholder reviews to include the use of personnel leave data or fully implemented in-house data mining tools. Doing so would help the Bureau monitor its GTC program and may identify instances of improper reimbursement in a timely manner.

In addition, in 2016, we recommended that the Travel Office develop agency-specific travel training. The Bureau has not fully developed and implemented a mandatory, agency-specific training program for all approving officials and cardholders, to include detailing roles and responsibilities, explaining the electronic travel system, and providing instruction on how to document personal leave while on official travel. Fully implementing a Bureauwide training program should reduce the risk of cardholders being reimbursed for unallowable expenses. GSA and OMB stress the importance of training because it is vital that approving officials and cardholders understand their roles and responsibilities in order for travel card programs to be effectively implemented.

Recommendations

We recommend that the Chief Financial Officer

1. Update travel guidance to clarify how to submit vouchers for multicity trips.
2. Incorporate instruction on multicity trips into training for cardholders and approving officials.

3. Evaluate the benefit of implementing additional controls to detect duplicative reimbursements, such as developing and implementing a tool for identifying travel vouchers with overlapping trip dates.
4. Review transactions and seek reimbursement in accordance with Bureau policy from cardholders who received duplicative reimbursements for multicity trips and from cardholders who were reimbursed for lodging and M&IE expenses incurred while on personal leave during official travel.

Management's Response

The Bureau concurs with our recommendations. Specifically, the Bureau states that it intends to issue clarifying guidance as well as provide training to all staff to address the requirements for multicity trips. The Bureau also states that it will consider additional controls for detecting duplicative reimbursements and trips with overlapping trip dates. Finally, the Bureau indicates that it will review transactions and seek reimbursement as appropriate from cardholders who were overpaid on multicity trips or reimbursed for expenses incurred while on personal leave during official travel.

OIG Comment

The planned actions described by the Bureau appear to be responsive to our recommendations. We will follow up to ensure that our recommendations are fully addressed.



Finding 2: POV Controls Are Not Effectively Designed to Ensure Compliance With Applicable Requirements

The Bureau's controls over the use of a personally owned vehicle (POV) are not effectively designed to ensure compliance with requirements. The FTR, the travel policy, and guidance require cardholders to charge leave for any duty hours that are missed as a result of traveling by POV and state that cardholders are not entitled to overtime, compensatory time, or other premium pay other than what they would have received had they traveled by the authorized method. The Bureau does not have a control in place to capture lost worktime when considering POV as an alternative method of transportation. Further, we identified instances in which cardholders appeared to spend more time traveling by POV than they would have by using the authorized method of transportation and did not take leave. One of the cardholders earned compensatory travel time in multiple instances. To ensure compliance with applicable requirements, the Bureau should factor lost worktime to justify an alternative method of transportation.

Controls Are Not Designed to Consider Lost Worktime When Using POV

We reviewed POV reimbursements on travel vouchers to determine whether POV use was reasonably supported and whether excess time spent traveling was accounted for. We identified 607 cardholders who were reimbursed a total of about \$625,000 when traveling by POV in FY 2017. The top five POV users each received between approximately \$8,300 and \$11,000 in FY 2017. Although the Bureau has controls to ensure compliance with FTR requirements related to reimbursing expenses for POV use, it does not have controls to ensure adherence to requirements related to excess time spent traveling when using POV.

The FTR states that if an employee elects to travel by POV instead of an alternative form of transportation, the cardholder (1) must charge leave for any duty hours that are missed as a result of travel by POV and (2) is limited to reimbursement to the constructive cost of the authorized method of transportation. The travel policy in effect during the scope of our review did not address POV use. We note that the Bureau's *CFPB Policy on Travel*, issued December 2017, requires cardholders to consider all factors when selecting the method of transportation, including lost worktime and overtime or other premium pay. We also note that supplemental guidance explains that cardholders are not entitled to overtime, compensatory travel time, or other premium pay other than what they would have been entitled to had they traveled by the authorized method.

When choosing to travel by POV, the updated travel policy requires cardholders to complete a cost-comparison worksheet to compare the constructive cost of the authorized method of transportation to an alternative method. However, the Bureau does not have a similar worksheet or required submission for the cardholder to consider lost worktime.

We reviewed the five highest POV reimbursements for the five cardholders who received the highest total POV reimbursement for FY 2017.⁶ We identified 11 potential trips in which three cardholders who chose to travel by POV (1) spent more time traveling by POV than they would have by using the authorized method of transportation and (2) did not take leave. In addition, in 5 of those trips, one of the cardholders earned up to 2 hours of compensatory travel time on travel days. For example, the cardholder elected to drive 18 hours roundtrip to the temporary duty location rather than fly about 12 hours (including travel to and from the airport). This cardholder did not take leave for the additional time spent traveling and received 4 hours of compensatory time (2 hours on each travel day).

While we were able to determine whether cardholders spent more time traveling by POV than the cardholder would have spent by the authorized transportation method, we could not definitively determine whether the cardholders lost worktime or would have been entitled to compensatory time if they used the authorized method of transportation. However, to ensure that the Bureau complies with the travel policy and FTR time requirements, it should consider a time element to justify an alternative method of transportation.

Management Actions Taken During the Audit

In August 2018, after we presented our draft findings to Bureau officials, the Travel Office updated the cost-comparison worksheet to include time-in-travel status per method of transportation. The Travel Office also updated instructions for the worksheet on the Travel Office's wiki page and communicated the update to all managers and staff. Based on the Travel Office's actions, we do not have a recommendation for this finding.

Management's Response

The Bureau concurs with the finding and reiterates that it took immediate steps to update its cost-comparison worksheet in order to strengthen its controls around POV use.

OIG Comment

The actions taken by the Bureau were sufficient to address the finding.

⁶ One of the five cardholders had a reasonable accommodation agreement, so we excluded that cardholder from the results of our testing.



Appendix A: Scope and Methodology

The objective for this audit was to determine whether the Bureau's GTC program controls were effectively designed and operating to prevent or identify instances of illegal, improper, or erroneous travel expenses and payments. The scope of our audit covered controls over travel that occurred in FY 2017 (October 1, 2016–September 30, 2017).

To accomplish our objective, we used data analytics to conduct the following tests:

- **Duplicative reimbursements for travel vouchers with overlapping trip dates.** We tested all 14,070 local and travel vouchers for dates that appeared in more than one voucher for an individual cardholder to determine whether the Bureau was making duplicative reimbursements to cardholders. We sorted the voucher list to identify cardholders who had trips with overlapping dates and found 19 such occurrences among 18 cardholders. We then reviewed individual vouchers to determine whether cardholders received duplicative reimbursements.
- **Use of the GTC for lodging and M&IE while on leave during official travel.** We tested instances in which personal leave occurred during official travel to determine whether cardholders claimed and were reimbursed for lodging and M&IE while on personal leave. We used the Trip Expense Detail Report from the Bureau's electronic travel system to identify all lodging and M&IE expenses on the 14,070 vouchers. We compared this to the Office of Human Capital's personnel leave data to identify any cardholders who vouchered lodging and M&IE expenses while on more than 7 hours of personal leave during official travel. We found 205 such instances for 131 cardholders. We reconciled all 205 instances to travel vouchers to verify whether the cardholder was reimbursed for lodging or M&IE.
- **Use of the GTC for rental cars and parking while on leave during official travel.** We tested instances in which cardholders used their GTC for rental cars and parking while on leave to determine whether cardholders claimed and were reimbursed for these expenses. We compared all 62,228 Citibank transactions to the Office of Human Capital's personnel leave data to identify any cardholders who used their GTC while on more than 7 hours of personal leave during official travel. We filtered the results to identify those expenses for rental cars and parking and found 65 such occurrences for 51 cardholders. We reconciled all 65 occurrences to travel vouchers to verify whether the cardholder claimed and was reimbursed for a rental car or parking while on leave. We did not identify any instances in which travelers were reimbursed for rental cars or parking while on leave during official travel.
- **Reasonableness of POV use.** We reviewed POV reimbursements to determine whether POV use was reasonably supported and whether excess time spent traveling was accounted for. We used the Trip Expense Detail Report in the Bureau's electronic travel system to identify all 607 cardholders who were reimbursed for POV use and sorted the data to identify the 5 cardholders who received the highest cumulative reimbursement for POV. We compared the 5 cardholders against the list of individuals who require unique accommodations when traveling on official business. One of the 5 cardholders had a reasonable accommodation agreement, so we excluded that cardholder from the results of our testing. For each of the remaining 4 cardholders, we reviewed the vouchers for the five trips for which the cardholder received the

highest POV reimbursements. On each of these vouchers, we assessed whether (1) the POV cost comparison was appropriately supported, (2) the POV mileage was reasonable and supported, (3) excess time was spent traveling, and (4) the cardholder took leave or earned compensatory travel time in cases where excess time was spent traveling based on the Office of Human Capital's personnel leave data.

- **Reasonableness of travel during off-duty hours to earn travel compensatory time.** We used the Trip Expense Detail Report from the Bureau's electronic travel system and the Office of Human Capital's personnel leave data to determine the reasonableness of travel compensatory time earned by cardholders. We sorted the data for all employees during FY 2017 to identify the five cardholders who earned the highest cumulative amount of travel compensatory time. For the top five cardholders, we reviewed the travel vouchers for each trip in which that cardholder earned 6 or more hours of compensatory time on the trip date. We reviewed the potential travel time that was eligible for compensatory time and compared that amount to the amount of compensatory time earned by the cardholder. We determined that none of the five cardholders earned excessive compensatory time.
- **Summary of travel trip purposes and spending by location.** We analyzed the travel trip purposes and travel spending by location in the 12,267 travel vouchers in the Trip Location Report from the Bureau's electronic travel system to gain context around the Bureau's travel trends. We normalized the fields and classified the data on trip purpose and location. We then compiled statistics on the destinations of the Bureau's travelers (refer to the Background section of this report).
- **Identification of the top 10 travel spenders.** We analyzed the Office of Human Capital's personnel reports and the Trip Cost Allocation Report from the Bureau's electronic travel system to identify the top travel spenders. We determined that the top 10 spenders were reimbursed between approximately \$52,000 and \$73,000 and were all in the Bureau's examinations group. This is consistent with the Bureau's overall travel spending; as noted in the Background section of this report, about 50 percent of the Bureau's travel is for examinations.
- **Benford's Law.**⁷ We evaluated all 62,228 Citibank transactions to identify abnormal trends in the leading digits. We determined that the leading digit of the transactions in our data set followed a naturally decreasing progression, indicating a low risk of fraudulent transactions.
- **Reasonableness of international travel.** We reviewed for reasonableness the purposes and costs of the Bureau's international trips. We filtered the 12,267 travel vouchers from the Trip Location Report from the Bureau's electronic travel system and found that 17 trips took place outside the United States for a total reimbursement amount of approximately \$50,000. We determined that international trip purposes were reasonable to the Bureau's functions and that total international travel reimbursements were less than 1 percent of all travel expenses reimbursed by the Bureau.
- **Purchase of premium-class travel tickets.** We reviewed the Air Ticket Detail Report from the Bureau's electronic travel system to determine whether cardholders booked first and business class airline arrangements. We eliminated travelers who had reasonable accommodations that

⁷ Benford's Law is a principle used to identify abnormal trends in the leading digits in a data set, such as credit card transactions. Benford's Law states that in any large, randomly produced set of numbers, about 30 percent will begin with the digit 1, 18 percent with 2, and so on, with the smallest percentage beginning with 9.

allowed them to purchase premium travel. We determined that no premium airline tickets were purchased. We verified these results against the Bureau's certification to GSA for premium travel reservations.

- **GTC transactions made by non-Bureau employees.** We compared all 62,228 Citibank transactions to a list of active employees to determine whether any transactions were made by non-Bureau employees. We determined that no transactions were made by non-Bureau employees.
- **Use of unauthorized merchant category codes.** We compared all 62,228 Citibank transactions to the blocked merchant category codes listing to determine whether the blocks on merchant category codes were operating effectively. We did not find transactions that were approved on blocked merchant category codes.
- **Closure and use of GTCs after separation.** We compared separation data from the Bureau's human resources records against the Travel Office's GTC separation data to determine how timely the accounts were closed upon cardholder separation. We also compared the separation data from the Bureau's human resources records against the 62,228 Citibank transactions to determine whether transactions occurred after any cardholder's separation date. We determined that all accounts were closed timely and no employees used their GTC after separation.
- **Reimbursement of lodging costs above allowable amounts.** We obtained the GSA and U.S. Department of State lodging rates and analyzed lodging expenses to determine whether cardholders were reimbursed more than 300 percent of the GSA lodging rate, as allowable by Bureau policy. We compared trip destinations by city, state, and date from 12,267 travel vouchers in the Bureau's electronic travel system to our calculated allowable lodging rates based on the GSA per diem rate. We determined that no employees were reimbursed more than the amount allowable by Bureau policy.

We also conducted additional tests to assess the design and operating effectiveness of controls:

- **Monitoring of GTC account delinquencies.** We analyzed the 12 GTC Account Delinquency Reports from the Travel Office to test controls over the Bureau's monitoring of GTC account delinquencies. We reviewed each of the monthly compliance reviews of cardholder statements to ensure that monthly compliance reviews of cardholder statements were completed. We also found 22 cardholders who had 60-day past-due delinquent balances and reviewed supporting documentation confirming that each of those cardholders were notified that their accounts were past due as well as a temporary closure to their accounts, as applicable. We determined that the controls surrounding the monitoring of GTC account delinquency are designed and operating effectively.
- **Controls over the Bureau's travel stipend program.** We obtained the Travel Office's calendar year 2017 workbook to test controls over the Bureau's travel stipend program. We completed a walkthrough of the Bureau travel stipend process with the Travel Office and judgmentally selected two cardholders who received stipends in calendar year 2017 and reperformed the Travel Office's stipend verification process. We determined that the Travel Office's processes for the travel stipend program are designed and operating effectively.

In addition, we reviewed the Bureau's *Policy on Travel Cards and Temporary Duty Travel*, the *Travel Policy Addendum*, and other travel-related policies, such as the *Frequent Traveler Stipend Program Policy*. We also reviewed the updated *CFPB Policy on Travel* and the *Travel Desk Procedures* as well as the FTR, the

Government Charge Card Abuse Prevention Act of 2012, and other relevant documentation pertaining to the GTC program. We interviewed the Bureau's Travel Office officials to obtain information on the program's operation and internal controls. In addition, we interviewed a regional director, a Bureau Legal representative, and select approving officials to obtain insights into the GTC program.

We obtained travel, trip reimbursement, GTC transaction, and personnel separation and leave data from the Bureau's electronic travel system, the Citibank system, the Travel Office, and the Office of Human Capital. For any system that we did not have direct access to, we relied on the Bureau to extract and provide us with the requested documentation. We observed an Office of Human Capital employee extract the requested personnel reports and verified the completeness of the reports we received. We also verified the accuracy and completeness of the documentation by tracing the data to source documents.

We focused our scope on individually billed accounts. As a result, the centrally billed account was out of the scope of this audit.

We conducted our fieldwork from January 2018 through July 2018. We conducted this audit in accordance with generally accepted government auditing standards. Those 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 objective.



Appendix B: Status of Open Recommendations from OIG Reports 2013-AE-C-017 and 2016-FMIC-C-009

We completed follow-up work on recommendations made in two of our prior GTC reports: *The CFPB Should Strengthen Internal Controls for Its Government Travel Card Program to Ensure Program Integrity* (2013)⁸ and *The CFPB Should Continue to Enhance Controls for its Government Travel Card Program* (2016).⁹ Those reports contained 14 and 9 recommendations, respectively, designed to help ensure the integrity of the Bureau’s GTC program.

In earlier follow-up memorandums, we closed recommendations 2–4 and 6–14 of the 2013 report. We also closed recommendations 7 and 9 of the 2016 report and determined that recommendation 3 had been partially implemented.¹⁰ During our fieldwork for this report, we determined that sufficient actions had been taken to close five more recommendations. Recommendation 1 of the 2013 report and recommendations 1, 2, 5, and 8 of the 2016 report have been closed, while recommendation 6 of the 2016 report has been partially implemented.¹¹ We acknowledge that corrective actions are in progress for the remaining 1 recommendation from the 2013 report and the remaining 3 recommendations from the 2016 report. The following tables provide details.

⁸ Office of Inspector General, *The CFPB Should Strengthen Internal Controls for Its Government Travel Card Program to Ensure Program Integrity*, [OIG Report 2013-AE-C-017](#), September 30, 2013.

⁹ Office of Inspector General, *The CFPB Should Continue to Enhance Controls for its Government Travel Card Program*, [OIG Report 2016-FMIC-C-009](#), June 27, 2016.

¹⁰ These memorandums are dated February 3, 2014; September 30, 2014; January 28, 2015; September 30, 2015; March 23, 2017; and December 21, 2017.

¹¹ We issued an additional follow-up memorandum to close these recommendations on August 7, 2018.

Status of the Implementation of Recommendations Made in OIG Report 2013-AE-C-017, *The CFPB Should Strengthen Internal Controls for Its Government Travel Card Program to Ensure Program Integrity*, September 30, 2013

Recommendation	Status
<p>Recommendation 1: We recommend that the Chief Financial Officer collect reimbursements from cardholders who received payments for unallowable expenses and research and collect reimbursement from the two cardholders who used credit hours as leave while on official travel and claimed reimbursement for lodging and meals and incidental expenses.</p>	<p>Closed. The Bureau took sufficient actions for us to close this recommendation.</p>
<p>Recommendation 5: We recommend that the Chief Financial Officer coordinate with the Office of Human Capital to obtain personnel leave data and require the Travel Office to expand the monthly cardholder statement review to include cardholders on leave in order to identify potential cases of unauthorized or fraudulent use and incorporate this requirement in the draft internal procedure.</p>	<p>Open. The Bureau reported that it had begun taking steps to implement this recommendation.</p> <p>Anticipated corrective action date: End of FY 2018.</p>

Status of the Implementation of Recommendations Made in OIG Report 2016-FMIC-C-009, *The CFPB Should Continue to Enhance Controls for Its Government Travel Card Program*, June 27, 2016

Recommendation	Status
<p>Recommendation 1: We recommend that the Chief Financial Officer review the transactions made by the seven Bureau cardholders who were reimbursed for lodging and meals and incidental expenses incurred while on personal leave during official travel and seek reimbursement in accordance with Bureau policy.</p>	<p>Closed. The Bureau took sufficient actions for us to close this recommendation.</p>
<p>Recommendation 2: We recommend that the Chief Financial Officer conduct an audit of the remaining 152 instances in which cardholders took 8 or more hours of personal leave during official travel to determine whether cardholders claimed and received reimbursement for expenses incurred while on personal leave during official travel and require those who received reimbursement for improper claims to reimburse the Bureau for those instances in accordance with Bureau policy.</p>	<p>Closed. The Bureau took sufficient actions for us to close this recommendation.</p>

Recommendation 3: We recommend that the Chief Financial Officer revise the *Policy on Travel Cards and Temporary Duty Travel* to

- a. include clear language describing *personal use* and *improper use* of the government travel card.
- b. consolidate the *Policy on Travel Cards and Temporary Duty Travel* and all addendums and forms into a single policy document.
- c. require certified, agency-specific training on a recurring basis for approving officials and cardholders.

Partial implementation. The Bureau took sufficient actions for us to close parts (a) and (b) of this recommendation. Part (c) remains open.

Anticipated corrective action date: End of FY 2018.

Recommendation 4: We recommend that the Chief Financial Officer develop mandatory, certified, agency-specific training for approving officials and cardholders that includes, but is not limited to,

- a. detailing their roles and responsibilities.
- b. explaining the electronic travel system.
- c. providing instruction on how to document personal leave while on official travel.

Open. The Bureau reported that it had begun taking steps to implement this recommendation.

Anticipated corrective action date: First quarter of FY 2019.

Recommendation 5: We recommend that the Chief Financial Officer evaluate the benefit of providing additional tools for each cardholder to reinforce the rules for proper use of the government travel card.

Closed. The Bureau took sufficient actions for us to close this recommendation.

Recommendation 6: We recommend that the Chief Financial Officer enhance the monthly compliance audits of the Bureau's government travel card program by

- a. directing the Travel Office to obtain training from the government travel card provider on how to use all the available monitoring resources.
- b. finalizing the development of and implementing in-house data mining tools.

Partial implementation. The Bureau took sufficient actions to close part (a) of this recommendation. Part (b) remains open.

Anticipated corrective action date: End of FY 2018.

Recommendation 8: We recommend that the Chief Financial Officer work with the Office of Human Capital and the Bureau of the Fiscal Service, Administrative Resource Center's Project Reporting Quality Assurance to develop and implement a system for timely deactivation of government travel card accounts and incorporate this process in the *Travel Desk Procedures*.

Closed. The Bureau took sufficient actions for us to close this recommendation.

Appendix C: Management's Response

Bureau of Consumer Financial Protection
1700 G Street NW
Washington, D.C. 20552



September 19, 2018

Ms. Melissa Heist
Associate Inspector General for Audits and Evaluations
Board of Governors of the Federal Reserve System and
Consumer Financial Protection Bureau
20th and Constitution Avenue
Washington, DC 20551

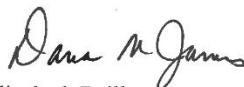
Dear Ms. Heist,

Thank you for the opportunity to review and comment on the Office of Inspector General's draft report, *The Bureau's Travel Card Program Controls Are Generally Effective but Could Be Further Strengthened*. We have reviewed the report and concur with the draft recommendations.

We are pleased that you found the Bureau's Travel Card Program controls to be generally effective and found only limited exceptions in your extensive testing. The Bureau remains committed to ensuring the integrity of our program and we look forward to enhancing our controls to effectively prevent or identify instances of illegal, improper, or erroneous travel expenses and payments.

Thank you for the professionalism and courtesy that you and your staff demonstrated during this review. We have provided comments for each finding and recommendation.

Sincerely,


Elizabeth Reilly
Chief Financial Officer

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Response to Recommendations Presented in the Draft IG Report:
“The Bureau’s Travel Card Program Controls Are Generally Effective but Could Be Further Strengthened”

Finding 1: Control Weaknesses Resulted in Reimbursements for Unallowable Expenses in Limited Cases.

Recommendation 1. Update travel guidance to clarify how to submit vouchers for multicity trips.

Recommendation 2. Incorporate instruction on multicity trips into training for cardholders and approving officials.

Recommendation 3. Evaluate the benefit of implementing additional controls to detect duplicative reimbursements, such as developing and implementing a tool for identifying travel vouchers with overlapping trip dates.

Recommendation 4. Review transactions and seek reimbursement in accordance with Bureau policy from cardholders who received duplicative reimbursements for multicity trips and from cardholders who were reimbursed for lodging and M&IE expenses incurred while on personal leave during official travel.

Management Response: We concur with this finding. The Bureau intends to issue clarifying guidance as well as training to all staff to address the requirements for multicity trips. The Bureau will look into additional controls for detecting duplicative reimbursements and trips with overlapping trip dates. Additionally, the Bureau will review transactions and seek reimbursement as appropriate from cardholders who were overpaid on multicity trips or while on personal leave during official travel.

Finding 2: POV Controls Are Not Effectively Designed to Ensure Compliance with Applicable Requirements.

Management Response: We concurred with the draft finding and took immediate steps to update our cost-comparison worksheet in order to strengthen our controls around POV use. We are pleased that the OIG recognized this action and determined it was sufficient to address the finding.

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Abbreviations

BFS ARC	Bureau of the Fiscal Service, Administrative Resource Center
Bureau	Bureau of Consumer Financial Protection
FTR	Federal Travel Regulation
FY	fiscal year
GSA	U.S. General Services Administration
GTC	government travel card
M&IE	meals and incidental expenses
OIG	Office of Inspector General
OMB	Office of Management and Budget
POV	personally owned vehicle

Report Contributors

Jackie Ogle, OIG Manager

Kimberly Perteet, Project Lead

Sean Newman, Auditor

Monica Cook, Auditor

Victor Calderon, OIG Manager

Amanda Sundstrom, Forensic Auditor

Cynthia Gray, Senior OIG Manager for Financial Management and Internal Controls

Melissa Heist, Associate Inspector General for Audits and Evaluations

Contact Information

General

Office of Inspector General
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Mail Stop K-300
Washington, DC 20551

Phone: 202-973-5000

Fax: 202-973-5044

Media and Congressional

OIG.Media@frb.gov



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Board of Governors of the Federal Reserve System
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Mail Stop K-300
Washington, DC 20551

Phone: 800-827-3340

Fax: 202-973-5044