



# Audit of the U.S. Nuclear Regulatory Commission's Travel Charge Card Program

OIG-NRC-25-A-01  
October 28, 2024



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## **MEMORANDUM**

**DATE:** October 28, 2024

**TO:** Mirela Gavrilas  
Executive Director for Operations

**FROM:** Hruta Virkar, CPA /**RA**/  
Assistant Inspector General for Audits & Evaluations

**SUBJECT:** AUDIT OF THE U.S. NUCLEAR REGULATORY  
COMMISSION'S TRAVEL CHARGE CARD PROGRAM  
(OIG-NRC-25-A-01)

Attached is the Office of the Inspector General's (OIG) audit report titled: *Audit of the U.S. Nuclear Regulatory Commission's Travel Charge Card Program*.

The report presents the results of the subject audit. Following the October 1, 2024, exit conference, agency staff indicated that they had no formal comments for inclusion in this report.

Within 30 days of the date of this memorandum, please provide information on actions taken or planned on each of the recommendation(s) in this report.

We appreciate the cooperation extended to us by members of your staff during the audit. If you have any questions or comments about our report, please contact me at 301.415.1982 or Danielle Mahal, Team Leader, at 301.415.5965.

Attachment:  
As stated

cc: J. Martin, ADO  
S. Miotla, DADO  
J. Jolicoeur, OEDO



# Results in Brief

## Why We Did This Review

The NRC's travel charge card program provides staff with the resources to arrange travel and facilitate the payment of official travel expenses. During fiscal years 2020 through 2023, the NRC recorded 161,816 travel charge card transactions, totaling \$27 million.

The Government Charge Card Abuse Prevention Act of 2012 requires agency officials to establish and maintain internal controls to ensure the proper, efficient, and effective use of travel charge cards. The Act mandates that the Office of the Inspector General (OIG) conduct periodic audits or reviews of the travel charge card program to analyze the risks of illegal, improper, or erroneous purchases and payments.

The audit objective was to assess whether the NRC's policies and procedures are effective in preventing and detecting travel charge card misuse and payment delinquencies.

## ***Audit of the U.S. Nuclear Regulatory Commission's Travel Charge Card Program***

OIG-NRC-25-A-01

October 28, 2024

### What We Found

The OIG identified areas where the U.S. Nuclear Regulatory Commission (NRC) should refine its travel charge card procedures and enhance its prevention and detection measures. Specifically, the OIG found travel charge card accounts that remained open following the employee's separation from the NRC, as well as accounts with credit limits exceeding policy-defined limits or operational needs. We also found that the NRC does not provide charge card refresher training, which is necessary for reinforcing compliance with policies. Further, certain premium class travel authorizations did not have the required supporting documentation or were not properly authorized or justified, resulting in \$47,791 of questioned costs. Finally, we identified travel card transactions unrelated to official travel, which we referred to our Investigations Division for further review.

### What We Recommend

In this report we make nine recommendations that are intended to help the NRC prevent and detect travel charge card misuse and payment delinquencies.

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## ABBREVIATIONS

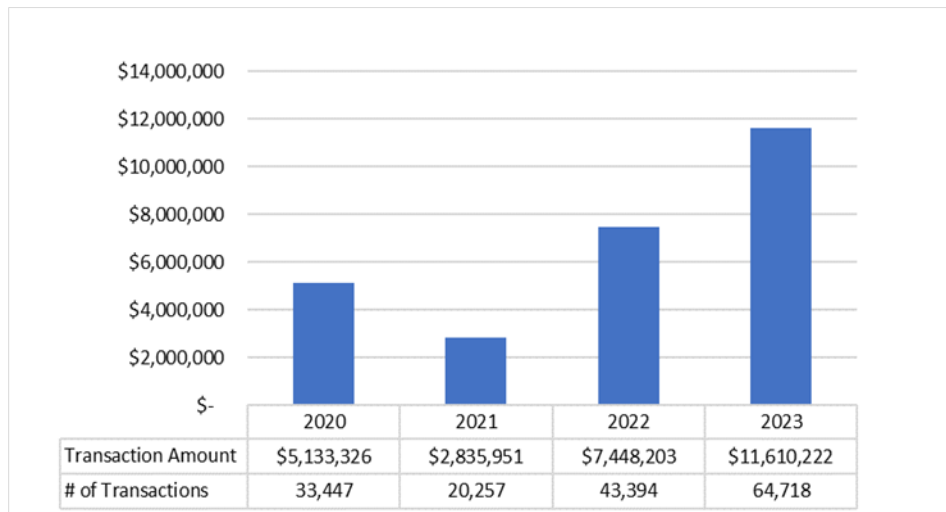
A/OPC	Agency/Organization Program Coordinator
ARC	Administrative Resource Center
CFO	Chief Financial Officer
EDO	Executive Director for Operations
ETS2	eTravel System
FICO	Fair Isaac Corporation
FTR	Federal Travel Regulation
FY	Fiscal Year
GSA	General Services Administration
NRC	U.S. Nuclear Regulatory Commission
OCFO	Office of the Chief Financial Officer
OIG	Office of the Inspector General
OMB	Office of Management and Budget

## I. BACKGROUND

The NRC's travel charge card program provides staff with the resources to arrange travel and facilitate the payment of official travel expenses. The NRC participates in the General Services Administration (GSA) SmartPay program, which provides travel charge cards to government agencies through master contracts that are negotiated with major national banks.<sup>1</sup> Through the contract with U.S. Bank, the NRC offers two types of travel charge cards: individually billed accounts and centrally billed accounts. Individually billed accounts are issued to NRC employees, who are individually responsible for the charges and payments. Centrally billed accounts are issued to the NRC and are managed by officials in the Office of the Chief Financial Officer (OCFO). As of April 17, 2024, the NRC's travel charge card program had 2,030 individually billed accounts and 5 centrally billed accounts.

For fiscal years (FYs) 2020 through 2023, the NRC recorded 161,816 travel charge card transactions, totaling \$27 million.<sup>2</sup>

**Figure 1: NRC Travel Charge Card Transactions FYs 2020–2023**



Source: OIG generated based on U.S. Bank transaction posting date. All amounts rounded to the nearest dollar.

<sup>1</sup> The GSA SmartPay program provides purchase, travel, fleet and integrated payment solutions to support the mission needs of the federal government. Each federal agency participating in the program issues a task order to one of the two major national banks (Citibank and U.S. Bank) contracted by the GSA.

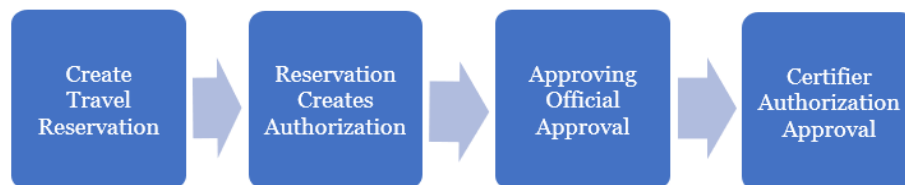
<sup>2</sup> The NRC's travel activity was reduced in FYs 2020 through 2022 due to travel restrictions and safety concerns from the COVID-19 public health emergency; however, by FY 2023, travel returned to typical levels.

NRC policy mandates the use of travel charge cards for all official travel expenses unless specifically exempted. Exemptions are permitted only where an employee has a charge card application in process, where an employee is ineligible to receive a charge card, or where issuing a charge card would adversely affect the agency's mission or pose a risk to the employee. Travel cardholders are obligated to use the charge cards only for reimbursable travel expenses during authorized travel and to settle their charge card balance in full by the statement due date. Travel cardholders must adhere to the Federal Travel Regulation (FTR) issued by the GSA, which sets forth rules and guidance on allowable expenses, travel authorization procedures, and reimbursement claims, and which emphasizes the importance of cost-effective travel practices. NRC travel cardholders must also adhere to the policies and procedures outlined in NRC Management Directive 14.1, *Official Temporary Duty Travel*.

## Travel Authorization and Reimbursement

The NRC uses the eTravel System (ETS2) to approve and reimburse employees' travel charge card purchases. NRC employees begin by creating a travel reservation in ETS2, which generates a travel authorization. The authorization includes information such as the purpose of the trip, travel dates, estimated costs, and supporting documentation. Office directors and regional administrators, and other officials to whom authority has been delegated, can approve requests for official travel. However, additional approvals from agency management may be required depending on the cost, nature, or justification for the class of travel. Travel authorizations are routed to the travel approving official and then to the travel funds certifier in the OCFO. Upon completion of approval and certification, the employee is authorized to use the travel charge card for the expenses approved in the travel authorization.

**Figure 2: NRC Travel Authorization Workflow**

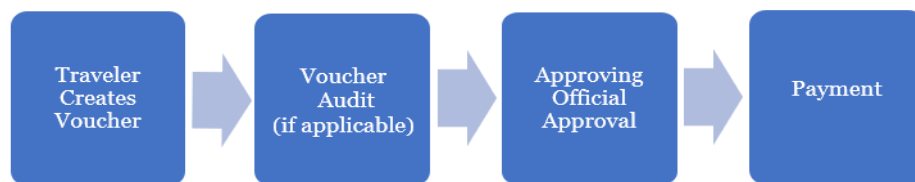


Source: OIG Generated

NRC employees request reimbursement for authorized travel expenses by submitting a travel voucher through ETS2 within five working days of

completing a trip. The Administrative Resource Center (ARC) in the U.S. Department of Treasury, Bureau of Fiscal Service, audits travel vouchers meeting specific conditions before final approval.<sup>3</sup> The ARC returns vouchers if required documentation is missing or justification for a policy exception is insufficient. Once the ARC completes its audit and travel vouchers are verified to be complete and accurate, the vouchers are routed to the approving official, who reviews the vouchers for compliance with federal regulations and NRC policies and procedures. Once the vouchers are approved, reimbursement is disbursed via direct deposit to the employee's bank account or the travel charge card issuer.

**Figure 3: NRC Travel Reimbursement Workflow**



Source: OIG Generated

## Applicable Laws and Guidance

The Government Charge Card Abuse Prevention Act of 2012 (Charge Card Act) requires federal agency officials to establish and maintain internal controls to ensure the proper, efficient, and effective use of travel charge cards. The Charge Card Act specifies required safeguards and internal controls for travel charge card programs such as developing policies and procedures regarding card issuance, credit limits, and eligibility to minimize financial risk; providing appropriate training to cardholders; and, utilizing effective systems, techniques and technologies to prevent or identify improper purchases. The Charge Card Act also requires OIGs to conduct periodic audits or reviews of travel charge card programs to analyze risks of illegal, improper, or erroneous purchases.

Office of Management and Budget (OMB) Circular A-123, Appendix B, *A Risk Management Framework for Government Charge Card Programs* (Circular A-123), establishes the standard minimum requirements and best practices for government charge card programs. The guidance provides specific

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<sup>3</sup> The NRC has a service level agreement with the U.S. Department of Treasury, Bureau of Fiscal Service in which the ARC conducts pre-payment audits on NRC travel vouchers under the following conditions: trips that required cost comparisons, travel spanning fiscal years, and reimbursements of \$2,500 or above.



internal controls that must be established and monitored to ensure that the agency travel card program is operating as designed. OMB Circular A-123, Appendix B requires that each agency develop and maintain a Travel Charge Card Management Plan documenting the policies and procedures for the appropriate use of travel charge cards.

## **Roles and Responsibilities**

The OCFO oversees the NRC's travel charge card program by designating and training travel card management officials. Employees designated as Agency/Organization Program Coordinators (A/OPC) manage the travel card policies, operations, and records and are the primary contacts for NRC communications with U.S. Bank. A/OPCs are responsible for implementing the NRC's Travel Card Management Plan (NRC Plan) and ensuring compliance with its guidelines.

According to the NRC Plan, A/OPCs will:

- Accept applications from new travel card applicants;
- Confirm that each new application meets requirements;
- Ensure that travel card applicants and cardholders complete travel cardholder training;
- Submit travel card applications online to U.S. Bank for processing;
- Provide guidance to travel cardholders regarding the NRC travel card policies and the appropriateness of proposed charges under the travel card program;
- Assist users who have problems with travel card accounts; and,
- Close accounts for departing NRC employees.

Additionally, the NRC Plan requires the A/OPC to review travel charge card activity reports for delinquent balances and unauthorized purchases and to report instances of misuse to the OIG for further review.

## **II. OBJECTIVE**

The audit objective was to assess whether the NRC's policies and procedures are effective in preventing and detecting travel charge card misuse and payment delinquencies.

### III. FINDINGS

The OIG identified areas where the NRC should refine its travel card procedures and enhance its prevention and detection measures. Specifically, the OIG found travel charge card accounts that remained open following the separation of employees from the NRC, as well as accounts with credit limits exceeding policy-defined limits or operational needs. The OIG also determined that the NRC does not provide charge card refresher training, which is necessary for reinforcing compliance with policies. Further, certain premium class travel did not have the required supporting documentation or was not properly authorized or justified, resulting in \$47,791 of questioned costs.

#### **1. Travel Charge Card Accounts Remained Open Following Employees' Separations from the NRC**

The Charge Card Act requires federal agencies to promptly close travel charge card accounts for employees who have separated from the agency. The OIG identified 37 charge card accounts that remained open following the employees' separations from the NRC. The NRC's procedures to terminate travel charge card accounts were not consistently implemented, and certain separated employees retained access to travel charge cards for an extended period after they ceased to be NRC employees. Although our examination of these accounts revealed no instances of unpaid balances, there is a risk that separated employees could continue to use their travel charge cards and fail to pay the outstanding balances. To mitigate this risk, the NRC should perform periodic reviews and reconcile the active travel cardholder accounts to a list of active NRC employees in the Federal Personnel Processing System. This review and reconciliation will help ensure that all separated employees are identified and accounts are closed in a timely manner.

#### **What Is Required**

##### **The NRC Should Promptly Close Travel Charge Card Accounts upon Employees' Separations**

The Charge Card Act requires each executive agency to ensure "that the travel charge card of each employee who ceases to be employed by the agency is invalidated immediately upon termination of the employment of the

employee....” OMB Circular A-123 reinforces this responsibility by stating the need to ensure charge card balances are paid and accounts are closed when required. The OMB guidance specifies that agencies must establish and monitor these controls to ensure the travel card program is operating as designed.

While the procedures for terminating travel charge cards are not formally documented in the NRC Plan, an A/OPC stated to the OIG that the procedures for closing a charge card are included in the NRC separation clearance process. An NRC Form 270, *Separation Clearance*, or a separate form, *HQ Employee Separation*, is submitted by an employee prior to departure to obtain the necessary clearance for separating from the NRC. Upon receiving this form, the A/OPC is expected to contact the employee to resolve any unpaid balances on the travel charge card and close the account.

## What We Found

### **Travel Charge Card Accounts Remained Open Following Employees’ Separations from the NRC**

The OIG obtained the NRC’s account list from the U.S. Bank website and compared active individually billed accounts to a listing of NRC employees.<sup>4</sup> We found that as of April 17, 2024, 37 travel charge card accounts remained open following the employees’ separations from the NRC. Some of these employees retained active travel charge card accounts for an extended time after separating from the NRC, demonstrating a weakness in account management oversight. Figure 4 summarizes instances where a cardholder was not a current employee.

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<sup>4</sup> The NRC employee list and the separation dates were obtained from the Federal Personnel Processing System. The Office of the Chief Human Capital Officer provided the separation date for one cardholder on a temporary assignment.

**Figure 4: Open Charge Card Accounts for Separated Employees**

No	U.S. Bank Acct No.	Employee Separation Date	No	U.S. Bank Acct No.	Employee Separation Date
1	****	4/17/2015	20	****	10/28/2022
2	****	3/4/2016	21	****	11/4/2022
3	****	9/30/2018	22	****	2/28/2023
4	****	11/9/2018	23	****	3/3/2023
5	****	12/31/2018	24	****	3/25/2023
6	****	1/2/2019	25	****	3/31/2023
7	****	1/19/2019	26	****	3/31/2023
8	****	3/16/2019	27	****	4/8/2023
9	****	8/16/2019	28	****	5/31/2023
10	****	8/20/2019	29	****	6/17/2023
11	****	8/31/2019	30	****	6/30/2023
12	****	1/31/2020	31	****	7/29/2023
13	****	7/10/2021	32	****	8/5/2023
14	****	12/31/2021	33	****	8/11/2023
15	****	3/31/2022	34	****	8/18/2023
16	****	5/7/2022	35	****	8/26/2023
17	****	5/31/2022	36	****	8/26/2023
18	****	8/12/2022	37	****	10/7/2023
19	****	9/30/2022			

Source: OIG Generated. Charge card numbers have been redacted to protect sensitive financial information.

During the audit, an A/OPC took corrective action and closed the 37 separated employees' accounts. The OIG reviewed the U.S. Bank report and confirmed that the travel charge card account closures were completed.

## Why This Occurred

### The NRC Procedures for Terminating Travel Charge Card Accounts Were Not Consistently Implemented

The NRC's procedures for terminating travel charge card accounts were not consistently implemented. An A/OPC stated there were instances in the past where they were not always notified of an employee's separation from the NRC. However, the A/OPC stated a belief that the process improved when the NRC started submitting NRC Form 270, *Separation Clearance*, for headquarters-based employees in ServiceNow, the NRC's electronic service platform. Despite the improvements to streamline the separation process, the control for travel charge card terminations still needs to be enhanced to address the current reliance on the separating employee to initiate the request.



## Why This Is Important

### **Travel Charge Card Termination Procedures Prevent Unauthorized Transactions and Delinquency**

The requirement to immediately close travel charge card accounts upon employees' separations is a safeguard to prevent unauthorized transactions and delinquencies. Although our examination of these accounts revealed no instances of unpaid balances, there is a risk that separated employees could continue to use their travel charge cards and fail to pay the outstanding balances. To mitigate this risk, the NRC should perform periodic reviews and reconcile the active travel cardholder accounts to a list of active NRC employees in the Federal Personnel Processing System. This review and reconciliation will help ensure that all separated employees are identified and accounts are closed in a timely manner.

### **Recommendation**

The OIG recommends that the Executive Director for Operations (EDO):

- 1.1. Develop and enhance procedures for travel charge card terminations to ensure the timely closure of travel charge card accounts for separated employees.

## **2. Credit Limits for Individually Billed Accounts Deviate from NRC Policy**

The Charge Card Act requires federal agencies to specify the authorized credit limits for various categories of travel charge cardholders and design their policies to minimize the financial risks to the government. During our audit, we found three charge card accounts with credit limits above the standard \$10,000 credit limit as defined in the NRC Plan, indicating a weakness in account management and oversight. Travel charge card limits are a preventive measure to control spending and manage financial risk. By adhering to the credit limits specified in the NRC Plan, the NRC can prevent employees from exceeding their approved credit limits, mitigate the potential for unauthorized spending, and reduce the risk of payment delinquencies by ensuring cardholders do not accumulate debt beyond their ability to repay.

## What Is Required

### **The NRC Should Adhere to the Specified Credit Limits in the NRC Plan**

The Charge Card Act states that agencies shall have internal controls that specify the authorized credit limits for various categories of travel charge cardholders and design agency policies to minimize the financial risks to the government. The Charge Card Act also states that agencies must ensure their contractual arrangement with the travel charge card provider contains a requirement for evaluating the creditworthiness of individuals before issuing travel charge cards.

The NRC Plan outlines the policies and procedures regarding creditworthiness for individually billed accounts. The NRC Plan states that U.S. Bank performs a creditworthiness evaluation on every travel charge card applicant. Applicants with a Fair Isaac Corporation (FICO) score of 660 or higher are eligible for a \$10,000 credit limit.<sup>5</sup> If the applicant's FICO score is below 660, or if the applicant declines a credit evaluation, they will be issued a travel charge card with a reduced credit limit of \$3,000. Additionally, the NRC Plan allows the travel cardholder to request a temporary increase to the travel card credit limit through the A/OPC if the cardholder anticipates that the credit limit will be insufficient to complete mission-related travel.

## What We Found

### **Credit Limits for Individually Billed Accounts Deviate from NRC Policy**

We reviewed the U.S. Bank credit limits on the individually billed travel charge card accounts as of April 17, 2024. We found three accounts with credit limits above the standard \$10,000 credit limit as defined in the NRC Plan. Figure 5 summarizes the instances where credit limits for individually billed accounts deviate from NRC policy.

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<sup>5</sup> A FICO score is a credit score created by the Fair Isaac Corporation. A FICO score is a tool used by many lenders to determine if a person qualifies for a credit card, mortgage, or other loan.

**Figure 5: Credit Limits that Deviate from NRC Policy**

<i>Number of Credit Cards</i>	<i>U.S. Bank Credit Limit</i>	<i>Last Limit Change Date</i>	<i>Duration (In Years)<sup>6</sup></i>
1	\$ 15,000.00	5/1/2019	4.96
1	\$ 20,000.00	8/1/2019	4.71
1	\$ 12,000.00	9/1/2019	4.63

Source: OIG Generated

The OIG analysis found that two of the travel charge card accounts had documentation supporting a request for a temporary increase in the credit limit; however, the credit limits did not revert to the standard or reduced credit levels after the authorized travel was completed. One of the travel charge card accounts had no documented support or justification for the credit limit being \$10,000 above the standard credit limit. In addition, our analysis revealed that non-compliance with credit limits persisted for more than four years, indicating further deficiencies in account management.

### Why This Occurred

#### **The NRC Lacks Procedures for Monitoring Policy-Defined Credit Limits**

The NRC lacks procedures for monitoring credit limits. According to an A/OPC, when they took over the account management responsibilities in May 2023, they did not perform a comprehensive review of the accounts' credit limits because they assumed the procedures for using the expiration date with the temporary increases had been performed.

### Why This Is Important

#### **Policy-Defined Credit Limits Prevent Unauthorized Spending and Delinquency**

Travel charge card credit limits are a preventive measure to control spending and manage financial risk. By adhering to the credit limits specified in the NRC Plan, the NRC can prevent employees from exceeding their approved credit limits, mitigate the potential for unauthorized spending, and reduce the

<sup>6</sup> "Duration" reflects the time from the last credit limit change to April 17, 2024.

risk of payment delinquencies by ensuring cardholders do not accumulate debt beyond their ability to repay.

## **Recommendations**

The OIG recommends that the EDO:

- 2.1 Review and, as necessary, adjust the individually billed accounts to ensure compliance with the established credit limits in the NRC Plan.
- 2.2 Establish a process for conducting periodic reviews of travel charge card accounts to strengthen oversight and monitoring of individually billed accounts and help ensure adherence to the credit limits defined in the NRC Plan.

### **3. Credit Limits for Centrally Billed Accounts Exceed Operational Need**

The Charge Card Act requires federal agencies to specify the authorized credit limits for various categories of travel charge cardholders and design policies to minimize the financial risks to the government. The OIG's evaluation of the financial exposure for the NRC's five centrally billed accounts found that the spending patterns were substantially below the credit limits, suggesting the credit limits may be too high. The OIG was unable to obtain justification for the credit limits or evidence that an assessment of operational needs and spending patterns was conducted. Establishing appropriate credit limits for the centrally billed accounts decreases the risk for fraudulent activities and unauthorized transactions, as excessive credit limits can be exploited.

#### **What Is Required**

#### **The NRC Should Specify in Policy the Authorized Credit Limits for the Centrally Billed Accounts**

The Charge Card Act states that agencies shall specify the authorized credit limits for various categories of travel charge cardholders and design policies to minimize the financial risks to the government. OMB Circular A-123 likewise requires agencies to design policies to manage financial risk to the federal government and to help ensure the integrity of government charge



card programs. The OMB guidance underscores the importance of ensuring effective controls and states that charge card officials are responsible for implementing risk management controls. It specifies that responsible officials must establish policy criteria for account establishment and the application of correct spending limits, as well as detailed review criteria, documentation requirements, and associated timelines to ensure that the cardholder has an ongoing need for assigned credit limits.

## What We Found

### Credit Limits for Centrally Billed Accounts Exceed Operational Need

Based on the OIG analysis of FY 2023 monthly transactions, the credit limits for the centrally billed accounts exceed the operational need. The OIG evaluated the NRC's five centrally billed accounts by examining U.S. Bank service reports, which showed each account has a credit limit of \$999,999, or approximately five million dollars combined. The OIG also reviewed the average monthly spend and the highest monthly spend for fiscal year 2023.

The OIG found that the spending patterns were substantially below the credit limits, suggesting the credit limits are too high. For example, during FY 2023, the NRC spent a monthly average of \$358,190, whereas \$559,990 was the highest monthly spend totaled across all centrally billed accounts. Figure 6 summarizes the results of the credit limit analysis performed over the centrally billed accounts.

**Figure 6: FY 2023 Centrally Billed Accounts Credit Limit Analysis**

Charge Card Name	Average Monthly Spend	Credit limit	Utilization
NRC TRAVEL CBA HQ	\$ 229,642	\$ 999,999	23%
NRC TRAVEL CBA R1	\$ 21,182	\$ 999,999	2%
NRC TRAVEL CBA R2	\$ 26,774	\$ 999,999	3%
NRC TRAVEL CBA R3	\$ 17,985	\$ 999,999	2%
NRC TRAVEL CBA R4	\$ 62,607	\$ 999,999	6%
Charge Card Name	Highest Monthly Spend	Credit limit	Utilization
NRC TRAVEL CBA HQ	\$ 370,925	\$ 999,999	37%
NRC TRAVEL CBA R1	\$ 31,710	\$ 999,999	3%
NRC TRAVEL CBA R2	\$ 47,893	\$ 999,999	5%
NRC TRAVEL CBA R3	\$ 26,877	\$ 999,999	3%
NRC TRAVEL CBA R4	\$ 82,585	\$ 999,999	8%

Source: OIG Generated. All dollar amounts rounded to the nearest dollar and all percentages rounded to the nearest whole number.

The NRC's practice has been to pay the monthly bills for these accounts in full as they accrue. Assuming the NRC continues this practice, four of the five centrally billed accounts will continue to have low usage, ranging between two and eight percent of the total available credit each month.

### **Why This Occurred**

#### **The NRC Lacks Procedures for Establishing and Monitoring the Credit Limits for the Centrally Billed Accounts**

The NRC Plan does not have a policy for centrally billed credit limits or procedures for reviewing and adjusting these limits, as necessary, for anticipated operational needs. One of the A/OPCs stated they did not know how the credit limits for the accounts were selected. When the A/OPC inquired about the history of the credit limits from the U.S. Bank service provider, the service provider stated that it may have been the agency's decision to opt for these credit limits to cover anticipated spending. The OIG was unable to obtain justification for the credit limits or evidence that an assessment of operational needs and spending patterns was conducted.

### **Why This Is Important**

#### **Appropriate Credit Limits Decrease the Risk of Fraudulent Activities and Unauthorized Transactions**

Establishing appropriate credit limits for the centrally billed accounts decreases the risk of fraudulent activities and unauthorized transactions, as excessive credit limits can be exploited. By aligning the centrally billed account credit limits with the anticipated need for official travel expenditures, the NRC can reduce the financial impact should the charge cards be exposed to theft or fraud.

#### **Recommendations**

The OIG recommends that the EDO:

- 3.1 Conduct a comprehensive assessment of operational needs and spending patterns to determine the appropriate credit limits for the centrally billed travel accounts.

- 3.2 Develop and implement procedures for periodic reviews of the credit limits for centrally billed travel accounts and adjust these limits, as necessary, for the anticipated operational need.

#### **4. The NRC Does Not Provide Mandatory Refresher Training to Travel Cardholders**

OMB Circular A-123 states that agencies are required to ensure that all charge cardholders receive adequate training, including periodic refresher courses. Refresher training reinforces employee understanding of proper card usage and compliance with relevant policies, helping to prevent errors and unauthorized transactions. The OIG found, however, that the NRC has not implemented refresher training and, furthermore, lacks the capability to schedule and track completion of training.

##### **What Is Required**

#### **The NRC Should Provide Training to Travel Cardholders at Least Every Three Years**

The Charge Card Act mandates that agencies implement proper training programs to safeguard against fraud, waste, and abuse. Specifically, the act requires agencies to provide regular, mandatory refresher training for cardholders and approving officials to ensure they understand their responsibilities and the rules for properly using travel charge cards.

Similarly, OMB Circular A-123 states that agencies are required to ensure that all charge cardholders receive adequate training, including periodic refresher courses, to maintain their understanding of card use policies and to prevent misuse. All program participants must take refresher training in accordance with agency policy but, at a minimum, of every three years. Participants must also certify that they have received the training, and that they understand applicable regulations and procedures and the consequences of inappropriate actions.

## What We Found

### **The NRC Does Not Provide Mandatory Refresher Training to Travel Cardholders**

The OIG found that the NRC does not provide mandatory refresher training to employees. While NRC Management Directive 14.1, *Official Temporary Duty Travel*, reflects the OMB requirements for all travel cardholders to complete training at least every three years, the policy has not been implemented. The NRC conducted outreach training during FY 2024; however, the sessions were voluntary, there was no tracking of attendance, and the presentation materials from these sessions were not made accessible to employees on the NRC Travel Resource website.

## Why This Occurred

### **The NRC Has Not Met Applicable Training Requirements**

The NRC has not met the training requirements in OMB Circular A-123 and NRC Management Directive 14.1. In fact, the NRC currently lacks the capability to schedule and track employee completion of the training. The OCFO program coordinator told the OIG that they are working with the Office of the Chief Human Capital Officer to implement the refresher training requirements using the training platform in the NRC's Talent Management System.

## Why This Is Important

### **Refresher Training Reinforces Compliance with Policies**

Refresher training reinforces employee understanding of proper card usage and compliance with relevant policies, helping to prevent errors and unauthorized transactions. Training ensures that employees are aware of the latest policies, procedures, and best practices, thereby reducing the risk of fraud, waste, and abuse. Implementing and tracking training is essential for maintaining accountability and ensuring effective program oversight.

## **Recommendation**

The OIG recommends that the EDO:

- 4.1 Implement refresher training for all travel cardholders and maintain documentation to support its timely completion.

## **5. Certain NRC Premium Class Travel Was Not Properly Authorized or Justified**

The FTR provides rules applying to employee use of premium class travel, which is any class of service other than coach class. Travelers must obtain proper authorization before incurring expenses for premium travel, and documentation must support the purpose, necessity, and cost reasonableness of each expense. The OIG reviewed the NRC's first and business class travel for FYs 2020 through 2023 and found that 15 of 19 trips reviewed (approximately 79 percent) were not properly authorized or justified.<sup>7</sup> The lack of documentation and incomplete information in the relevant approval memoranda impeded the NRC's verification process and led to difficulties in the OIG determining whether premium class expenses were properly authorized and justified, resulting in \$47,791 of questioned costs.

### **What Is Required**

#### **The NRC Should Use the Most Economical Class of Travel**

The FTR specifies that federal employees must use the most economical class of travel appropriate for the circumstances. First and business class flights are generally prohibited unless specific exceptions such as medical necessity, prolonged flight duration, or security concerns apply. Additionally, travelers must obtain proper authorization before incurring travel expenses, and documentation must support each expense's purpose, necessity, and cost reasonableness. The regulations prioritize cost-effectiveness and responsible use of taxpayer funds, seeking to ensure that travel expenses are authorized, justified, and reasonable.

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<sup>7</sup> The FTR was updated in September 2022 to include premium economy under the "other than coach class" category. However, this audit focused on first and business class travel, as premium economy is generally recognized as a lower-cost alternative with a lower risk of cost abuse.

NRC Management Directive 14.1 states that for official business travel, both domestic and international, the traveler must use coach class accommodations. Consistent with the FTR, the directive allows travelers to request business-class airline accommodations if they meet specific conditions, such as when the traveler's journey is over 14 hours without a rest period upon arrival or en route. However, to qualify for business class under the 14-hour rule and comply with the federal regulations and NRC policy, the traveler must have official duties to perform either on the day of arrival or on the following day.

Travelers requesting first or business class arrangements must attach an approval memorandum to their travel authorization form that provides the required details for the trip, such as the cost of premium and coach class tickets, an explanation of why a rest stop or rest period cannot be used, justification as to why premium class is needed instead of travel by coach class, a copy of the travel itinerary, and information showing the dates and times the traveler will be performing official duties. The arrangements must be approved by the relevant agency official, which depending on the employee's office would be either the NRC Chair, an NRC Commissioner, the EDO, or the Inspector General.

## What We Found

### **Certain NRC Premium Class Travel Was Not Properly Authorized or Justified**

The OIG reviewed the NRC's first and business class travel for FYs 2020 through 2023 and found that 15 of 19 trips reviewed (approximately 79 percent) did not have the required supporting documentation attached to the travel authorization and were not properly authorized or justified.<sup>8</sup> Due to the overall lack of supporting documentation in the travel authorizations, the OIG reviewed copies of the premium class approval memoranda that were stored on an OCFO shared drive.

The OIG's review of the first and business class travel documentation found the following authorization and justification deficiencies:

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<sup>8</sup> There were 48 trips total with first and business class flights within the audit period. Of these, 29 were categorized as medical or reimbursed exceptions; we excluded these exceptions from our testing in order to focus on discretionary travel expenses where there is a greater risk of violations.



- Trips had inbound flights that arrived on a non-workday (Saturday) and the required official duty dates and times were not documented in the approval memoranda;
- Trips were approved by officials who were not designated as approving officials and written delegations of authority had not been provided to these officials; and,
- Trips did not meet the 14-hour requirement, including flight time, stopovers, and plane changes.

Appendix B to this report provides a table itemizing the deficiencies found for the premium class authorizations and justifications.

### **Why This Occurred**

#### **The NRC Did Not Comply with the Rules Applying to Premium Class Travel**

Flights were improperly authorized or justified because of a lack of compliance with the FTR and established NRC policies. Travelers and approving officials did not always adhere to the requirements for documentation, leading to instances of questionable expenditures. At times, OCFO personnel also accepted approval memoranda outside of the travel authorization system and did not return incomplete or improperly justified travel documents to the traveler for correction.

### **Why This Is Important**

#### **Proper Authorization and Justification of Premium Class Travel Prevents Inappropriate Expenditures**

The lack of documentation regarding certain travel authorizations and incomplete information in the approval memoranda impeded the NRC's verification process and led to difficulties in the OIG determining whether premium class expenses were properly authorized and justified, resulting in the \$47,791 of questioned costs shown in Appendix B.

## **Recommendations**

The OIG recommends that the EDO:

- 5.1 Determine if the \$47,791 in questioned costs for first and business class travel are allowable and provide the corrective actions taken on any costs deemed disallowed.
- 5.2 Require the approval memoranda and supporting documentation for first and business class travel to be submitted and retained with the travel authorizations.
- 5.3 Implement a process for returning incomplete or inadequately justified premium class travel requests to the traveler for necessary revisions. This process should include clear instructions to the traveler on what needs to be rectified.

## **IV. REFERRED MATTER**

### **Potential Misuse Within the Travel Charge Card Program**

During the course of this audit, the OIG performed transaction testing by reviewing a sample of 95 transactions that occurred outside of authorized travel dates, involved select merchant codes, and exceeded specific dollar thresholds. This testing was initiated after internal controls testing revealed that the A/OPCs could not provide evidence that the desk procedures for monitoring misuse were performed prior to May 2023. Consequently, the OIG conducted tests at the transaction level to identify misuse or improper purchases within the scope under review. Our review found three cases where employee card transactions or cash advances totaling \$9,593 appeared to be unrelated to official travel. While our examination found no evidence that vouchers were submitted and improperly paid, we have referred the potential misuse to the OIG's Investigations Division for further review.

## V. CONSOLIDATED LIST OF RECOMMENDATIONS

The OIG recommends that the EDO:

- 1.1. Develop and enhance procedures for travel charge card terminations to ensure the timely closure of travel charge card accounts for separated employees;
- 2.1 Review and, as necessary, adjust the individually billed accounts to ensure compliance with the established credit limits in the NRC Plan;
- 2.2 Establish a process for conducting periodic reviews of travel charge card accounts to strengthen oversight and monitoring of individually billed accounts and help ensure adherence to the credit limits defined in the NRC Plan;
- 3.1 Conduct a comprehensive assessment of operational needs and spending patterns to determine the appropriate credit limits for the centrally billed travel accounts;
- 3.2 Develop and implement procedures for periodic reviews of the credit limits for centrally billed travel accounts and adjust these limits, as necessary, for the anticipated operational need;
- 4.1 Implement refresher training for all travel cardholders and maintain documentation to support its timely completion;
- 5.1 Determine if the \$47,791 in questioned costs for first and business class travel are allowable and provide the corrective actions taken on any costs deemed disallowed;
- 5.2 Require the approval memoranda and supporting documentation for first and business class travel to be submitted and retained with the travel authorizations; and,
- 5.3 Implement a process for returning incomplete or inadequately justified premium class travel requests to the traveler for necessary revisions. This process should include clear instructions to the traveler on what needs to be rectified.

## VI. NRC COMMENTS

The OIG held an exit conference with the agency on October 1, 2024. Before the exit conference, agency management reviewed and provided comments on the discussion draft version of this report, and the OIG discussed these comments with the agency during the conference. Following the conference, agency management stated their general agreement with the findings and recommendations in this report and opted not to provide additional comments. The OIG has incorporated the agency's comments into this report, as appropriate.

## OBJECTIVE, SCOPE, AND METHODOLOGY

### Objective

The audit objective is to assess whether the NRC's policies and procedures are effective in preventing and detecting travel charge card misuse and payment delinquencies.

### Scope

The audit covered travel charge card transactions from October 1, 2019, through September 30, 2023. We conducted this performance audit at NRC headquarters in Rockville, Maryland, from February 2024 to July 2024.

Internal controls related to the audit objective were reviewed and analyzed. Specifically, the OIG reviewed the components of the control environment, risk assessments, control activities, information and communication, and monitoring. Within those components, the OIG reviewed the principles of organizational structure, delegation of authority, evaluation of performance, consideration of fraud risks, design of control activities, communication of quality information, and operation of monitoring activities.

### Methodology

The OIG reviewed relevant criteria for this audit, including, but not limited to:

- Public Law 112-194, Government Charge Card Abuse Prevention Act of 2012;
- OMB Memorandum M-13-21, Implementation of the Government Charge Card Abuse Prevention Act of 2012;
- OMB Circular A-123 Appendix B, *A Risk Management Framework for Government Charge Card Programs*; and,
- Federal Travel Regulation, 41 Code of Federal Regulations, Chapters 300-304.

The OIG interviewed staff from the Office of the Chief Financial Officer who are responsible for the management and oversight of the travel charge cards and reviewed applicable documentation.

We obtained computer-generated data from the U.S. Bank Access Online system, eTravel System (ETS2), and the Financial Accounting and Integrated Management Information System (FAIMIS). To validate its reliability, a sample of U.S. Bank charge card transactions was cross-referenced with supporting documentation in ETS2. Furthermore, ETS2 reliability was evaluated by comparing the fiscal year totals to FAIMIS.

We conducted this performance 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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Throughout the audit, auditors considered the possibility of fraud, waste, and abuse in the program.

The audit was conducted by Danielle Mahal, Team Leader; Celia Flores - Garcia, Senior Auditor; and, Ashley Bonano, Auditor.



## PREMIUM CLASS TRAVEL QUESTIONED COSTS

<b>Travel No.</b>	<b>Authorization/Justification Deficiencies</b>	<b>Cost of Premium Class</b>	<b>Cost of Coach Ticket</b>	<b>Questioned Amount</b>
T76621	Unauthorized Approver; Arrival on Non-Workday (Saturday); Missing Official Duty Dates/Times	\$4,504	\$1,704	\$2,800
T78362	Unauthorized Approver; Arrival on Non-Workday (Saturday); Missing Official Duty Dates/Times	\$4,404	\$1,704	\$2,700
T74528	Arrival on Non-Workday (Saturday); Missing Official Duty Dates/Times	\$4,501	\$1,701	\$2,800
T74534	Arrival on Non-Workday (Saturday); Missing Official Duty Dates/Times	\$4,501	\$1,600	\$2,901
T80075	Arrival on Non-Workday (Saturday); Missing Official Duty Dates/Times	\$4,404	\$1,701	\$2,703
T82759	Arrival on Non-Workday (Saturday); Missing Official Duty Dates/Times	\$4,404	\$1,704	\$2,700
T97707	Unauthorized Approver; Inbound flight was less than 14 hours; Arrival on Non-Workday (Saturday); Missing Official Duty Dates/ Times	\$1,516	\$628	\$888
T90293	Inbound flight was less than 14 hours; Arrival on Non-Workday (Saturday); Missing Official Duty Dates/Times	\$2,761	\$1,101	\$1,660
T90294	Inbound flight was less than 14 hours; Arrival on Non-Workday (Saturday); Missing Official Duty Dates/Times	\$2,761	\$1,101	\$1,660
T96207	Unauthorized Approver; Inbound flight was less than 14 hours; Arrival on Non-Workday (Saturday); Missing Official Duty Dates/ Times	\$6,666	\$1,101	\$5,565
T96478	Unauthorized Approver	\$4,275	\$1,909	\$2,366
T97106	Unauthorized Approver	\$12,535	\$1,134	\$11,401
T72592	Unauthorized Approver	\$3,768	\$1,219	\$2,549
T72425	Unauthorized Approver	\$3,768	\$1,219	\$2,549
T72469	Unauthorized Approver	\$3,768	\$1,219	\$2,549
<b>Total</b>				<b>\$47,791</b>

Source: OIG Generated. All amounts have been rounded to the nearest dollar.

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Office of the Inspector General  
Hotline Program  
Mail Stop O12-A12  
11555 Rockville Pike  
Rockville, Maryland 20852

## COMMENTS AND SUGGESTIONS

If you wish to provide comments on this report, please email the OIG using this [link](#).

In addition, if you have suggestions for future OIG audits, please provide them using this [link](#).

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Section 5274 of the James M. Inhofe National Defense Authorization Act for Fiscal Year 2023, Pub. L. No. 117-263, amended the Inspector General Act of 1978 to require OIGs to notify certain entities of OIG reports. In particular, section 5274 requires that, if an OIG specifically identifies any non-governmental organization (NGO) or business entity (BE) in an audit or other non-investigative report, the OIG must notify the NGO or BE that it has 30 days from the date of the report's publication to review the report and, if it chooses, submit a written response that clarifies or provides additional context for each instance within the report in which the NGO or BE is specifically identified.

If you are an NGO or BE that has been specifically identified in this report and you believe you have not been otherwise notified of the report's availability, please be aware that under section 5274 such an NGO or BE may provide a written response to this report no later than 30 days from the report's publication date. Any response you provide will be appended to the published report as it appears on our public website, assuming your response is within the scope of section 5274. Please note, however, that the OIG may decline to append to the report any response, or portion of a response, that goes beyond the scope of the response provided for by section 5274. Additionally, the OIG will review each response to determine whether it should be redacted in accordance with applicable laws, rules, and policies before we post the response to our public website.

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