

Office of the Inspector General U.S. Commodity Futures Trading Commission

Review of the CFTC Travel Card Program





**U.S. COMMODITY FUTURES TRADING COMMISSION
OFFICE OF INSPECTOR GENERAL**

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TO: Anthony C. Thompson, Executive Director
Mary Jean Buhler, Chief Financial Officer

FROM: Miguel A. Castillo, *CPA, CRMA*
Assistant Inspector General for Auditing

DATE: September 19, 2016

SUBJECT: Review of the CFTC Travel Card Program (16-REV-03)

Introduction

The Office of the Inspector General (OIG) reviewed the use of CFTC travel card holders' US Bank transactions from June 1, 2015 to June 31, 2016. Our review assessed whether the Commodity Futures Trading Commission (CFTC) complied with its travel card policy.

Travel Regulations and Policy

Federal travel regulations¹ require employees to use their travel cards for all travel-related expenses while on official travel unless exempted.² CFTC policy also requires employees to use their government-issued travel cards³ for payment of expenses related to their official travel. Official travel is defined as “[t]ravel under an official travel authorization from an employee’s official station or other authorized point of departure to a temporary duty location and return from a temporary duty location, between two temporary duty locations, or relocation at the direction of a Federal agency.”⁴ Authorized uses of the travel card include:

- Cash Advances
- Lodging
- Meals
- Miscellaneous Expenses

CFTC travel card holders are billed directly by the travel card issuing bank for their charged official travel expenses, and are responsible for payment. Official travel expenses are separately reimbursed to the traveler. Any use of the travel card (including cash withdrawals) to pay expenses incurred for purposes other than official travel and travel-related activities are unauthorized.

¹<http://www.gsa.gov/portal/content/104790>

² 41 CFR § 301-51.1.

³ Individually Billed Account (IBA) credit card.

⁴ 41 CFR § 300-3.1.

Conclusion

CFTC's travel card program is generally effective in minimizing non-compliance with its travel policy. However, adherence to current CFTC policy requiring notification to employees and supervisors of suspected unauthorized transactions, so that the appropriate steps can be taken to address any misuse, would further strengthen its travel card program. See [Appendix A](#) for further details.

Recommendation

We recommend the Office of Financial Management:

1. Follow Section VI, *Review and Remedial Action*, of CFTC's travel card policy, so that employees and their supervisors are informed of instances of suspected non-compliance with CFTC's travel card program.

Management Comments

Management concurred with the findings and recommendation and expressed that they are drafting written communications to notify (1) employees in non-compliance of travel regulations and policy and (2) their supervisors to determine punitive actions, if necessary. See [Appendix B](#) for management comments in its entirety.

Evaluation of Management Comments

Management comments are responsive to findings and recommendation.

Objective, Scope, and Methodology

Our objective was to determine whether CFTC complied with its travel card policy. To answer our objective, we assessed whether expenses charged to CFTC-issued travel cards were related to official travel and represented authorized uses. To determine whether expenses were related to official travel, we compared travel transactions during January and February 2016 to travel authorizations approved between May 2015 and June 2016. In this group, there were 982 total transactions with 33 anomalies. To determine whether expenses represented authorized uses we summarized travel transactions generated between June 2015 and June 2016 by merchant type to identify potential prohibited transactions. There were only 7 anomalous transactions of 9,578 travel card transactions under the scope of our review.

We also conducted interviews with key personnel to gain an understanding of the travel card process. They provided us with a detailed presentation of the process they use to monitor travel transactions.

We conducted this review using Council of the Inspectors General on Integrity and Efficiency (CIGIE) review (inspections) standards. CIGIE requires auditors to ensure

the validity and reliability of data obtained from computer-based systems if they are significant to the inspectors' findings using professional judgment. We used SAS Enterprise to perform distribution analysis of travel card transactions and concluded that the data used was sufficiently reliable for our findings and conclusion.

If you have any questions, please contact me at (202) 418-5084 or Timothy Peoples, lead auditor, at (202) 418-5439.

Cc: Timothy G. Massad, Chairman
Sharon Y. Bowen, Commissioner
J. Christopher Giancarlo, Commissioner
A. Roy Lavik, Inspector General
Judith A. Ringle, Deputy Inspector General and Chief Counsel

Appendix - A

Finding 1 – Travel Card Transactions Without Authorization

Condition and Criteria

For the months of January and February 2016, the OIG assessed whether travel card use was related to authorized travel. We found 33 of 982 or 3.3% of transactions reviewed did not have approved travel authorizations. The value of the anomalous 33 transactions totaled \$1,057.64 or 1% of the value of transactions reviewed. Table 1 denotes the CFTC reporting units with instances of non-compliance with the requirement to use the travel card for authorized travel.

Table 1

Reporting Unit	Merchant Category Code Description	Number of Transactions	Value
MARKET OVERSIGHT	BUSINESS EXPENSE	5	\$ 205
	EATING/DRINKING	1	\$ 7
	HOTELS	1	\$ 227
	MONEY	4	\$ 332
	VEHICLE EXPENSE	2	\$ 47
OIG	VEHICLE EXPENSE	20	\$ 240
Total		33	\$ 1,058

Cause and Effect

The system of controls for CFTC's travel card program relies on detecting or monitoring instances of travel card non-compliance. The policy⁵ states that if charges are not supported by documentation, the Office of Financial Management (OFM) will inform an employee and their supervisor in writing. Additionally, OFM will request that the employee respond to the allegation by email or telephone by a certain date. For the instances of non-compliance we found, OFM did not communicate with employees or supervisors in writing. As a result, employees were able to continuously use their travel card for unauthorized purchases.⁶ We believe informing supervisors is paramount to creating a deterrent effect for non-compliance with CFTC's travel card program.

⁵ CFTC Procedure: Travel Credit Card, Section VI, *Review and Remedial Action*.

⁶ For instance, during the review period, a former OIG employee used a CFTC issued travel card to charge over \$240.00 for occasional daily parking near the employee's workplace – clearly without a valid travel authorization. The OIG supervisor was informed of the misuse of the travel card after the employee's departure.

Finding 2 – Non-Travel Related Transactions

Condition and Criteria

To a lesser extent, we noted instances where employees used their travel card for non-travel-related purposes, albeit while on official travel pursuant to an official travel authorization. Specifically, 7 of 9,578 payments made by CFTC employees were non-travel related for transactions occurring between June 2015 and June 2016. The value of the 7 transactions totaled \$1,279.64 or less than 1% of all transactions reviewed. Table 2 denotes the CFTC reporting units with instances of prohibited uses⁷ of travel cards.

Table 2

Reporting Unit	Merchant Category Code Description	Number of Transactions	Value
DIVISION OF ENFORCEMENT	DOCTORS AND PHYSICIANS	1	\$ 30
	FLORISTS	2	\$ 82
MARKET OVERSIGHT	DVD/VIDEO TAPE RENTAL STORES	1	\$ 8
	SCHOOLS/EDUCATIONAL SCHL	1	\$ 70
	TAX PAYMENTS	2	\$ 1,089
Total		7	\$ 1,280

Cause and Effect

The system of controls for CFTC's travel card program relies on detecting or monitoring instances of travel card non-compliance. The policy⁸ states that if charges are not supported by documentation, the Office of Financial Management (OFM) will inform an employee and their supervisor in writing. Additionally, OFM will request that the employee respond to the allegation by email or telephone by a certain date. For the instances of non-compliance we found, OFM did not communicate with employees or supervisors in writing. As a result, employees are able to continuously use their travel card for prohibited purchases. We believe informing supervisors is paramount to creating a deterrent effect for prohibited use of the travel card.

⁷ For instance, during the review period, a current CFTC employee used a CFTC issued travel card to charge over \$1,089 for a property tax payment and related fee—clearly a prohibited use of the travel card.

⁸ CFTC Procedure: Travel Credit Card, Section VI, *Review and Remedial Action*.

Appendix B – Management Comments



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Executive Director

Mary Jean Buhler
Chief Financial Officer

DATE: September 14, 2016

SUBJECT: Management's Response to OIG Review of the CFTC Travel Card Program

Thank you for the opportunity to comment on the Office of the Inspector General's (OIG) draft report, *Review of the CFTC Travel Card Program* (Report Number: 16-REV-03), regarding compliance with Federal Travel Regulations and Commission policy (the "Report"). Thank you for the dialogue we have had to discuss issues and potential findings prior to your drafting of this report.

We set forth below specific comments and responses to OIG's recommendations and the findings made in the Report.

OIG Recommendation 1: Follow Section VI, Review and Remedial Action, of CFTC's travel card policy, so that employees and their supervisors are informed of instances of suspected noncompliance with CFTC's travel card program.

Management's Response:

Management Concur

We are currently in the process of drafting written communications to employees who violate Federal Travel Regulations and/or Commission policy. We are also drafting communications to the employee's supervisor so that they can determine if any punitive actions need to be taken. We will provide these communications in future reviews of travel card usage.

* * *

Thank you again for the opportunity to comment on this Report in advance of its publication. Please do not hesitate to contact us if you need additional information or wish to discuss any of our comments in further detail.