
NATIONAL SECURITY AGENCY/CENTRAL SECURITY SERVICE



INSPECTOR GENERAL REPORT

Audit of the Agency's Travel Program

AU-18-0003

4 March 2019

OFFICE OF THE INSPECTOR GENERAL

Pursuant to the Inspector General Act of 1978, as amended, and in accordance with NSA/CSS Policy 1-60, the NSA/CSS Office of the Inspector General (OIG) conducts audits, investigations, inspections, and special studies. The OIG's mission is to detect and deter waste, fraud, abuse, and misconduct within the Agency and its programs, to promote the economy, efficiency, and effectiveness of NSA operations, and to conduct intelligence oversight ensuring that NSA activities comply with the law and are consistent with civil rights and civil liberties.

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The audit function provides independent assessments of programs and organizations. Performance audits evaluate the effectiveness and efficiency of entities and programs and their internal controls. Financial audits determine the accuracy of the Agency's financial statements. All audits are conducted in accordance with standards established by the Comptroller General of the United States.

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The OIG investigates a wide variety of allegations of waste, fraud, abuse, and misconduct involving NSA/CSS programs, operations, and personnel. The OIG initiates investigations based upon information from a variety of sources, including complaints made to the OIG Hotline; information uncovered during its inspections, audits, and reviews; and referrals from other Agency organizations. Complaints can be made to the OIG Hotline online, by email, regular mail, telephone, or in person, and individuals can do so anonymously or identify themselves but indicate that they wish to maintain their confidentiality.

INTELLIGENCE OVERSIGHT

Intelligence oversight is designed to ensure that Agency intelligence functions comply with federal law, executive orders, and DoD and NSA policies. The IO mission is grounded in Executive Order 12333, which establishes broad principles under which IC components must accomplish their missions.

INSPECTIONS

Inspections are organizational reviews that assess the effectiveness and efficiency of Agency components. The Inspections Division also partners with Inspectors General of the Service Cryptologic Elements and other IC entities to jointly inspect consolidated cryptologic facilities.

NOTE: A classified version of the Audit of the Agency's Travel Program formed the basis of the unclassified version. The National Security Agency (NSA) Office of the Inspector General (OIG) has endeavored to make this unclassified version of the Audit of the Agency's Travel Program as complete and transparent as possible. However, where appropriate, the NSA OIG has rephrased or redacted information to avoid disclosure of classified information and as required to protect NSA sources and methods. In that regard, the classified version of this report contained descriptions and additional program details that could not be included in the public version of this report.

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EXECUTIVE SUMMARY

Overview

The Office of the Inspector General (OIG) conducted this audit of the Agency's travel program because of the inherent risk related to reimbursing travel expenses using Government Travel Charge Cards, and other OIGs, such as Department of Defense (DoD) Office of the Inspector General, have found control weaknesses and abuses in their Government Travel Charge Card program.

Highlights

Our audit of the Agency's travel program revealed the following concerns:

- **Travel charge cardholders use their travel charge cards for improper personal use.**
The government travel charge card program office is not effectively monitoring charge card activity for personal use. In a 9-month period, travel charge cardholders spent approximately \$900,000 on questionable transactions that were not reviewed by Agency management. By performing testing on material questionable transactions the OIG found at least \$285,000 of inappropriate charges.
- **The Agency cannot reconcile the centrally billed travel charge card account.**
The Agency owes the charge card company over \$130,000 for unidentified charge card charges potentially dating back 10 years.
- **Former Agency military affiliates' travel charge cards were not closed.**
Management is not effectively reviewing and closing military affiliates' travel charge cards. Six former military affiliates who have subsequently become Agency contractors and one military affiliate who was reassigned still have open travel charge card accounts.
- **Agency employees are not trained.**
The Agency does not require mandatory training for travelers, managers, and authorizing officials as required per DoD policies. This causes confusion and increased administrative burdens and delays, and it may create a greater risk of improper payments. Although we do not have sufficient evidence on which to base a statistical correlation, the OIG found that half of the 38 vouchers we randomly selected had to be returned to the traveler for correction.

- **Submission of air travel claims creates risk of improper payment.**
Our testing found that in 1 year, the Agency paid 13 of 76, or 17 percent of individuals who traveled after flights were canceled, a total of over \$12,000 based on the submission of itineraries that were not used. The absence of a requirement to document actual expenses incurred, combined with the lack of training and the price difference between refundable and non-refundable fares, creates a risk that Agency travelers could be reimbursed for expenses they did not incur, particularly when combining personal with official travel.
- **Travel management information systems are in need of modernization.**
Travel systems are outdated, repetitive, and disparate.

Conclusion

The findings identified by the OIG in this audit create risks of improper entitlement payments and ineffective management of a program that in FY17 processed 43,579 claims totaling \$69.4 million dollars. These risks potentially impact the Agency's financial liability and public trust in its stewardship of taxpayer dollars. The OIG made 10 recommendations to assist the NSA in ensuring that its travel program is managed appropriately and compliantly.

The actions planned by management meet the intent of all recommendations.

I. INTRODUCTION

Objective

The National Security Agency/Central Security Service (NSA) Office of the Inspector General (OIG) conducted this audit to determine whether the Agency’s travel program has adequate internal controls to ensure travel entitlements are paid efficiently and in accordance with applicable policy and procedures.

The OIG has not previously conducted an audit of the Agency’s travel program. However, we performed this audit in part because of the inherent risk related to reimbursing travel expenses using government travel charge cards and also because other U.S. Government OIGs, such as the Department of Defense’s (DoD), have found control weaknesses and abuses in their Government Travel Charge Card (GTCC) program.¹

Travel Policy

The Joint Travel Regulation (JTR) – Uniformed Service Members and DoD Civilian Employees, 1 September 2017²

The JTR implements policy and laws establishing travel and transportation allowances entitled to uniformed service members and DoD civilian travelers.

Department of Defense, Government Travel Charge Card Regulations: Authorized by DoDI 5154.31, Volume 4, dated March 2016 [hereinafter “GTCC Regulations”]³

The GTCC Regulations establish policy, assign responsibilities, and provide procedures for managing the DoD Government Travel Charge Card program.

Government Travel

Travel is required when other means of conducting business, such as telephone calls or video teleconferencing, are unavailable or cannot meet the mission’s needs. In FY17, the Agency processed 43,579 travel claims, totaling over \$69.4 million. To manage the travel program, the Agency utilizes two offices (Corporate Travel [A4442] and Travel Entitlements [B212]), one or more travel management companies (hereinafter

¹ “DoD Cardholders Used Their Government Travel Cards for Personal Use at Casinos and Adult Entertainment Establishments” issued by the Inspector General of the U.S. Department of Defense, on 19 May 2015, Report No. DODIG-2015-125.

² The Joint Travel Regulation has been subsequently updated, however no amendments impact our results.

³ GTCC Regulations has been subsequently updated, however no amendments impact our results.

referred to throughout this report as “the TMC”), and multiple software systems to facilitate requests, reservations, and reimbursement.⁴

Travel Classifications: Travelers are eligible to receive reimbursement for various entitlements in accordance with the JTR. The Agency has three main travel classifications that allow for reimbursement;

- Temporary duty (TDY), conducting official work at a location other than the traveler’s permanent duty station;
- Permanent change of station (PCS), changing from one duty station to another; and
- Applicant travel, a non-Agency traveler who is participating in the application or hiring process.

NSA Travel Program: The Agency has different workflows for TDY, PCS, and applicant travel entitlement reimbursements. TDY, the most frequent travel classification, uses an electronic workflow, webRTA, which is a web-based application tool retrieved from NSANet. The tool is used by travelers, approving officials, managers, business financial managers, travel entitlements staff, and travel specialists to document estimates and actual cost, approvals, and communications with the traveler. Although the webRTA process is automated, B212 told the OIG that the process is cumbersome because it contains as many as 52 steps for the travelers, approving officials, travel specialists, and disbursing officials. During the development of webRTA, PCS and applicant travel were not included and, therefore, both use a manual, paper-driven process in which copies of receipts and other supporting documentation are routed via email to support travel claims.

Corporate Travel Office: A4442 is the office within the Workforce Support Activities directorate that provides webRTA preparation assistance, policy implementation, and oversees the TMC. Agency employees and applicants use the TMC to make travel reservations, which typically include commercial air transportation, lodging, and rental cars. The TMC charges a traveler transaction fee for each flight and train fare ticketed; fees are not charged for lodging or rental car reservations.

Travel Entitlements Office: B212 is the branch within the Business Management and Acquisition directorate that reimburses travelers for official government travel expenses. It is responsible for preparing, computing, and certifying claims for reimbursement of travel expenses.

Travel Request and Reimbursement Process: The review process can vary depending on organizational preference. Typically, once a requirement is known, Agency personnel submit their initial travel request to their manager, to the authorizing official (AO), and to the organizational budget officer for approval. These individuals review the request to ensure estimated travel expenses are allowable per the JTR,

⁴ The TMC receives its compensation from travel commissions and traveler transaction fees.

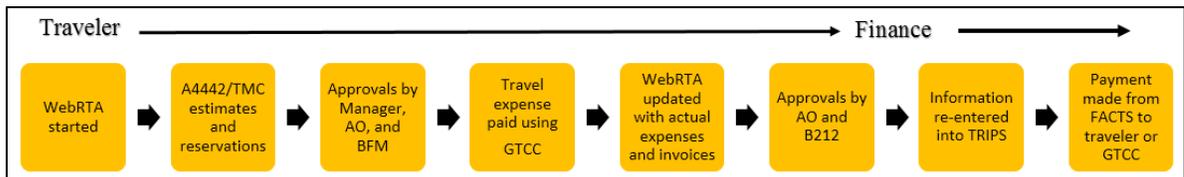
necessary, reasonable, and funding is available. Once approved, funds are obligated and the traveler may incur travel expenses.

After the traveler returns from official travel, they submit their actual expenses for final approval to the AO. The traveler’s supervisor does not see the final request containing actual cost, even though they may be the only one able to determine if the travel was performed as authorized and to understand an explanation as to why any deviation from the travel order was in the Government’s best interest.

Approved travel claims are then sent to B212, which reviews entitlement requests and performs quality control reviews and voucher certifications to ensure expenses are in accordance with the JTR. B212 manually transfers information from webRTA or paper forms into the Travel Reimbursement and Integrated Processing System (TRIPS) in order to process, track, and report on travel entitlements and reimbursements.

Approved claims are sent from TRIPS to the Financial Accounting and Corporate Tracking System (FACTS), the Agency’s financial management system, for disbursement. Payments are either disbursed directly to the traveler, to the charge card company (which is the GTCC provider) on the traveler’s behalf, or to both. Figure 1 below is a summary of the Agency travel process for TDY travel.

Figure 1. Summarized Agency Travel Process for TDY⁵



Types of Travel Charge Cards: DoD policy requires that the GTCC be used by DoD personnel to pay for all costs related to official government travel. The Agency has two types of travel charge cards associated with the GTCC program: individually billed accounts, which are billed directly to the employee, and centrally billed accounts, which are billed directly to the Agency. Centrally billed travel charge card accounts are used for applicant travel and special circumstances, such as employees who have poor credit and do not qualify for an individually billed account.

B212 is responsible for the management and oversight of the Agency’s GTCC program, including reconciliation of the centrally billed travel charge card account. From January through September 2017, there were 17,141 open individually billed accounts, of which 9,774 had charges, totaling over \$36.8 million. From July 2017 through

⁵ This report focuses on the TDY process, as that is the most common. The findings generally refer to all types of travel classifications.

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December 2017, the centrally billed travel charge card account had approximately 650 monthly transactions, totaling an average of about \$150,000 per month.

OIG Audit Summary

We reviewed the Agency's travel program to determine if there are adequate internal controls to ensure travel entitlements are paid efficiently and in accordance with applicable policy and procedures. We found that travel entitlement payments generally were made to the appropriate travelers in the correct amounts, contained proper approvals, and complied with the Prompt Payment Act. However, we found that improvements are needed to ensure that:

1. Individually billed travel card accounts are properly monitored;
2. Centrally billed travel charge card accounts are reconciled;
3. Former Agency military affiliates' travel charge card accounts are closed;
4. Travel and GTCC training is provided to Agency employees;
5. Airline travel claims are submitted in a way that mitigates risk; and
6. An integrated travel modernization strategy is effectively developed.

We made 10 recommendations to the Agency to assist it in addressing these concerns.

II. FINDINGS AND RECOMMENDATIONS

FINDING ONE: Travel Cardholders Spent Approximately \$900,000 on Questionable Transactions in a 9-Month Period, of which at least \$285,000 Was Determined by the OIG to be Inappropriate.

From January through September 2017, the OIG identified \$903,190 in questionable transactions consisting of \$200,981 in cash advances, \$621,325 in charge card transactions, and \$80,884 in third party purchases. The OIG tested only material questionable transactions and confirmed at least \$167,202 in cash advances and \$117,867 in charge card transactions were inappropriate. These conditions were made possible because the Agency does not have an effective monitoring and referral program. Absent corrective action, failure to identify these types of abuses and to make appropriate referrals to address misconduct will permit continued misuse of the Government Travel Charge Card (GTCC) program.

Benefits of Using the Individually Billed Travel Charge Card

Individually billed travel charge cards accrue no interest and must be paid by the cardholder within 25 days from their statement closing date. A one-time \$29 late fee may be assessed by the charge card company after 75 days of delinquency.

The Agency has no liability for costs stemming from individually billed charge card misuse; however, GTCC Regulations paragraph 040101 states that “[u]se of the card for expenses not authorized by the Joint Travel Regulation (JTR) is prohibited.” Furthermore, GTCC Regulations paragraph 041005 states that employees are not allowed to use government charge cards to make personal purchases. Employees intentionally misusing individually billed charge cards may be subject to disciplinary actions, to include dismissal.

Questionable Card Usage

Cash Advances

GTCC Regulations paragraph 040304 states that travelers may use their individually billed charge card to obtain cash needed to pay for “out-of-pocket” travel-related expenses. Paragraph 040603 states that valid “out-of-pocket” travel related-expenses are those that cannot be charged on the travel card, such as coin-operated parking meters, tollbooths, and laundry facilities. Furthermore, cash advances during non-travel periods or not related to official government travel are not authorized and are considered misuse of the GTCC.

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We obtained the records for individual travel charge card use billed from January through September 2017 and identified that 1,654 account holders made 6,031 cash advances totaling over \$1.1 million during this period. Of these 1,654, we identified 28 account holders who had cash advances totaling \$5,000 or more. We then queried the Travel Reimbursement and Integrated Processing System (TRIPS) to determine if these 28 account holders had official travel corresponding to these advances.

GTCC Regulations paragraph 040304 provides in substance that cash advances may be obtained using the government credit card only in connection with official government travel, and that such advances must not be obtained more than 3 working days before the scheduled departure date of the official travel. After review of the 28 cardholders identified above, we found 15 cardholders (54 percent) obtained a combined total of \$200,981 in cash advances on their government travel cards for which there did not appear to be any corresponding government travel, or the advances were more than 3 working days before the travel. We, therefore, deemed those cash advances questionable. Upon further testing of those cash advances, we determined \$167,202 were inappropriate, as the cardholder did not have any government travel or the cash advances exceeded the amount of any payments to which the traveler may have been entitled. For the remaining balance, we were unable to conclusively determine if those cash advances were inappropriate as the cardholder did have government travel and received entitlement reimbursements that may support a cash advance.⁶ However, all of those cash advances were still obtained more than 3 working days before travel, some in excess of 2 months prior, so we still consider the remaining balance to be questionable. See Table 1 below for a detailed list of the questionable and inappropriate cash advances. We referred these advances for further review to the OIG Investigations Division, which later confirmed cash advance misuse and referred employees to Employee Relations and Security for disciplinary action.

⁶ Entitlement reimbursements are payments made by the Agency to reimburse the traveler for allowable travel expenses, as per the JTR, when on official government travel.

Table 1. Schedule of Questionable and Inappropriate Individually Billed Charge Card Cash Advances from January through September 2017

Cardholder Number One, averaged approximately one withdrawal per day.

| Card Holder No. | No. of Cash Advances | Total Questionable Cash Advances | Total Travel Entitlement Reimbursements Jan - Sept 2017 | Total Inappropriate Cash Advances |
|---|----------------------|----------------------------------|---|-----------------------------------|
| 1 | 210 | \$ 37,529 | \$ 1,838 | \$ 35,691 |
| 2 | 58 | \$ 25,997 | \$ - | \$ 25,997 |
| 3 | 72 | \$ 20,593 | \$ 3,427 | \$ 17,166 |
| 4 | 44 | \$ 17,923 | \$ 5,698 | \$ 12,225 |
| 5 | 29 | \$ 13,406 | \$ 3,626 | \$ 9,780 |
| 6 | 87 | \$ 12,981 | \$ 3,316 | \$ 9,665 |
| 7 | 45 | \$ 11,373 | \$ - | \$ 11,373 |
| 8 | 34 | \$ 10,992 | \$ 896 | \$ 10,096 |
| 9 | 56 | \$ 10,222 | \$ - | \$ 10,222 |
| 10 | 27 | \$ 8,899 | \$ - | \$ 8,899 |
| 11 | 26 | \$ 7,737 | \$ 886 | \$ 6,851 |
| 12 | 17 | \$ 6,009 | \$ 1,817 | \$ 4,192 |
| 13 | 48 | \$ 5,045 | \$ - | \$ 5,045 |
| 14 | 6 | \$ 6,857 | \$ 9,579 | (A) |
| 15 | 2 | \$ 5,418 | \$ 9,636 | (B) |
| TOTAL | 761 | \$ 200,981 | \$ 40,719 | \$ 167,202 |
| (A) Withdrew \$5,500 on 27 May 2017; however, TDY dates were 24 July to 17 August 2017. | | | | |
| (B) Withdrew \$5,418 on 3 February 2017; however, TDY dates were 20 March to 12 April 2017. | | | | |

We found that these questionable cash advances went undetected in part because the Travel Entitlements office (B212) does not have adequate monitoring procedures, as discussed below.

Merchant Category Code Purchases

Cardholder activities are required to be monitored to ensure cards are used for official travel-related expenses. A merchant category code (MCC) is a four-digit code selected by the merchant that is used to identify the type of business a merchant conducts. MCCs are grouped into service segments such as air travel, professional services, retail, entertainment, financial, healthcare, and lodging. Some merchants use one code for all their activities even though they offer a variety of services. For example, Walt Disney World uses a merchant category associated with amusement parks even when they are hosting a government-sponsored conference.

The Agency's card program manager stated that they block certain MCCs to limit cardholder abuse. The manager provided a listing of allowed MCCs, which is used to identify appropriate categories of official travel purchases and, therefore, identify potential personal purchases. We queried the GTCC database for MCCs not included

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in the allowed listed such as betting facilities (7995), dating or escort services (7273), and massage parlors (7297). We did not find any purchases for these services.

We also reviewed the listing of allowed MCCs and used professional judgment to identify 11 MCCs that are high risk based on their description and the unlikelihood they would be related to official government travel. As detailed in Table 2, we identified 979 questionable cardholder purchases in these 11 categories, totaling \$621,325.

From the 11 MCCs, we reviewed purchases over \$1,000 and identified 37 transactions totaling \$117,867 that did not have corresponding TRIPS activity, which would reflect corresponding travel; they are detailed in Table 2. Twelve of the 37 questioned transactions, totaling \$34,987, were for potential personal purchases made with vendors such as Home Depot or Walt Disney World park admission tickets. Twenty-five of the 37 questioned transactions were for potentially Agency-approved training courses such as the Becker certified public accounting review course. The JTR must explicitly state that an item can be reimbursed. Per JTR 010103, if the JTR does not say something can be reimbursed, then it cannot be reimbursed as a travel claim. The JTR is silent as to training course fees or tuition reimbursement. Furthermore, GTCC Regulations paragraph 040101 prohibits expenses not authorized by the JTR. Per B212, in cases where the cardholder is required to pay for a training course in advance of travel, the cardholder must contact their business financial manager and procure the expense via a requisition. We could not obtain conclusive evidence to determine if the remaining \$503,458 of questionable cardholder purchases were for approved Agency travel.

Table 2. Schedule of Individually Billed Charge Card Transactions Associated with Questionable MCC, January through September 2017

| Questionable MCC Purchase Descriptions | MCC | No. of Questionable Purchases | Dollar Value of Questionable Purchases | No. of OIG Identified Inappropriate Purchases | Dollar Value of OIG Identified Inappropriate Purchases | Example of OIG Identified Inappropriate Purchases Examples |
|---|------|-------------------------------|--|---|--|---|
| Air Conditioning, Heating and Plumbing Contractors | 1711 | 2 | \$ 9,650 | 2 | \$ 9,650 | Two purchases for potential HVAC services |
| Insulation, Masonry, Plastering, Stonework and Tile Setting Contractors | 1740 | 1 | \$ 4,213 | 1 | \$ 4,213 | A purchase for potential insulation services |
| Cruise Lines | 4411 | 5 | \$ 2,749 | 2 | \$ 2,392 | Personal Cruise tickets for an employee and a family member |
| Marinas, Marine Service/Supplies | 4468 | 1 | \$ 1,011 | 1 | \$ 1,011 | A Herrington Harbor charge |
| Home Supply Warehouse Stores | 5200 | 23 | \$ 5,037 | 1 | \$ 3,954 | A Home Depot purchase |
| Other Services--Not Elsewhere Classified | 7299 | 153 | \$ 41,556 | | \$ - | |
| Amusement Parks, Carnivals, Circuses, Carnivals Fortune Tellers | 7996 | 18 | \$ 8,694 | 1 | \$ 1,568 | A Walt Disney World Park ticket purchases |
| Doctors--not elsewhere classified | 8011 | 10 | \$ 5,298 | 1 | \$ 4,800 | A private surgical suite charge |
| Colleges, Universities, Professional Schools and Junior Colleges | 8220 | 271 | \$ 76,716 | 7 | \$ 42,465 | Includes examples such as \$10,800 MIDD INST at Monterey and \$8,600 for Middlebury College |
| Schools And Educational Services--Not Elsewhere Classified | 8299 | 298 | \$ 303,441 | 19 | \$ 43,366 | Includes a training for \$5,510 ESCAL Institute |
| Organizations, Charitable and Social Service | 8398 | 197 | \$ 162,960 | 2 | \$ 4,448 | Potential charges include training |
| Total | | 979 | \$ 621,325 | 37 | \$ 117,867 | |

Cardholder who purchased \$9k of HVAC service with the GTCC was not on travel status

The card program manager stated that certain MCCs that are not traditionally related to travel, such as 5200 (Home Supply Warehouse Stores), are not blocked because Agency Permanent Change of Station travelers may need to access those merchants during relocation, and those purchases are allowable per the JTR.

As discussed below, we recommend that card program managers should use non-travel activity reports, as described in the GTCC monitoring reports, to identify high-risk purchases and ensure they are associated with official government travel.

Third-Party Purchases

A third-party merchant is a company, such as Amazon or PayPal, which accepts and receives credit and debit payments on behalf of another business. This practice circumvents any merchant category code blocking and disguises purchase descriptions, leading to a lack of control monitoring. Individually billed charge cardholders made 162 such purchases from third-party merchants, totaling \$80,884, during the 9 months of our study period.

The GTCC program office told the OIG that it does not review or block these purchases because third-party merchants are unavoidable in certain instances and can be used to pay for such things as lodging or conferences. Furthermore, there are no regulations or Agency policies that prohibit third-party purchases. However, we recommend that third-party purchases should be closely monitored because they lack transparency.

GTCC Monitoring Responsibilities

B212 has a GTCC program office, which consists of a card program manager and four assigned staff members, three of whom serve as Agency Program Coordinators (APC). The GTCC program office is also supported by field site POCs. Collectively, the GTCC program office and APC are responsible for managing and monitoring travel card activities for the individually billed charge card accounts.

We found that the GTCC program office does not have a robust monitoring and referral program. During the period of January through December 2017, B212 told the OIG they suspended or closed 15 individually billed charge card accounts for delinquencies or abuse but were unable to provide sufficient evidence. B212 further stated that once accounts are delinquent, they work with the cardholders and their managers by notifying them through email. If cardholders do not respond, B212 stated that they would complete a referral via a Staff Processing Form and send it to Employee Relations (ER).⁷ However, in FY17, only one referral was made to Employee Relations for personal GTCC misuse. Per B212, all accounts that are suspended or closed do not necessarily warrant referrals to ER. However, if referrals are not made, the Agency cannot pursue disciplinary actions. Because the Agency does not monitor for improper personal use, referrals for such misuse rarely if ever occur, whether to ER or to the

⁷ Employee Relations provides NSA managers with tools to prevent and resolve common personnel problems. They administer the NSA civilians' disciplinary process.

OIG. GTCC Regulations paragraph 041005 states that cardholders who misuse their travel card may be subject to administrative or disciplinary actions.

GTCC Monitoring Reports

GTCC Regulations paragraph 041401 states that reports are considered primary program management tools and are made available via the charge card company's Electronic Access System and the Defense Travel System (DTS).⁸ Paragraph 041402 cites the following seven mandatory reports that are required to be obtained and analyzed at least once per cycle to identify corrective actions needed in order to maintain proper program management:

1. *Account activity text report.* The report displays all transaction activity for a specified billing cycle. Program monitors will use the report to review a minimum of 10 transactions to ensure there is no misuse. GTCC regulations do not specify how many cardholders to review. Therefore, we recommend that GTCC program office should develop an account activity text report cardholder oversight methodology, which will help them detect improper GTCC usage.
2. *Account Listing Report.* The report identifies cardholder names, addresses, telephone numbers, and account numbers assigned under the APC's component's organizational structure (hierarchy). APC will use this report to ensure correct information is on file with the charge card company and to notify the charge card company of any needed corrections.
3. *Declined Authorizations Report.* The report lists all transactions attempted but declined against an account and details reasons for decline and type of purchase. Program manager will use this report to determine where transactions failed and the reason for the decline. GTCC regulations do not specify what actions the program office should take after it has reviewed the report and identified declined authorizations, which could indicate personal use. We recommend that the GTCC program office should, as part of its GTCC monitoring program, inquire and determine the reasoning behind the declined authorizations, and if necessary contact Employee Relations so they can take appropriate disciplinary actions.
4. *Delinquency Report.* The report identifies delinquent accounts and ages the delinquencies by time frame (i.e., 31, 61, 91, 121, or more days past billing). Program manager will use this report to aggressively work all delinquencies.
5. *DoD Travel Individually Billed Charge Card Accounts Aging Analysis* and/or the *Aging Analysis Summary.* These reports identify detailed account delinquencies and summary-level information by component hierarchy. The

⁸ Electronic Access System is a web-based modular application designed to provide sophisticated information services, including analytics and investigative reporting, misuse detection, program compliance, regulatory compliance, spend management, and support for strategic sourcing. NSA/CSS Policy 9-13, *Prohibited Use of the Defense Travel System*, revised 13 December 2017, prohibits the use of DTS by NSA/CSS; however, the use of the Electronic Access System is not prohibited.

program manager will use one or both of these reports to get a point in time listing of their delinquencies.

6. *Non-Travel Activity Report.* The report identifies cardholders with transaction activity (such as cash, fuel, or food) occurring without other associated travel activity (such as airline, car rental, or lodging). APC will use this report to research potential misuse of the travel card.
7. *Weekend/Holiday Activity Report.* The report identifies cardholders with transaction activity, such as lodging and car rental, when checkout is on a Sunday, Monday, or a Federal holiday. APC will use this report to research potential misuse of the travel card.

We found the following mandatory monitoring reports were not included in the listing of reports used by the GTCC program office: Declined Authorizations, Non-Travel Activity, and Weekend/Holiday Activity. As described in paragraphs 3, 6, and 7 above, these mandatory reports should be used to help identify transactions based on risk and reduce the total volume of transaction that need to be reviewed.

In lieu of those reports, B212 stated that staff reviews all purchases one account at a time, comparing activity to TRIPS to determine validity. The GTCC program manager stated the review process is manual and because of volume, the team has a 6-month backlog. This unwieldy and inevitably untimely method of detection is a contributing factor to permitting a continued high risk of GTCC abuse, as evidenced by the cardholders we identified with multiple potential violations on their account.

Improved Monitoring of Individually Billed Travel Charge Card Accounts Needed

The GTCC program office, including the card program manager, does not use all the required mandatory monitoring reports as described above, and the office does not use data mining techniques to analyze or query cardholder purchases. Instead, cardholder transactions are manually reviewed on a computer screen in part because the individually billed charge card accounts database cannot currently be electronically matched against TRIPS or the Financial Accounting and Corporate Tracking System. Specifically, the OIG learned that the GTCC program office has not coordinated with the charge card company to establish a mutual, unique identifier that would enable them to perform data matching to properly analyze cardholder purchases in order to identify personal use.

B212 has not established a unique identifier with the charge card company, and, therefore, cannot perform data matching.

Conclusion

We found that some individually billed travel charge cards were used for questionable purposes. Specifically, we found that some Agency employees used their travel cards to withdraw what appeared to be improper cash advances while not on travel status, while other employees used them for questionable MCC or third-party purchases. These transactions were not identified by B212's GTCC program office, which we

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found does not have an automated or effective system for monitoring cardholders' activities.

| RECOMMENDATION AU-18-0003-1 |
|---|
| <p>Improve the GTCC monitoring program by establishing, and maintaining a mutual, unique identifier, and use the tools, techniques, technologies, and pre-existing travel card management reports as described in GTCC Regulations to detect unauthorized and inappropriate charges.</p> <p style="text-align: right;">LEAD ACTION: B</p> |
| <p style="text-align: center;">Management Response</p> <p>AGREE Management will work with the charge card company to establish a mutual, unique identifier to enable data matching for analyzing cardholder purchases. In addition, management will use pre-existing travel card management reports and develop internal data mining techniques to improve the prevention and/or detection of potential travel card misuse.</p> <p style="text-align: center;">OIG Comment</p> <p>The planned action meets the intent of the recommendation.</p> |

FINDING TWO: Agency's Centrally Billed Travel Charge Card Account has a \$130,000 Unreconciled Balance.

Travel Entitlements (B212) is not accurately reconciling the centrally billed travel charge card accounts. The Agency is only paying for charges supported by a sub-ledger provided by the travel management company(-ies) (TMC), which does not always match the charge card bill. Additionally, the Agency is neither tracking account variances nor conducting timely reconciliation. These variances have created an unreconciled balance of more than \$130,000, which may be owed to the charge card company.

Centrally Billed Travel Charge Card Accounts

Number of Accounts

The Agency has seven centrally billed travel charge card accounts that are billed directly to the Agency. Six centrally billed travel charge card accounts are used for a variety of occasions, such as in-house conferences or executive travel, and throughout the year maintain a zero or minimal balance. The seventh operational centrally billed travel charge card account is used mostly for applicant travel and occasionally for travel by employees without individual Government Travel Charge Cards (GTCCs).

Unpaid Balance

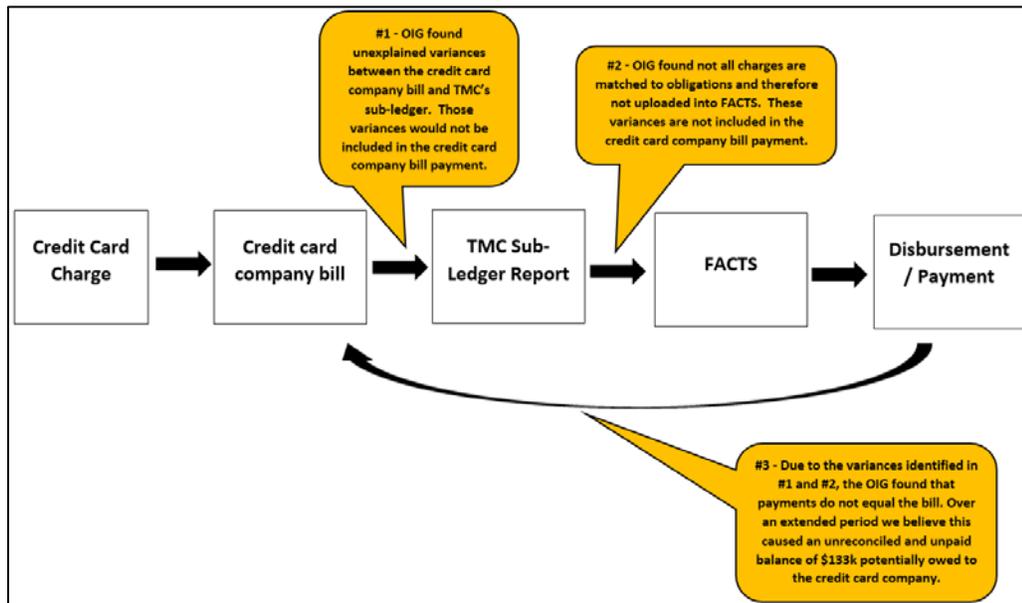
We reviewed the charge card company's bills for the period of July 2017 through December 2017, and noted that in each month, the Agency carried forward an unpaid balance. During this period, the unpaid balance increased by \$6,439 and as of December 2017 totaled \$133,880. B212 management could not identify the unreconciled individual transactions within the unpaid balance or when the unpaid balance originated.

Reconciliation Process

A reconciliation in this context is the practice of comparing internal records against the charge card company's statement. This practice helps identify unusual transactions that can be caused by errors or fraud and ensures all charge card company transactions are properly accounted for internally and subsequently paid. GTCC Regulations paragraph 040206 states that the Agency is responsible for day-to-day management and reconciliation of the centrally billed travel charge card accounts.

We reviewed B212's reconciliation process to determine why management was unable to explain the unpaid balance. We found that the Agency was not performing a data match of the charge card company bill to the TMC sub-ledger report, and was also not verifying that all the charges are matched to obligations and uploaded to the Financial Accounting and Corporate Tracking System (FACTS), highlighted within textbox number 1 and 2 in Figure 2 below. We believe small unreconciled variances, have accumulated over time, increasing the current unpaid balance to \$133,880, as reflected in textbox number 3.

Figure 2. Reconciliation Data Process Flow



Charge Card Company Bill and TMC Sub-Ledger Do Not Always Agree

Charge Card Company Bill: After each billing cycle, the charge card bill is mailed to the Agency, and contains the traveler’s name, travel dates, and destination. This bill is a record of all transactions the charge card company claims to have paid on the Agency’s behalf. However, this bill does not contain the Travel Order Number (TON), which is the Agency’s unique identifier assigned to each trip. The TON is needed to pay funds within the Agency’s vendor payment system, FACTS.

TMC Sub-Ledger Report: Monthly, B212 receives an electronic sub-ledger report from the TMC. To prepare this report, the TMC receives charge card bill information directly from the charge card company through its electronic portal, and uses the traveler’s name, travel dates, ticket number, and destination to match the appropriate TON. All charge card company transactions processed by the TMC must have a TON. TMC is the only authorized vendor allowed to bill the centrally billed charge card company account, and per internal procedures, TMC can only charge the centrally billed charge card account after the Agency assigns a TON within the TMC system.

Charge Card Company Bill Does Not Match TMC Sub-Ledger Report: We reviewed activity from July 2017 through December 2017, and found two unreconciled variances in August and November 2017. See a summary of the differences in Table 3 below.

Table 3. Unreconciled Differences in Charge Card Bill and TMC Sub-Ledger

| Month | Activity per Charge Card Bill | Unreconciled Activity per TMC Sub-Ledger | Difference |
|----------------|-------------------------------|--|------------|
| July 2017 | \$ 136,147 | \$ 136,147 | - |
| August 2017 | \$ 161,812 | \$ 162,210 | \$ 398 |
| September 2017 | \$ 155,997 | \$ 155,997 | - |
| October 2017 | \$ 108,270 | \$ 108,270 | - |
| November 2017 | \$ 161,516 | \$ 161,059 | \$ 457 |
| December 2017 | \$ 179,439 | \$ 179,439 | - |

After performing their TON matching process in August 2017, the TMC identified a difference of \$398 in which they could not assign a TON. This discrepancy was identified on the TMC sub-ledger report with a note on the report directing Agency management to contact the charge card company.

Additionally, in November 2017 there was a \$457 unreconciled difference that was not identified by the TMC. The charge card company bill had a transaction that did not appear on the TMC sub-ledger report. The TMC stated that they were unaware of the \$457 unreconciled item because they do not reconcile the charge card company's bill, which is only provided to the Agency, to their sub-ledger.

We presented these variances to B212, and they said they were unaware of these differences and, therefore, did not contact the charge card company to resolve these discrepancies. These types of variances could potentially be fraudulent charges not authorized by the Agency but included in the unpaid balance. Moreover, as discussed above, we believe that they are the type of unexplained variances that have accumulated over time to increase the unpaid balance to over \$133,000.

TMC Sub-Ledger Does Not Always Agree with FACTS

Unreconciled Errors Identified during the FACTS Upload Process: External Recruitment and Hiring (A331) and the Corporate Travel Office obligate funds and track TONs in FACTS for the centrally billed charge card transactions. If the funds have been accurately assigned a TON and obligated, B212 can upload the TMC sub-ledger report directly into FACTS. When the TON and obligation on the TMC sub-ledger report agree with FACTS, the upload process will liquidate obligations, and post expenses and payables needed to disburse the funds to the charge card company. However, we identified 3 months from July 2017 through December 2017 in which the TONs and obligations on the TMC sub-ledger report do not agree with FACTS disbursements, causing unexplained and unreconciled variances. See a summary of the differences in Table 4 below.

Table 4. Unreconciled Differences in TMC Sub-Ledger and FACTS Obligations/Disbursements

| Month | Reconciled Activity per TMC Sub-Ledger | Charge Card Payment / FACTS Disbursements | Difference |
|--------------------------------------|--|---|------------|
| July 2017 | \$ 136,147 | \$ 136,147 | - |
| August 2017 | \$ 161,812* | \$ 157,586 | \$ 4,226 |
| September 2017 | \$ 155,997 | \$ 157,470 | (\$ 1,473) |
| October 2017 | \$ 108,270 | \$ 105,041 | \$ 3,229 |
| November 2017 | \$ 161,059 | \$ 161,059 | - |
| December 2017 | \$ 179,439 | \$ 179,439 | - |
| * Net of \$398 difference in table 3 | | | |

During the TMC sub-ledger upload process, if a transaction on the TMC sub-ledger report does not match the records within FACTS, those records will not be uploaded and an error report will be generated. B212 must manually review each error to ensure all the TMC transactions are posted. Common errors are duplicate TONs, multiple travelers assigned the same TON, keying errors, improper webRTA cancellations, and inadequate budget amounts. To correct these errors, B212 can manually adjust the electronic TMC sub-ledger report and re-upload the file or create a manual voucher. If B212 cannot resolve an issue, they will move forward and post only the matched data.

Once the matched TMC sub-ledger transactions are posted, the Agency makes a payment to the charge card company in the dollar amount according to the posted matched transactions per the TMC sub-ledger report. Due to the errors mentioned above, however, we found payments made to the charge card company do not always agree with the activity per the TMC sub-ledger report.

No Monthly Reconciliation Schedule Maintained: Although we observed the Agency attempting to reconcile, B212 could not provide a monthly reconciliation schedule containing a cumulative list of all unreconciled transactions, and we also found the corrective actions were not posted in a timely manner. From Table 4 above, unreconciled differences from August 2017 were still not paid or disputed as of December 2017. A monthly reconciliation schedule would provide a running total of outstanding transactions allowing management to monitor and review the progress for timely obligation, dispute, or payment. Without this schedule the Agency is at risk for losing track of, and potentially will never record, unreconciled differences.

Increase in Unreconciled Unpaid Balance to \$133,880

As discussed above, we found that the incomplete reconciliation process caused the unpaid charge card balance to increase by a total of \$6,439 during our review period, from a starting balance in July 2017 of \$127,441 to a balance of \$133,880 in December 2017. We believe that this practice of leaving a small portion of the charge card bill unpaid has accumulated over time and, as of December 2017, the Agency potentially owes the charge card company \$133,880. See the Closing Unreconciled Balance column in Table 5 below.

Table 5. Unreconciled Balance Payable to the Charge Card Company

| Month - Year | Beginning Unreconciled Balance (A) | Charge Card Activity (B) | Agency Payment (C) | Closing Unreconciled Balance (A)+(B)-(C) | Difference (B)-(C)* |
|---|------------------------------------|--------------------------|--------------------|--|---------------------|
| July 2017 | \$ 127,441 | \$ 136,147 | \$ 136,147 | \$ 127,441 | - |
| August 2017 | \$ 127,441 | \$ 161,812 | \$ 157,586 | \$ 131,667 | \$ 4,226 |
| September 2017 | \$ 131,667 | \$ 155,997 | \$ 157,470 | \$ 130,194 | (\$ 1,473) |
| October 2017 | \$ 130,194 | \$108,270 | \$ 105,041 | \$ 133,423 | \$ 3,229 |
| November 2017 | \$ 133,423 | \$ 161,516 | \$ 161,059 | \$ 133,880 | \$ 457 |
| December 2017 | \$ 133,880 | \$ 179,439 | \$ 179,439 | \$ 133,880 | - |
| Total unreconciled balance increased for a 6-month period | | | | | \$ 6,439 |
| *Unpaid Difference from Table 3 and Table 4 above | | | | | |

Avg. increase of \$1k a month would take approximately 10 years to build up to balance owed of \$133k

Unobligated Balance

An obligation is a definite commitment or legal liability that occurs when the Agency places an order, signs a contract, or receives services. Furthermore, an obligation must be recorded so the Agency can report on all funds available. GTCC Regulations paragraph 040302 states centrally billed charge card accounts are a government liability and subject to the Prompt Payment Act. However, the Agency cannot identify what makes up the \$133,880 unpaid balance and does not know the extent to which the liability has been obligated. Congress enacted the Antideficiency Act (ADA) to prevent the taking on of obligations or the making of expenditures in excess of amounts available in appropriated funds. If the Agency has not properly obligated this liability, there could be potential Antideficiency Act violations.

Unpaid Bill

During our 6-month review of the centrally billed charge card company bills noted above, we found that the Agency failed to pay the charge card company bill before the due date in July 2017 and September 2017. Per discussion with B212, payment processing takes extensive time because the paper bill is delayed due to mail screening protocol, the 10 days that A331 needs to perform its TON review, and the volume of activity. B212 stated the Agency is not charged interest or a late fee, but it does receive delinquency notices. However, in March 2018, the centrally billed charge card account

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was suspended for 1 day due to payment delays. Once the payment was received, the Agency’s centrally billed charge card account was reactivated. If the reconciliation process does not improve and the Agency continues to miss payment due dates, we believe the account could be suspended in the future.

Conclusion

Incomplete reconciliation process is a control weakness. Individuals with access to the centrally billed travel charge card account number could potentially charge personal activity, and the charge card company could bill the Agency for those unauthorized charges. Because the charge card bill is not reconciled completely or in a timely fashion, the Agency would not know about the misuse and still could be liable for these charges. Moreover, these practices have allowed a substantial unpaid balance to accumulate, raising other potential issues for the Agency as discussed above.

| RECOMMENDATION AU-18-0003-2 |
|--|
| Modify the centrally billed travel charge card account reconciliation process to include the preparation of a monthly reconciliation schedule; incorporate procedures to compare the charge card company bill to the TMC sub-ledger report and resolve differences in a timely manner. LEAD ACTION: B |
| Management Response AGREE Management will prepare a monthly reconciliation schedule, and develop and document procedures to include reconciliation of the charge card company bill to the TMC sub-ledger report resolving any differences in a timely manner. |
| OIG Comment The planned action meets the intent of the recommendation. |

| RECOMMENDATION AU-18-0003-3 |
|--|
| <p>Reconcile the charge card company’s unpaid balance and determine how to obligate those funds and satisfy any potential debt.</p> <p style="text-align: right;">LEAD ACTION: B</p> |
| <p style="text-align: center;">Management Response</p> <p>AGREE Management will identify missing payments or variances, determine whether any unpaid balances exists, and, if necessary, will obligate funds to satisfy any amount owed.</p> <p style="text-align: center;">OIG Comment</p> <p>The planned action meets the intent of the recommendation.</p> |

| RECOMMENDATION AU-18-0003-4 |
|---|
| <p>Determine if there are Antideficiency Act violations.</p> <p style="text-align: right;">LEAD ACTION: B</p> |
| <p style="text-align: center;">Management Response</p> <p>AGREE Upon determining whether an unpaid balance exists, management will determine whether any Antideficiency violations have occurred, and the appropriate action to be taken.</p> <p style="text-align: center;">OIG Comment</p> <p>The planned action meets the intent of the recommendation.</p> |

FINDING THREE: Former Agency Military Affiliates' Travel Charge Cards Were Not Closed.

Six former military affiliates' individually billed travel charge card accounts were not closed, and a seventh affiliates' account was not transferred. This occurred because the card program manager is not properly monitoring cardholders' activity to ensure that separated employees do not have open travel charge card accounts, creating a risk of charge card abuse.

Former Agency Affiliates' with Active Travel Card Accounts

GTCC Regulations paragraph 041106 states that Agency Program Coordinators (APC) will close an individually billed travel charge card account upon a cardholder's retirement, separation, termination, or death. The purpose of this regulation is to control usage by ensuring that only DoD employees (civilian and military affiliates) have access to individually billed travel charge card accounts.

Civilian Travel Affiliates

The Agency's civilian separations checklist states that a travel card should be cut up and placed in a special burn bag to discard upon separation. Travel Entitlements (B212) stated that they close separating civilian travel charge card accounts after receiving email notifications from Human Resources Management System (HRMS).⁹ We did not find open travel charge card accounts for separated civilian affiliates.

Military Travel Affiliates

B212 explained that all military affiliates' card accounts are deactivated when the affiliates are not in travel status to prevent purchases until they are provided travel orders. Once orders are received, the military affiliates will contact the program office to activate the account for the specified travel dates.

B212 stated that they do not receive HRMS notifications for military affiliates who permanently leave the Agency.¹⁰ As a result, military affiliates are required to check out with B212. Depending on the military affiliate's orders, B212 or the Deployment and Readiness Center may either close or transfer the account. Accounts are closed for those affiliates who separate from the DoD. Accounts are transferred to another DoD agency's charge card program for those who remain with DoD. B212 also stated that accounts with unpaid balances are not closed, but remain open, in a deactivated status, so payments can be applied. GTCC Regulations paragraph 041106 states that upon separation all accounts should be closed after balances have been paid.

⁹ HRMS is NSA's human resources system.

¹⁰ Military affiliates personnel actions are tracked in their respective department's human resource system.

We obtained a list of 17,141 open accounts, which included civilian and military accounts, from the charge card company as of 20 February 2018. As mentioned in Finding One, B212 has not coordinated with the charge card company to establish and maintain a mutual, unique identifier that can be mapped to individuals in Agency databases, which use identifiers such as a standard identifier (SID) or employee identifier (ID). Due to an incomplete internal crosswalk matching the charge card account

The Agency had seven former military affiliates with open accounts for an average of more than a year.

numbers to an Agency unique identifier manually maintained by B212, we were only able to assign SIDs to 12,352 (72 percent of the total) open charge card accounts. We compared the 12,352 open charge card accounts to employee status as indicated in HRMS and to NSA's personnel directory system (SEARCHLIGHT) and identified

seven former Agency military affiliates who had open travel card accounts. They separated from the Agency between 1 February 2016 and 23 June 2017. On average, as of 20 February 2018, these accounts had been open for 448 days after separations, with a range of 242 to 750 days. We were unable to test the remaining 4,789 (28 percent) open charge card accounts because B212 does not maintain the cardholders' SID matched to the charge card account number.

We found that six of the seven former military affiliates became Agency contractors. According to GTCC Regulations paragraph 040406, contractors are prohibited from having government-issued charge cards. B212 stated that four of the six accounts were deactivated because military affiliates were in non-travel status. However, two of the six were open and subsequently deactivated because of our audit activities. Even though deactivation prevents purchases, accounts that are still open can be mistakenly activated by either the charge card company or the Agency, although not by the cardholder. If the cardholder attempts to reactive their card, the charge card company will instruct the cardholder to contact their APC. We reviewed account activities for the six former affiliates and determined no purchases were made after their separation date and they did not have outstanding card balances.

The seventh affiliate was reassigned to United States Special Operations Command (SOCOM). B212 stated that when a former affiliate is transferred to a military unit, that unit is responsible for initiating the request to transfer the charge card account. In this instance, SOCOM did not do so, and the individual made travel card purchases as a SOCOM affiliate working an Agency-approved mission, which were approved – and paid for – as Agency travel.

Conclusion

B212 receives civilian employee separation notifications from HRMS, which are used to close government travel charge card accounts. However, for military affiliates, B212 does not receive automated separation notifications because their personnel records do not reside within HRMS, but within their respective service branches. As a result,

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B212 relies on military affiliates' personal notification to close or transfer their GTCC accounts, enabling some accounts to remain open for extended periods after separation.

| RECOMMENDATION AU-18-0003-5 |
|--|
| <p>Develop a process to ensure that the GTCC accounts of separating, retiring, or transferring military affiliates are closed or transferred at the appropriate time.</p> <p style="text-align: right;">LEAD ACTION: B</p> |
| <p style="text-align: center;">Management Response</p> <p>AGREE Management will develop and document procedures to ensure that the GTCC accounts of separating, retiring, or transferring military affiliates are closed or transferred at the appropriate time.</p> <p style="text-align: center;">OIG Comment</p> <p>The planned action meets the intent of the recommendation.</p> |

FINDING FOUR: The Lack of Mandatory Training for Agency Travelers, Managers, or Authorizing Officials Likely Leads to Inaccuracies and Delays and Increases Risk.

The Agency does not require mandatory travel and Government Travel Charge Card (GTCC) training to travelers, managers, or authorizing officials as required by GTCC Regulations. The lack of training likely causes inaccurate entitlement submissions, thus increasing the administrative burden by requiring resubmission of vouchers and additional review time, which delays payment to the travelers and may increase the risk of improper use of the GTCC.

Training Requirements

GTCC Regulations paragraph 040802 requires GTCC holders to complete the mandatory “Program & Policies - Travel Card 101” course, as well as refresher training every 3 years thereafter. Additionally, Defense Travel System (DTS) Regulations authorized by DoDI 5154.31 Volume 3, requires users and approvers to complete “DTS Travel Documents” before initial use and “DoD Travel Policies” every 3 years. Although the Agency is exempt from using DTS, the users and approvers within the Agency’s travel program have similar responsibilities and are required to comply with the same policies and regulations discussed in each course.

We found that the DoD offers at least 35 different web-based travel training courses, available to all Defense employees, through Travel Explore (TraX). This site includes six program and policy courses such as the mandatory “TDY Travel Policies 101” and “Travel Card 101”. The Travel Entitlements office (B212) stated that the Agency does not use existing TraX training because of security concerns associated with employees signing into an unclassified network that requires an email address and common access card.

In lieu of the mandatory DoD travel training courses, B212 stated that it has employee travel guides available via their internal website; however, we found that review of the guides is not required, and the guides are not comprehensive compared to TraX. B212 also stated that they provide travel card training via the GTCC’s statement of understanding, which states: “I also understand that I’m authorized to use the card only for that necessary and reasonable expense incurred by me for official travel as explained in the Corporate Travel Gram 01-2008,” which is a procedural guide. B212 cannot confirm that Agency travelers reviewed the statement of understanding or the travel gram, and, unlike DoD, B212 does not require or even remind employees to review them every 3 years. In the spring of 2018, B212 launched an online course offered through NSA’s VUport training system, “Travel Policies for Travelers and Org Approvers” (SSVC1410); however, they told the OIG that the course is not mandatory.

Administrative Burden Created by Inaccurate Voucher Submission

Voucher Submission

B212’s travel entitlement process includes pre-screening, a desk review, and a voucher certification. We tested voucher processing and found that 19 out of 38 (50 percent) of the randomly selected vouchers are being partially paid and returned to the travelers by B212 for correction -- see Table 6 below.

Table 6. Returned webRTA

| Errors | No. of webRTAs |
|---|----------------|
| Missing required support (Receipts/Travel Orders) | 8 |
| Improper inclusion or exclusion of an expense | 7 |
| Missing approvals for entitlement upgrades | 2 |
| No funding obligated | 2 |
| Total | 19 |

We also found the turnaround time for these incorrectly submitted vouchers ranged from 6 to 134 days. For comparative purposes the OIG found that the turnaround time for the correctly completed vouchers in the sample ranged from 2 to 29 days. Most requests are sent back for simple mistakes such as missing documentation and upgrade approvals, which highlights that travelers and authorizing officials are not familiar with the Agency’s voucher submission and approval requirements.

Conclusion

Training on completion of vouchers and other travel card practices is lacking. While we do not have sufficient evidence available on which to base a statistical correlation, we believe that this lack of training inevitably increases the risk of incorrectly completed vouchers, putting an unnecessary administrative burden on B212 by requiring their staff to review the same entitlement request multiple times. This also creates payment delays, which could impose a financial burden on travelers because they are financially responsible for travel expenses and also may have to pay for valid travel expenses that are unknowingly disallowed expenditures, such as disallowed ATM fees on approved cash advances. We believe it also likely increases the risk of misuse of the GTCC.

| RECOMMENDATION AU-18-0003-6 |
|---|
| <p>Ensure all travelers, managers, and authorizing officials receive the training required by the GTCC regulations and applicable training per the DTS regulations.</p> <p style="text-align: right;">LEAD ACTION: B</p> |
| <p style="text-align: center;">Management Response</p> <p>AGREE Management will require and obtain evidence of completion of, mandatory training for initial travel card applicants, and refresher training every three years. Management will also pursue mandatory training for all Agency employees.</p> <p style="text-align: center;">OIG Comment</p> <p>The planned action meets the intent of the recommendation.</p> |

FINDING FIVE: Airline Travel Claims Are Submitted in a Way that Creates a Risk of Improper Payments.

The Agency accepts the travel management company(-ies) (TMC) itinerary invoice for airfare reimbursement; however, the itinerary invoice is issued before the flight and does not confirm proof of use. Agency personnel are not required to provide additional support to confirm proof of use when requesting reimbursement for airfare.

Airfare Reimbursement Process

Agency travelers are directed to use the TMC to reserve flights. The TMC works with the traveler to secure the best flight option based on mission needs but is not required to secure the lowest cost option. The TMC-provided itinerary, which contains price, is uploaded from the unclassified network, emailed to the traveler via NSANet, and used for travel cost estimates.

After management approves the travel cost estimate and funding, the Corporate Travel office (A4442) will log into the TMC reservation system and indicate that the TMC can ticket the traveler. This ticketing process places a charge on the traveler's charge card, to include a traveler transaction fee. Typically this happens 7 to 10 days before travel but can happen earlier by request. Once the charge card is charged, A4442 will upload an itinerary invoice into webRTA, which is used for reimbursement support. To cancel the trip after ticketed, travelers only need to contact the TMC; nothing is required within webRTA. The refundable airfare charges will be reversed on the traveler's charge card; however, the traveler still is responsible for the traveler transaction fee, which is reimbursed by the Agency.

A4442 does not receive real-time notifications of trip cancellations and does not upload a new itinerary invoice to webRTA reflecting the cancellation or remove the original itinerary invoice. The original itinerary invoice remains in webRTA. If a traveler exchanges their flight, another traveler transaction fee is charged, and A4442 will upload a new itinerary invoice that reflects the new pricing. A4442 told the OIG that they leave the canceled invoice within webRTA so travelers have documentation for the non-refundable traveler transaction fee, even though, per the Joint Travel Regulation (JTR), a receipt is not required for an expense under \$75.

Acceptance of TMC Itinerary Invoice

During our review of the airfare reimbursement process, we found that the Travel Entitlements office (B212) accepts a TMC itinerary invoice for flight reimbursement without any additional boarding pass or proof of usage. Itinerary invoices list itemized charges but are provided before the flight and do not confirm use. We identified a risk that travelers can cancel their TMC flights purchased at the higher refundable airfare rate, find a less expensive way to travel to their destination, and still receive reimbursement for the higher amount by using the TMC itinerary invoice for a canceled flight that remains in their webRTA.

Reimbursement for Canceled Flights

Testing: In FY17, the TMC ticketed 1,265 flights that were subsequently canceled, totaling \$1 million. We identified 389 travelers with canceled flights who subsequently traveled to the same destination on or about the same dates. We reviewed 76 of these 389 and found that 13 of the 76 (17 percent) used the canceled itinerary invoice from the TMC to receive reimbursement for airfare never used, totaling \$12,263. The remaining 63 flights were correctly reimbursed as travelers either rescheduled their flights or took an alternative means of transportation. For example, if a returning flight were canceled due to weather or mechanical issues, travelers might rent a car to return to their official duty station. We referred all 13 of the travelers who submitted canceled invoices for airfare never used to the OIG Investigation Division for further review, which confirmed that at least three individuals received improper reimbursement, and three other cases remain under investigation.

Personal Travel: A4442 said travelers may be submitting canceled itineraries because they combined personal and official travel. Per the JTR section 033301, reimbursement is allowed for actual cost of transportation limited to what the government's cost would have been between the official duty locations had no personal travel been taken.

The Agency does not provide any training on personal travel in conjunction with official travel; however, through frequently asked questions found on NSANet, the Agency states that making a change for personal reasons does not require approval, nor should it be documented on the webRTA. Furthermore, the Agency directs travelers to purchase their tickets from TMC and record that cost on the webRTA, but to work directly with the airlines to make personal changes to the official ticket. These cancellations were not included in our test population as that information resides only with the airlines. However, within this scenario there is potential for additional instances where employees were reimbursed for flights that were never used.

During our review of the 76 flights, we found an example of travelers who wanted to

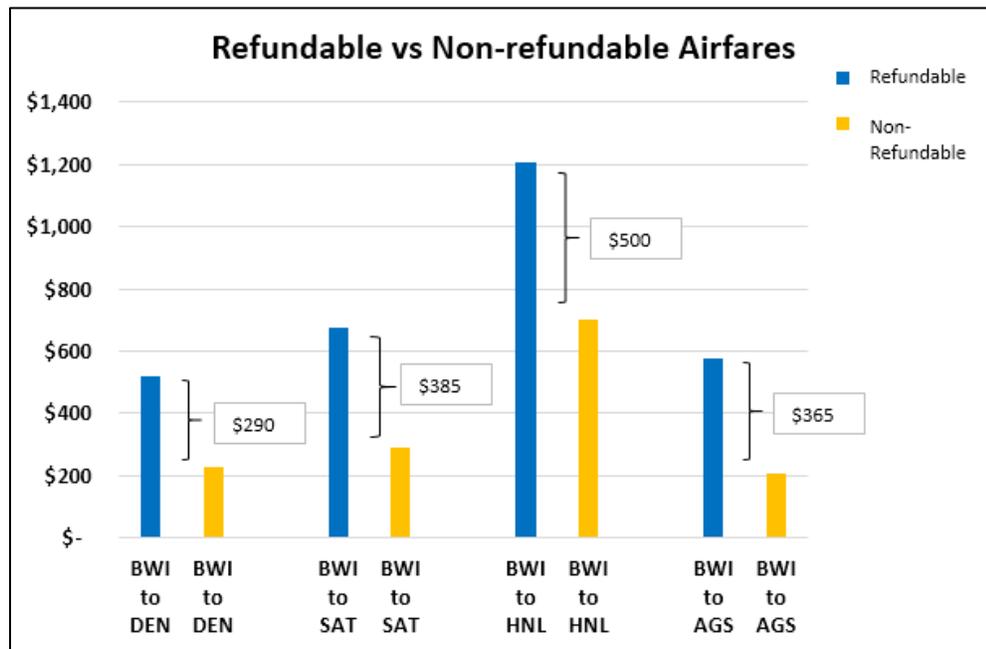
Traveler canceled TMC flight, used alternative means to travel, but received reimbursement for the TMC canceled flight.

book a flight originating from a location other than their official duty location, presumably in conjunction with personal travel. Per reservation records provided by TMC, this

request could not be accommodated, so the travelers canceled their TMC flight. The travelers subsequently found alternative means to their TDY station; however, the travelers still submitted and received reimbursement for the canceled TMC flight. There was no documentation within webRTA to confirm that the reimbursement for the canceled flight was equal to or less than the alternative transportation used. In addition, since nothing was documented within webRTA, neither the travelers' manager nor B212 could identify that an alternative means of transportation was used.

Potential Excessive Reimbursement: When travelers reserve flights through TMC, costs are quoted at the refundable airfare price. Agency travelers are required to purchase refundable airfare, as flight cancellations will result in a cash refund. Non-refundable airfare when canceled typically results in a merchandise charge issued in the traveler’s name, which the Agency cannot use. Refundable airfare, even at the government rate, is usually more expensive than the non-refundable commercial rate, as illustrated in Table 7 below.

Table 7. Comparison of Government Refundable and Commercial Non-refundable Airfare¹¹



The inherent risk of airline invoices issued before use, the lack of training and documentation required to support personal travel taken in conjunction with official travel, and the price differential between refundable and non-refundable airfare all contribute to creating opportunity and motive for travelers to submit a canceled TMC flight invoice and travel at a lesser rate to realize personal financial gain.

Additional TMC Documentation Not Feasible

A4442 and the TMC liaison told the OIG that providing documentation that confirmed proof of use or boarding would create an administrative burden. The TMC liaison explained that flight boarding confirmations are not maintained in a single system, and

¹¹ The higher (blue) bar in the table illustrates government rates found on 2018 GSA City Pairs for airfare costs, less taxes and fees, from NSAW (BWI) to four cryptologic centers in Colorado (DEN), Texas (SAT), Hawaii (HNL), and Georgia (AGS). The lower (yellow) bar illustrates commercial rates found on a popular internet search engine on 12 June 2018, booking one month in advance.

for some carriers it would require a manual investigation to determine if the traveler actually boarded the flight. In addition, A4442 explained they would have to upload a second set of receipts to the traveler’s webRTA, creating double the work for their staff. At other agencies, where the reservation and reimbursement systems are the same, this difficulty does not exist, and smaller agencies that have separate reservation and reimbursement systems similar to the Agency’s use more centralized billing systems to mitigate the risk. We recognize the challenges facing the Agency, but recommend that it should require employees to provide documentation to substantiate actual travel expenses when combining personal and official travel and consider whether other measures can be taken to ensure that travelers cannot obtain reimbursement to which they are not entitled.

Conclusion

When travelers use the TMC for lodging or car rental reservations, they are required to submit actual invoices from the vendors to substantiate use. However, when travelers use the TMC for air travel, they are not required to obtain or submit proof of boarding or other such documentation to substantiate actual travel expenses. We found that this, combined with the lack of training and the price difference between refundable and non-refundable fares, creates a risk that Agency travelers could be reimbursed for expenses they did not incur, particularly when combining personal with official travel.

| |
|--|
| RECOMMENDATION AU-18-0003-7 |
| <p>Review canceled ticket reports and determine if travelers were reimbursed for canceled airfare and, if applicable, require such travelers to reimburse the Agency.</p> <p style="text-align: right;">LEAD ACTION: B</p> |
| <p style="text-align: center;">Management Response</p> <p>AGREE Management will obtain a quarterly report detailing cancelled travel, and reconcile those request to closed or pending reimbursements.</p> <p style="text-align: center;">OIG Comment</p> <p>The planned action meets the intent of the recommendation.</p> |

| RECOMMENDATION AU-18-0003-8 |
|---|
| <p>Require documentation when employees exercise personal travel in conjunction with official travel airfare entitlement, and consider other controls to mitigate the risk of improper airline travel claim reimbursement.</p> <p style="text-align: center;">LEAD ACTION: B</p> |
| <p style="text-align: center;">Management Response</p> <p>AGREE Management will require travelers to provide documentation to substantiate actual travel expenses when combining personal, and official travel.</p> <p style="text-align: center;">OIG Comment</p> <p>The planned action meets the intent of the recommendation.</p> |

FINDING SIX: Travel Management Information Systems Are in Need of Modernization.

Although the three systems that make up the Agency's travel management information systems for processing travel entitlements are functioning, they are inconsistently integrated, require duplicate effort, and involve a significant amount of paper even though TDY documentation is submitted electronically. The Agency's Permanent Change of Station (PCS) entitlement process also is paper-driven. The Agency has acknowledged that systems should be replaced; however, an analysis should be conducted before replacements are made.

Agency's Travel Management Information Systems

The Agency currently uses three systems to process travel entitlement payments: webRTA, the Travel Reimbursement and Integrated Processing System, and the Financial Accounting and Corporate Tracking System. We found that the webRTA process is automated but cumbersome, containing as many as 52 steps. Additionally, the Travel Entitlements office (B212) told us that, due to lack of foresight during the development of webRTA, the PCS and applicant travel processes were not included and, therefore, use a manual paper-driven process routed mostly through email.

Logistics (A44), Business Management and Acquisition Directorate (B), and Enterprise Infrastructure Services (Y4) all reported to the OIG that the systems they use to process travel approvals and reimbursements are outdated, repetitive, and disparate. They further stated that the entire TDY travel process, even though automated, is labor intensive, complicated, and difficult to follow, causing staff to print out every travel entitlement payment request. The other types of travel processing, PCS and applicant travel, have not been automated and use a manual paper-driven process routed mostly through email.

Need for Modernization Identified

Y4 participates in an Agency working group with A44 and B, which has identified a need for modernization of the Agency's travel management information systems. This initiative is in the early stages, with an FY2020 potential start. The initiative currently has no lifecycle cost estimates, identified requirements, or funding. Members of the working group have met with two other Intelligence Community agencies as recently as July 2018; however, the Agency has not formally benchmarked with others to identify already-developed travel management information systems solutions that could be used by the Agency.

Before the Agency can proceed with replacing the current travel management information systems, it must compare the available options to ensure the acquisition requirements will be fulfilled. This guidance is contained in the Supplement Office of Management and Budget (OMB) Circular A-11, "Capital Programming Guide,"

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Paragraph I.5, dated 2016.¹² Furthermore, NSA/CSS Policy 7-4, *Planning, Programming, Budgeting, and Execution of NSA/CSS Resources*, dated 27 March 2009, states that planning is the initial phase in the Planning, Programming, Budgeting, and Execution and the Integrated Intelligence Planning, Programming, and Budgeting System processes. Planning involves communicating the mission, vision, goals and objectives of NSA/CSS to its organizations, workforce, partners, customers, and stakeholders via the NSA/CSS Strategic Plan, which is prepared in accordance with the OMB, Circular A-11, Part 6.

Conclusion

The Agency has established a need for modernization of its travel management information systems. However, it has not developed a modernization strategy, including a comparison of available options, to ensure selection of the most effective system for meeting traveler and Agency needs.

| RECOMMENDATION AU-18-0003-9 |
|---|
| Develop requirements for an integrated modernization strategy for Agency management information systems, including appropriate consideration of other agencies' systems and available options. |
| LEAD ACTION: B |
| Management Response |
| AGREE Management will continue to research and define requirements in support of an integrated travel modernization strategy. |
| OIG Comment |
| The planned action meets the intent of the recommendation. |

¹² Capital assets are land (including parklands), structures, equipment (including motor and aircraft fleets), and intellectual property (including software) which are used by the Federal Government and have an estimated useful life of two years or more.

| RECOMMENDATION AU-18-0003-10 |
|---|
| <p>Review requirements and work with B leadership to determine priorities and feasibility of an integrated modern travel system.</p> <p style="text-align: right;">LEAD ACTION: Y</p> |
| <p style="text-align: center;">Management Response</p> <p>AGREE Management plans to identify the functional, and technical requirements as determined by its stakeholders, and identify a solution(s) that best meets the requirements.</p> <p style="text-align: center;">OIG Comment</p> <p>The planned action meets the intent of the recommendation.</p> |

III. CONCLUSION AND SUMMARY OF RECOMMENDATIONS

Conclusion

The OIG found in this audit that the Agency has internal controls to obligate, process, and pay travel entitlements. However, we found Agency personnel did not adequately monitor cardholder activities, which may have permitted improper cash advances and other misuse of individually billed travel cards. We also made several other findings, including that centrally billed travel charge card accounts were not reconciled in a timely fashion and that travel card training was not provided, which risked contributing to increased processing burden and delays and possible travel card abuse. Finally, we found that the Agency needs to develop an integrated travel modernization strategy to ensure the best available options are identified and implemented.

RECOMMENDATION AU-18-0003-1

Improve the GTCC monitoring program by establishing, and maintaining a mutual, unique identifier, and use the tools, techniques, technologies, and pre-existing travel card management reports as described in GTCC Regulations to detect unauthorized and inappropriate charges.

Lead Action: B

Status: Open

Target Completion Date: 30 September 2019

RECOMMENDATION AU-18-0003-2

Modify the centrally billed travel charge card account reconciliation process to include the preparation of a monthly reconciliation schedule; incorporate procedures to compare the charge card company bill to the TMC sub-ledger report and resolve differences in a timely manner.

Lead Action: B

Status: Open

Target Completion Date: 30 September 2019

RECOMMENDATION AU-18-0003-3

Reconcile the charge card company's unpaid balance and determine how to obligate those funds and satisfy any potential debt.

Lead Action: B

Status: Open

Target Completion Date: 30 June 2019

RECOMMENDATION AU-18-0003-4

Determine if there are Antideficiency Act violations.

Lead Action: B

Status: Open

Target Completion Date: 30 December 2019

RECOMMENDATION AU-18-0003-5

Develop a process to ensure that the GTCC accounts of separating, retiring, or transferring military affiliates are closed or transferred at the appropriate time.

Lead Action: B

Status: Open

Target Completion Date: 30 September 2019

RECOMMENDATION AU-18-0003-6

Ensure all travelers, managers, and authorizing officials receive the training required by the GTCC regulations and applicable training per the DTS regulations.

Lead Action: B

Status: Open

Target Completion Date: 30 September 2019

RECOMMENDATION AU-18-0003-7

Review canceled ticket reports and determine if travelers were reimbursed for canceled airfare and, if applicable, require such travelers to reimburse the Agency.

Lead Action: B

Status: Open

Target Completion Date: 31 March 2019

RECOMMENDATION AU-18-0003-8

Require documentation when employees exercise personal travel in conjunction with official travel airfare entitlement, and consider other controls to mitigate the risk of improper airline travel claim reimbursement.

Lead Action: B

Status: Open

Target Completion Date: 30 September 2019

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RECOMMENDATION AU-18-0003-9

Develop requirements for an integrated modernization strategy for Agency management information systems, including appropriate consideration of other agencies' systems and available options.

Lead Action: B

Status: Open

Target Completion Date: 30 September 2019

RECOMMENDATION AU-18-0003-10

Review requirements and work with B leadership to determine priorities and feasibility of an integrated modern travel system.

Lead Action: Y

Status: Open

Target Completion Date: 30 September 2021

IV. ABBREVIATIONS AND ORGANIZATIONS

| | |
|---------|---|
| A44 | Logistics |
| A4442 | Corporate Travel Office |
| AO | Authorizing Official |
| APC | Agency Program Coordinators |
| B | Business Management and Acquisition |
| B212 | Travel Entitlements Office |
| B232 | Internal Audit |
| DoD | Department of Defense |
| ER | Employee Relations |
| FACTS | Financial Accounting and Corporate Tracking System |
| GTCC | Government Travel Charge Card |
| HRMS | Human Resources Management System |
| JTR | Joint Travel Regulations |
| MCC | Merchant Category Code |
| NSA/CSS | National Security Agency/Central Security Service |
| OIG | Office of the Inspector General |
| PCS | Permanent Change-of-Station |
| SOCOM | United States Special Operations Command |
| TDY | Temporary Duty |
| TON | Travel Order Number |
| TMC | Travel Management Company(-ies) |
| TRIPS | Travel Reimbursement and Integrated Processing System |
| Y4 | Enterprise Infrastructure Services |

APPENDIX A: ABOUT THE AUDIT

Objectives

We performed this audit to determine if NSA's travel program has adequate internal controls to ensure travel entitlements are paid efficiently and in accordance with applicable policy and procedures.

Scope and Methodology

This audit was conducted from October 2017 through May 2018. To help us understand the regulatory requirements, we reviewed the Code of Federal Regulations, United States Code, Department of Defense (DoD) regulations, and Agency policies and handbooks.

We interviewed personnel from the Corporate Travel Office (A4442), the Travel Entitlements Office (B212), the travel management company(-ies) (TMC), and the Travel Services Triad (Y431), as well as Agency employees performing essential travel program functions throughout the Agency.

We obtained a detailed list of all individually billed charge card activity from January 2017 through September 2017 and performed testing to determine if cardholders were using the government issued charge card for personal use. We established reasonable assurance of the authenticity and accuracy of the charge card activity, which was provided by the charge card company via B212, but we did not assess the completeness of the data. Using IDEA data analysis software, we identified and grouped transactions by type and merchant code. Using Travel Reimbursement and Integrated Processing System (TRIPS) we reviewed the traveler's reimbursement history to confirm that the traveler was not on official travel duty, thereby confirming the activity was personal.

We obtained charge card billing statements for the Agency's centrally billed travel charge card accounts from July 2017 through December 2017, reviewing them for past due activity. We established reasonable assurance of the authenticity, accuracy, and completeness of the charge card activity, which was provided by the charge card company via B212, by reconciling the ending balance to subsequent statements' opening balance. We also obtained the associated vouchers to determine if the Agency paid the full amount required by the charge card bill, and if not, whether the Agency identified, tracked, and paid the differences in future vouchers.

We obtained a detailed account listing of all individually billed charge cardholders and performed testing to determine if they were current Agency employees. We established reasonable assurance of the authenticity and accuracy of the population obtained, which was provided by the charge card company via B212, but we did not assess the completeness of the data. Using IDEA, we matched the charge card account listing

against employee records provided from the Agency's Human Resource Management System (HRMS) and SEARCHLIGHT to confirm employment status.

We performed analysis on the Agency's travel training materials, comparing them to requirements found in DoD policies and procedures.

We obtained a listing of 240 paid travel vouchers in FY17, which had already been tested for accuracy by Internal Audit (B232) and, using IDEA, randomly selected 38 temporary duty (TDY) vouchers. We established reasonable assurance of the authenticity and accuracy of the voucher testing obtained from B232 by reviewing their procedures and re-performing their test work. To determine timeliness of voucher processing, we reviewed the comments in the associated webRTA activity for the selected vouchers, and to identify potential delays in processing time, we reviewed why items were returned to the traveler.

We obtained a list of canceled flights from the TMC for FY17. We established reasonable assurance of the authenticity and accuracy of the flight population obtained by matching flight information to source documents, but we did not assess the completeness of the data. We reviewed the associated TRIPS reimbursement and identified trips from the canceled flight population that were reimbursed for airfare. Using IDEA, we randomly selected 25 flight reimbursements to review. During this process we identified a high-risk indicator that travelers who received reimbursement for one travel transaction fee had a greater chance of receiving reimbursement for a canceled flight. We then identified 51 additional transactions to test for canceled flight reimbursements.

We conducted interviews and benchmarked the Agency's travel information systems against other Intelligence Community agencies' programs.

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 according to our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions according to our audit objectives.

Use of Computer-Processed Data

We relied on computer-processed data to conduct this audit. We used data provided from the charge card company for account activity, account listing, and billing statements. We determined the computer-processed data was reliable by reviewing the charge card company's most recent Service Organization Control (SOC1) independent audit report for the period January 1, 2016, through September 30, 2016, noting no control deficiencies.

We used computer-processed data received from the TMC, TRIPS, and Financial Accounting and Corporate Tracking System to review entitlement reimbursements.

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We determined that the computer-processed reports were reliable by reviewing the source documentation submitted by the traveler stored in webRTA.

We used computer processed data reports from HRMS to determine if account holders were active employees. We determined that the computer processed data was reliable by reviewing the data on the individuals who were found to not be current employees against employee data in SEARCHLIGHT.

Previous Coverage

There has been no previous audit coverage by the NSA Office of Inspector General of the Agency's travel program.

Assessment of Internal Controls

As part of the audit, we assessed the organization's control environment pertaining to the audit objectives, as set forth in NSA/CSS Policy 7-3, *Managers' Internal Control Program*, 17 October 2016. We reviewed Installations and Logistics, A4442, Business Management and Acquisition, and B212's Statement of Assurance and the Vulnerability and Process Assessment. Collectively, they contained only one material weakness applicable to this audit, which was a lack of effective and integrated business information technology system.

We reviewed internal controls that related to the Agency's travel program. Our review was limited to controls applicable to our audit objective as it relates to:

1. Control environment,
2. Risk assessment,
3. Control activities,
4. Information and communication, and
5. Monitoring.

In addition to the material weakness identified by management, we found some areas in which controls were not designed or implemented to effectively manage risk. As discussed in Finding One, we found controls were not in place to effectively monitor charge card personal use. We also found there were no controls in place to effectively reconcile the centrally billed charge card activity as discussed in Finding Two. Additionally, we found that controls were not in place to effectively manage former military affiliates' charge card accounts, as discussed in Finding Three. Lastly, as discussed in Finding Five, we found controls were not in place to ensure the Agency was accurately reimbursing airline travel claims.

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