Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

FREEDOM OF INFORMATION ACT/PRIVACY PROGRAM

May 30, 2014

In reply refer to: D-B1

Ted Sickinger
The Oregonian
1320 SW Broadway
Portland, OR 97201

FOIA #BPA-2014-01171-F

Dear Mr. Sickinger:

Thank you for your request for records that you made to the Bonneville Power Administration (BPA), under the Freedom of Information Act, 5 U.S.C. 552. Your request was officially received in this office on Thursday, May 29, 2014, and has been assigned control number BPA-2014-01171-F. Please use this number in any correspondence with the Agency about your request.

You requested:
"a copy of the most recent internal audit and the one referenced in Elliott Mainzer's email to travel card holders in May 2014 of government travel credit card usage."

We have reviewed your letter and have determined that it addresses all of the criteria of a proper request under the FOIA, DOE, and BPA regulation that implements the FOIA at Title 10, Code of Federal Regulations, Part 1004.

Final response:
Enclosed is the requested audit of the BPA Travel Card Program. This audit fills your request as the most recent and the one referenced in Elliot Mainzer's May 2014 email. To the extent that any or all of the audit is protected by Exemption 5, BPA is releasing the audit to you in its entirety.

BPA is also releasing the Compliance Realignment Action Plan – Travel Charge Card Internal Audit, which is management's response to that audit. You will note that the compliance plan is dated February 25, 2014, which predates the final audit report. We developed the compliance action plan following release of the draft audit findings and implementation actions began immediately.

Pursuant to Department of Energy FOIA regulations at 10 C.F.R. § 1004.8, you may administratively appeal this response in writing within 30 calendar days. If you choose to appeal, please include the following:

(1) The nature of your appeal - denial of records, partial denial of records, adequacy of search, or denial of fee waiver;
(2) Any legal authorities relied upon to support the appeal; and
(3) A copy of the determination letter.

Clearly mark both your letter and envelope with the words "FOIA Appeal," and direct it to the following address:

Director, Office of Hearings and Appeals:
Department of Energy
1000 Independence Avenue SW
Washington DC 20585-1615

Please contact Kim Winn, FOIA Public Liaison, at 503-230-5273 with any questions about this letter.

Sincerely,

/s/Christina J. Munro
Christina J. Munro
Freedom of Information/Privacy Act Officer

Enclosure: Responsive documents

BONNEVILLE
POWER ADMINISTRATION

INTERNAL AUDIT REPORT

Review of Travel Card Usage

Report Number: 36134–44

Date: March 10, 2014

DOE F 1325.8e Electronic Form Approved by Forms Mgmt. 04/26/2012
(08-89)

United States Government **Department of Energy**

Bonneville Power Administration

memorandum

DATE: March 10, 2014

REPLY TO ATTN OF: DN-7

SUBJECT: Review of Travel Card Usage

TO: Nancy Mitman, Acting Chief Financial Officer – F
Nadine Coseo, Treasury Manager – FT

Attached is our report on the subject review which we made to determine whether travel card administrators and cardholders are adhering to travel card policies and procedures, instances of travel card misuse are identified and adequately addressed, and the Payroll and Travel Department has adequate administrative controls over BPA's travel program.

We found BPA is currently not in compliance with the requirements set forth in the Government Charge Card Abuse Prevention Action of 2012. In addition, we found numerous instances of excessive cardholder cash advances being taken when not in travel status, as well as cardholders using their government-issued travel card for personal use. Also, we noted separated employees' travel cards are not being cancelled in a timely manner. We are making eleven recommendations to the Payroll and Travel Department, which includes two joint recommendations with Employee Relations, to address the non-compliance and process failures. We obtained concurrence for all findings and recommendations made in this report.

BPA internal control assurance requires that final management decisions and actions on recommendations be tracked in the BPA Audit and Review Tracking (BART) system. Within 60 days, Payroll and Travel; and Employee Relations Departments should report to BART the decision on each recommendation (i.e. take recommended action, take alternative action, or take no action).

We greatly appreciate the cooperation of the Payroll and Travel staff and other staff contacted during our review. If you need additional copies of the report, or have any questions about it, please contact me at extension 2989 or Melissa Gallagher-Reiter at extension 2820.

Gordon Dodge, Supervisory Auditor
Internal Audit

Attachment

cc:
A. Falcon – DNP-7
C. Doyle – DGC-7
A. Fickes – NHE-1
M. Gallagher-Reiter – DNT – Z992
A. Rodrigues – FTDP-1
Official File – DN -7 (36134-44)

MGallagher-Reiter/GDodge/dh:3/5/14(Report-TravelCardAudit-memo.doc)

BACKGROUND

INTRODUCTION

In April 2013, the Bonneville Power Administration (BPA) Treasury Manager requested Internal Audit (IA) conduct a review of travel card usage after the Payroll and Travel (FTDP) staff identified incidents of misuse of General Service Administration (GSA) SmartPay Travel Cards by BPA employees.

BPA utilizes the GSA SmartPay as its travel card program. This program provides federal government cardholders a means to pay for travel and travel-related expenses. The GSA SmartPay travel card is the primary mechanism used to purchase airline, rail and bus tickets at significantly reduced fares under the GSA City Pairs program. [1]

The Travel and Transportation Reform Act of 1998 (Public Law 105-264) mandates federal government cardholders to use travel charge cards for official government travel expenses. The travel charge cards allow individual cardholders to pay for travel expenses directly and receive cash advances for anticipated travel expenses. By allowing travelers cash advances, this eliminates the need for agencies to issue travel advances and provides streamlined, best-practice processes that are consistent with private industry standards.

The government travel card may be used only for authorized official travel and travel-related expenses. Official travel expenses are broadly categorized as transportation, lodging, meals and incidentals. Any use of the travel charge card for personal expenses unrelated to official Government travel is considered to be "misuse" of the government-issued charge card.

In addition, to help prevent misuse, the travel charge card may be electronically coded to reject merchant locations that BPA has determined not necessary for conducting official Government business. In January 2013, FTDP staff updated the merchant category codes (MCC) to better control the authorized vendors BPA travelers can use while in official travel status. Also, in September 2013, BPA updated and submitted to the Department of Energy (DOE) headquarter staff, a revised travel policy manual for review and approval. The revised manual is still pending DOE approval.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objectives of this review were to verify: (1) BPA travel administrators, supervisors, and cardholders are adhering to Travel Card policies and procedures, (2) instances of travel card misuse are identified and adequately addressed, and (3) the Payroll and Travel Department have adequate administrative control over BPA's travel program.

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[1] GSA City Pairs program offers fares considerably discounted off comparable commercial fares, saving the federal government billions of dollars annually.

This review covered the period of October 2011 through May 2013. We interviewed staff in the Payroll and Travel Department, examined travel card transactions, verified whether BPA's Travel Card program is in compliance with federal laws and policies, and if controls established are effective in preventing and detecting travel card misuse by cardholders.

FINDINGS AND RECOMMENDATIONS

SUMMARY

Our review showed that the Payroll and Travel Department can improve internal controls and processes to address findings in three areas; (1) lack of compliance with federal laws and policies, (2) misuse of travel cards by BPA employees, and (3) untimely cancellation of travel cards for separated employees. We recommend that the Travel Department make necessary process improvements in each of these areas.

NON-COMPLIANCE WITH FEDERAL LAW AND POLICES

We found BPA was not in compliance with the Government Charge Card Abuse Prevention Act of 2012[2] (Act) and with the GSA travel card refresher training requirements. We also found the BPA revised Travel Manual was not updated to include the GSA training requirements for new cardholders and refresher training for existing cardholders.

BPA is not in compliance with the Government Charge Card Abuse Prevention Act of 2012

We found BPA did not implement any of the requirements set forth in the Government Charge Card Abuse Prevention Act of 2012, therefore not in compliance with the Federal law. FTDP management told us they are aware BPA is not compliant with the Act and internal controls have not been implemented to assure compliance. As a result, BPA is not in compliance with Federal law, the review and treatment of travel transactions are inconsistent, and BPA cannot assure charges made to the traveler's travel card are for official business only.

The Government Charge Card Abuse Prevention Act of 2012 requires agencies to implement the Act's required internal controls for purchase cards, travel cards, and centrally billed accounts. Specifically, Office of Management and Budget[3] (OMB) requires all agency Charge Card Management Plans to establish internal controls to: (1) prevent an individual from being reimbursed for a bill already paid by the government; (2) prevent the Government from spending money on unused tickets, and

[2] On October 15, 2012, the President signed into law the Government Charge Card Abuse Prevention Act of 2012 (Act), Public Law 112-194, which reinforced Administration efforts to prevent waste, fraud, and abuse of Government-wide charge card programs.

[3] Office of Management and Budget M-13-21 Implementation of the Government Charge Card Abuse Prevention Act of 2012.

(3) deter employee misuse of Government cards by implementing penalties for charge card violations that are jointly developed by agency charge card management and human resources. We found BPA does not have an effective charge card management program; FTDP has not performed routine monitoring of travel cardholder usage since 2010, does not have written procedures for monitoring travel card transactions, and lacks policies for addressing the misuse of travel cards by BPA employees.

Recommendation 1: The Payroll and Travel Department should develop and implement internal controls in accordance with the Government Charge Card Abuse Prevention Act of 2012.

Recommendation 2: The Payroll and Travel Department should ensure the revised Travel Manual includes the control activities developed to assure compliance with the Government Charge Card Abuse Prevention Act of 2012.

BPA not in compliance with GSA travel card training requirements

We found that BPA does not require refresher training to existing cardholders as required by Federal travel policies[4]. In addition, we noted current BPA travel card policies and procedures lack the required cardholder training requirements. FTDP management told us they are waiting to implement the three-year training requirement until after they receive approval from DOE of the revised travel manual. As a result, BPA is currently not in compliance with GSA travel card training requirements.

OMB Circular A-123 Appendix B requires each new GSA SmartPay Travel cardholder to take cardholder training prior to receiving a travel card and each current holder of the government-issued travel card to take refresher training every three years. As of February 2013, BPA began requiring the new cardholders to complete the required training, however the three-year refresher training is not currently required to be completed by current cardholders. We noted, though, the new training requirement for new cardholders is only cited on the BPA travel intranet site and is not in the current or revised Travel Manual. The three-year refresher training is not on the intranet or in the Travel Manual.

Recommendation 3: The Payroll and Travel Department should immediately require the three-year refresher travel cardholder training and monitor BPA compliance with the requirement.

Recommendation 4: The Payroll and Travel Department should include the specific travel card training requirements for both new cardholders and existing cardholders in the revised Travel Manual.

[4] GSA SmartPay Travel Cards Policy (Policy can be found on the GSA SmartPay website)

EXCESSIVE CASH ADVANCES WHEN NOT IN TRAVEL STATUS

We found seven of ten cardholders judgmentally sampled[5] withdrew excessive amount of cash on their government travel cards when not in official travel status. Travel card staff believes the lack of cardholder training and the absence of managerial support to enforce misuse of travel cards is the reason why cardholders continue to take cash advances for personal purposes. BPA employees who use their government-issued travel card for ineligible cash advances are violating Federal law, and are effectively receiving interest-free "loans" to be used for personal use.

GSA SmartPay travel card policies[6] allow travel cardholders to take cash advances to cover anticipated cash out-of pocket travel expenses. The advances cannot exceed 80 percent of the out-of-pocket expenses for the authorized trip. We judgmentally sampled ten cardholders and found seven withdrew $50,914 in ineligible cash advances while not in authorized travel status. For example, we found one cardholder had 144 personal cash advances, during a 15-month period, totaling $16,297 and another employee had 59 personal cash advances over a 9 month period totaling $12,729. These cardholders had active cards at the time of our testing, however we were told one of the cardholders has since been separated from service with BPA.

Recommendation 5: The Payroll and Travel Department should query a report that identifies all cash advances taken by BPA travelers each month. The report should be reviewed to identify any potential misuse of travel cards for personal use.

Recommendation 6: The Payroll and Travel Department should document the monthly cash advance reviews and, in conjunction with Employee Relations, ensure corrective action(s) are taken when travel card misuse is identified.

TRAVEL CARDS USED FOR PERSONAL USE

We found 9 of 30 cardholders judgmentally sampled used their government-issued travel cards for personal use when not on approved travel status. We also were not able to substantiate travel costs claimed in GovTrip, current automated travel system, for 4 of the 30 cardholders sampled. FTDP staff indicated they discontinued performing travel card transaction reviews because of available resources. In addition, they stated cardholder's supervisors did not adequately support actions against cardholders who misused their travel cards. We determined BPA receives rebates from Citibank based on the number of transactions made by cardholders, as a result, BPA may have received excessive rebates from Citibank for these unauthorized transactions.

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[5] We judgmentally selected cardholders who had taken over $10,000 in cash advances, had large cash advances, and during our audit found discrepancies in their charge transactions.

[6] GSA SmartPay Before, During, and After the Trip Policy (Policy can be found on the GSA SmartPay website)

GSA SmartPay travel card policies[7] prohibit the use of travel cards for personal use. During the period of October 2011 through April 2013, we found for the 30 judgmentally selected cardholders: (1) nine cardholders used their travel cards to make personal purchases while not in approved travel status, (2) four cardholders did not have travel authorizations and/or supporting documentation input to GovTrip, and (3) for the four cardholders we could not determine if certain purchases made were for official business travel. FTDP indicated that all supporting documentation is required[8] to be maintained in GovTrip unless an organization is granted an exception, none have. We found for the four cardholders the organization's management maintained the supporting documentation outside GovTrip, therefore IA could not verify charges made.

We found, for an example, a cardholder, during a six-month period, had charged between $900 to $2,000 a month in personal charges. Our review of the revised Travel Manual found there are no specific penalties or procedures to address personal use of the employees travel card.

Recommendation 7: The Payroll and Travel Department should develop and implement a monthly review of travel card transactions to identify potential misuse of the government travel card.

Recommendation 8: The Payroll and Travel Department should document any monitoring reviews conducted and, in conjunction with Employee Relations, ensure corrective action(s) is/are directed to cardholders who were identified as having used their travel cards for personal use.

Recommendation 9: The Payroll and Travel Department, in conjunction with Employee Relations, should develop and update the revised Travel Policy to ensure cardholders are notified of the potential penalties of for misuse.

TRAVEL CARDS NOT CANCELLED TIMELY

We found 12 of 35 judgmentally selected separated employees' travel cards were cancelled after their last day of employment. This occurred because Final Pay Clearance forms were not completed and processed timely by the Payroll and Travel Departments. As a result, BPA is at risk for permitting unallowable transactions to occur with no recourse for repayment.

We found BPA does not have a documented set of procedures or policies for deactivating separated employee travel cards. FTDP's process is to cancel separated employee travel cards on their last day of service. Our sample of 35 separated employees found 5 employees Final Pay Clearance forms were not sent to FTDP timely and 7 employees forms were not processed timely by FTDP. This resulted in the separated

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[7] GSA SmartPay Getting Started Policy (Policy can be found on the GSA SmartPay website)

[8] CFR §301-73.103: states, in part, "*The head of your agency or his/her designee must approve an exception to the use of the ETS under §301-73.102 in writing or through electronic means.*"

employee travel cards not being cancelled prior to the employees last day of employment. Specifically, we found one employee used her government travel card for personal use after separated from government service and did not reimburse Citibank for the charges made. Citibank subsequently charged off the outstanding debt made by the separated BPA employee.

Recommendation 10: The Payroll and Travel Department should develop written policies and procedures for deactivating travel cards of separated employees.

Recommendation 11: The Payroll and Travel Department should re-evaluate the timing of cancelling separated employees government-issued travel cards on their last day of employment.

Compliance Realignment Actions - Travel Charge Card Internal Audit

Background

In FY13, BPA travel staff brought to managers' attention an apparent series of incidents of misuse of the GSA SmartPay Travel Card (travel card). This prompted further review of the management oversight of the Travel Card program. Finance asked Internal Audit to conduct an overall review to assess if there were other potential misuse issues or additional control lapses that should be addressed. The review revealed a need to strengthen controls and areas in which BPA is not in compliance with federal rules.

Finance took proactive steps to move toward compliance prior to the audit being finalized.

- Establishing and executing a "Compliance Realignment Plan" was included as an element in Finance's FY2014 Balanced Scorecard. It set a first quarter target that the plan be in place by 12/31/13 and include milestones that cardholders have completed required training and address control lapses identified in the FY13 audit.
- In December, a "Compliance Realignment Plan" was finalized. Managing to this plan is in performance management contracts.
- In February, the BOB was updated on the initial findings of the audit of the Travel Card Program.
- In late February, all employees were notified of the basic travel card rules and managers and cardholders were alerted of upcoming required training. The CFO forwarded this email to the Executive Board and Executive Assistants asking for their help to us move toward compliance by reminding managers and cardholders of the requirement to complete the training.
- In early March cardholders and mangers were provided with training options (online or classroom) and notified that this required travel card training was due on 3/31/14. Approximately 2/3s of employees with cards have completed the training.

Compliance Realignment Plan

The table below summarizes the actions needed to set the Travel Charge Card Program on the path to compliance and aligns with the eleven recommendations in the audit report. As the Chief Certifying Officer for BPA, the Manager of Disbursement Operations is the key accountable person for ensuring the actions below are implemented in a timely manner. The Travel & Payroll Manager is directly responsible for implementing the actions. The Employee Relations group within HCM has a key role to play in developing consistent disciplinary/corrective actions and in working with managers, as needed, to aid in consistent application of disciplinary/corrective actions. Managers are responsible for ensuring employees are counseled and appropriately disciplined when misuse activities occur.

The bulk of the compliance realignment activities revolve around:

- Updating policy and procedures to align with Federal laws;
- Implementing more systematic review activities;
- Documenting and tracking review activities and issues; and
- Ensuring a consistent approach to misuse issues and documenting both the issue and the resolution of the issue.

Recommendation	Remediation Actions	Timeline	Status & Challenges
Rec.1 – implement controls required by Charge Card Act	Gap analysis on the Charge Card Act and other pertinent travel policies.	3/31/14	Complete, pending review by Disb Ops Manager; this review to be complete by 4/30/14.
	Address gaps in non-compliance by updating policies and procedures. Inform and train travelers and managers.	9/30/14	Underway now.
	Strengthen internal controls around travel cards by implementing standard monthly reviews, including: audits of travel cards, review of exception reports to detect misuse, review to spot double payments, review of report on unused tickets.	9/30/14	Underway now. Monthly reviews are underway. The Concur travel system will offer more transparency into inappropriate use of the card.
Rec. 2 – ensure revised Travel Manual includes control activities	Incorporate expanded section into the Travel Manual on control activities required by the Charge Card Abuse Prevention Act.	Send to labor relations by 4/30/14.	Policy additions underway. Hurdles that may impede getting the final manual in place are getting it through Labor Relations and DOE review.
Rec. 3 - require the three-year refresher travel cardholder training and monitor BPA compliance	Train all travel card holders and keep a log of completed training. Enforce refresher training requirements and provide report to CFO annually	Due, 3/31/14 Lagging trainees caught up by 5/15/14	As of 3/31 about 70% complete. Finance will email all card holders and their manager requesting the training be completed.
	Develop more permanent tracking structure for this and other required tracking/logs. Will move all documentation to a SharePoint (SP) site for ease of manager review and tracking.	9/30/14	Not yet started; will require FC support to develop this SP site.

Recommendation	Remediation Actions	Timeline	Status & Challenges
Rec. 4 – include specific travel card training requirements in revised Travel Manual	Update the Travel Manual with required training elements from the Charge Card Abuse Prevention Act.	Send to BPA Labor Relations by 4/30/14.	Policy additions underway. Hurdles that may impede getting the final manual in place are getting it through Labor Relations and DOE review.
Rec. 5 – run monthly report on cash advances and test compliance	Strengthen internal controls around travel cards by implementing a standard monthly review of cash advances and questionable purchases. Compare travel card use to dates of travel to review for personal use activity.	By 9/30/14 have a more standardized, automated process in place for reviewing cash advances; build on standard reporting capabilities in Concur.	Monthly cash advance reviews are underway now. Concur will offer more transparency into inappropriate use of the card.
Rec. 6 – document monthly cash advance reviews & follow up actions	Develop a log to track reviews and follow up actions. (NOTE: some actions are conduct issues; the travel team will not have access to. Travel will work with HCM to ensure that the spreadsheet is accurate and updated.)	Logs are completely developed and in use by 9/30/14.	Tracking/logging of reviews is underway. Log will be maintained on the proposed SP site noted in recommendation 3.
Rec. 7 – develop monthly review of travel card transactions	This recommendation is covered by planned remediation actions associated with recommendations 1, 5 and 6.	Improvements in place by 9/30/14.	Underway now.
Rec. 8 – document monitoring reviews and corrective action	Logs will be developed, as noted in remediation actions associated with recommendations 1, 5 and 6. As noted in recommendation 3, a SP site will be developed for standard tracking.	Logs are completely developed and in use by 9/30/14.	Underway now. By 9/30 Finance will ensure all misuse instances are logged and that HCM and appropriate manger are notified. Finance will take required action on travel charge card.
Rec. 9 – develop and update potential penalties for misuse	Regarding employee discipline -- HCM to work with OGC to develop standard and consistent corrective actions for misuse of travel card.	Not later than 9/30/14 have standard in place and written procedures on roles and	Underway. Finance, Legal and HCM met for an initial discussion. Ongoing meetings to continue to develop

Recommendation	Remediation Actions	Timeline	Status & Challenges
		responsibilities.	the process.
	Regarding suspension and cancellation of travel card -- Update the Travel Manual to include the specific suspension or cancellation actions to be taken by the Travel department, as outlined in the Charge Card Abuse Prevention Act and OMB A123, Appendix B.	Send to labor relations by 4/30/14.	Policy additions underway. Hurdles that may impede getting the final manual in place are getting it through Labor Relations and DOE review.
	Develop and post required misuse information, including frequently asked questions, on the BPA Travel website.	Not later than one month after corrective actions are finalized.	Underway now. Existing documents must be reviewed; FAQs must be developed.
Rec.10 – develop written procedures for deactivating travel cards of separated employees	Review informal procedures in place to determine if they are sufficient. Based on review, revamp procedures, if needed, and develop written procedures.	3/31/14	Complete, pending review by Disb Ops Manager; this review to be complete by 4/30/14.
Rec. 11 – re-evaluate the timing of cancelling separated employees travel cards	Review informal procedures in place to determine if they are sufficient. Based on review, revamp procedures, if needed, and develop written procedures.	3/31/14	Complete, pending review by Disb Ops Manager; this review to be complete by 4/30/14.

Responsibilities – Corrective Actions

Internal audit judgmentally sampled travel card transactions from October 2011 through May 2013. The findings showed a range of misuse activity from relatively minor and infrequent misuse incidents to more severe and frequent misuse incidents. Finance, HCM and OGC have been working to develop a more consistent approach to dealing with incidents of misuse; additional work is needed to develop a more complete, standard process that clearly maps out responsibilities. The basic responsibilities are as follows:

- Finance – notify manager, employee and Employee Relations of the misuse.
- Finance – regarding the travel charge card, take steps outlined in the Travel Manual, when misuse occurs:
  - 1st incident – issue warning.

  - 2nd incident – reduce card limit to $1 during periods of non-travel; requires supervisor approval to increase the limit for travel purposes.
  - 3rd incident – cancel the travel charge card.
- Managers – when notified of misuse, counsel employee and take appropriate disciplinary/corrective action, with assistance from HCM.
- HCM – assist manager in determining appropriate disciplinary/corrective action.
- HCM – provide training to managers and supervisors concerning their responsibilities for dealing with misconduct and performance issues, including travel charge card misuse.

Regarding the specific incidents of misuse uncovered during the audit, some employees have already been disciplined because misuse activities were ongoing and severe. HCM and OGC, with Finance's help as needed, will review the misuse activity uncovered in the audit and develop a recommendation on how to proceed.

- By the end of April 2014, proposed disciplinary/corrective actions will be determined, in consultation with the appropriate manager.
- The actual timeline to issue the disciplinary action may take longer because it must go through DOE/HCM and DOE/OGC oversight and review.