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Office of the Inspector General



Evaluation and Inspections Division

Travel Card Delinquencies – Immigration and Naturalization Service

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EXECUTIVE SUMMARY

Over a two-year period (November 1998 to December 2000), the unpaid travel charge card debt of Department of Justice (Department) employees amounted to \$1.2 million. Immigration and Naturalization Service (INS) employees were responsible for \$824,618, or 69 percent, of this unpaid debt. According to a Bank One official responsible for the Department account, the Department would rank as one of the better government accounts if not for the INS's poor performance. In a separate Department-wide report, we concluded that the travel card programs administered by the other components were generally effective.¹ That report included a summarization of the best practices we identified in the components' travel card programs. However, because of the magnitude of the problems we found with the INS's administration of its travel card program, we are issuing this separate report that examines the INS's problems in-depth and includes specific recommendations to the INS for corrective action.

Under the Government Travel Charge Card Program created by the General Services Administration (GSA), government employees are provided travel charge cards to use while traveling on official business. As of December 2000, 89,880 Department employees had travel charge cards. INS employees accounted for 23,603 (26.3 percent) of these cards. The Department's average monthly travel charge card activity from January 1999 through December 2000 was \$18.3 million. During this time frame, employees of the INS were responsible for average monthly charges of \$5.4 million.

We conducted a review of Department travel charge card delinquencies using a snapshot of Department cardholders who were 120 to 180 days delinquent as of January 1, 2001. The list of delinquent cardholders provided by Bank One, the provider of the charge cards, consisted of 150 cardholders owing a total of \$361,087. The INS portion of the sample consisted of 54 cardholders in 19 locations (nine district offices, five border patrol sectors, two headquarters offices, one regional office, one processing center, and one regional service center) owing a total of \$190,623.

INS cardholders, like other Department cardholders, have a responsibility to pay for all charges made with their travel charge cards and to use the cards only for official government travel. When cardholders fail to make payments and when continual delinquencies cause travel cards to be suspended or canceled, the cardholders' ability to perform their jobs may be affected. Employees who

¹ Report I-2001-001, Review of Travel Charge Card Delinquencies, issued March 30, 2001.

are unable to travel because of a loss of a card disrupt INS operations, and employees in positions of responsibility who have accrued considerable debt are vulnerable to failing suitability standards or succumbing to corrupt influences. In addition, the INS receives a rebate based on the amount of charges made, excluding automated teller machine (ATM) charges. A recent GSA contract modification allows Bank One to offset a portion of the amount of its credit losses from the travel card program (*i.e.*, the uncollected amounts that are 180 days or more delinquent) from the rebates that the INS has earned. The INS's debt, if continued at the same level, will reduce any rebates that the INS currently receives.

To administer its travel charge card program, the INS has designated coordinators for each of its program offices, district offices, border patrol sectors, service centers, and asylum offices. As a part of our review, we telephonically contacted the designated travel card coordinators for the locations in our sample to assess their procedures for monitoring delinquencies and to obtain detailed information on individual delinquencies.

The high delinquency rates of INS employees indicate that significant improvements are needed in travel card program administration. Although the INS does have written guidance for the travel card program, we found that this guidance does not include many important controls needed for adequate monitoring of travel cards. We also found that INS employees, supervisors, and management officials do not uniformly adhere to the guidance.

We identified the following areas where the INS could improve its administration of the travel card program: (1) ensuring that INS management understands and communicates to its employees the importance of reducing delinquencies and misuse; (2) ensuring that delinquencies and misuse are identified and resolved in a timely manner; (3) routinely referring unresolved delinquencies and instances of serious or frequent misuse to the INS's Office of Internal Audit for investigation; (4) disciplining employees who misuse or fail to make payments on their cards; (5) providing adequate headquarters oversight of unresolved delinquencies; (6) eliminating the practice of providing travel advances to those employees whose cards have been canceled due to delinquency or misuse; (7) automating changes to work station locations; (8) controlling ATM access for its employees; (9) controlling physical access to the card; (10) training travel card coordinators; (11) informing managers and supervisors of their roles in the process; and (12) regularly briefing cardholders on their travel charge card responsibilities.

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INTRODUCTION

While examining issues related to procurement cards, the Office of the Inspector General (OIG) learned that Department of Justice (Department) employees were accruing significant unpaid travel charge card debts. We subsequently determined that this unpaid debt for Department employees over a two-year period (November 1998 to December 2000) amounted to \$1.2 million. Immigration and Naturalization Service (INS) employees were responsible for \$824,618, or 69 percent, of this unpaid debt. A Bank One official responsible for the Department account told us that if the INS's performance were not included in the assessment, the Department would rank as one of the better government accounts. In a separate Department-wide report, we concluded that the travel card programs administered by the other components were generally effective.² We made suggestions for further improvements to these components' programs. Because of the magnitude of the problems with the INS's administration of its travel card program, we are issuing this separate report, that examines INS's problems in-depth and includes specific recommendations to the INS for corrective action.

Background

The Government Travel Charge Card Program was created by the General Services Administration (GSA) as a travel and travel transportation payment and expense control system. It includes employee travel charge cards, automated teller machine (ATM) services, and Government Transportation Accounts (GTAs) for use by government employees traveling on official business.³ The Federal Travel Regulation (FTR) requires employees to use the government contractor-issued travel charge card for official travel expenses unless an exemption has been granted. Bank One is currently under contract to the GSA and the Department to provide travel charge card services.

As of December 2000, 89,880 Department employees had travel charge cards. INS employees accounted for 23,603 (26.3 percent) of these cards (see Appendix I, Figure 1). The Department's average monthly travel charge card activity from January 1999 through December 2000 was \$18.3 million. During this time frame, employees of the INS were responsible for average monthly charges of \$5.4 million (see Appendix I, Figure 2).

² The other components included in our review were the Bureau of Prisons (BOP); the Drug Enforcement Administration (DEA); the Federal Bureau of Investigation (FBI); the Offices, Boards, and Divisions (OBDs); the Office of Justice Programs (OJP); UNICOR (BOP's Federal Prison Industries); and the U.S. Marshals Service (USMS).

³ A GTA is a centrally billed account used to procure common carrier transportation services.

To administer the travel charge card program, the Department has established a network of coordinators. A Department Agency Program Coordinator, located in the Justice Management Division (JMD), functions as the overall coordinator for the Department's travel card program and works with the components to resolve any issues. The JMD also serves as the Department's liaison with Bank One.

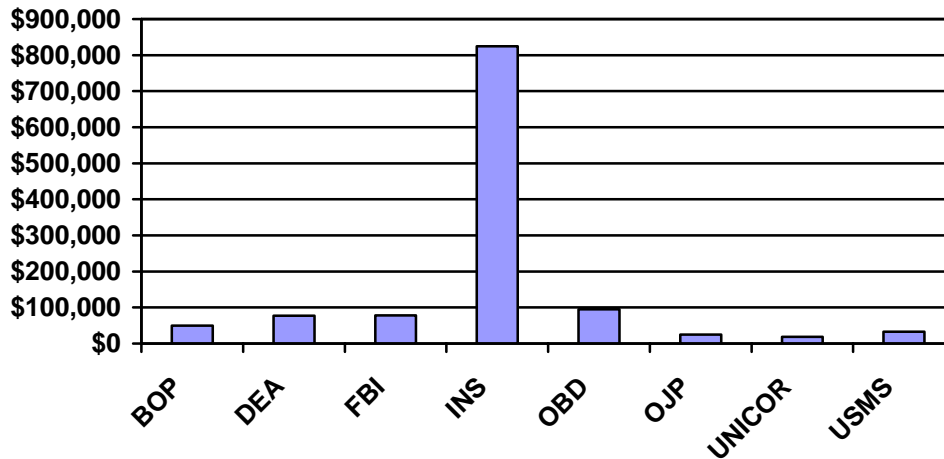
The INS, like other components, is responsible for its own travel charge card program and has a designated national coordinator. The INS also has designated a local coordinator for each program office, district office, border patrol sector, service center, and asylum office. Currently the INS has approximately 130 local coordinators. These coordinators are responsible for the day-to-day management of the travel charge card program. Bank One provides the national and local coordinators with various reports to help them manage the travel charge card program. These reports list such things as current account balances, charges made by cardholders, accounts that are in the process of being suspended or canceled for non-payment, and accounts that actually have been suspended or canceled. When local coordinators reviewing reports from Bank One become aware of possible misuse of travel charge cards or delinquent payments on the part of the cardholder, they are supposed to resolve the situation, generally by notifying the appropriate supervisory or management official.

At the time of our review, when an account became 90 days past due, Bank One suspended the account and blocked all transactions until payment was received.⁴ If payment was not received once the account became 120 days past due, Bank One canceled the account. To have the card reinstated after cancellation, the employee is required to undergo a credit check (which was waived as a courtesy to the government when employees first receive their cards). It is difficult to get the card reinstated. When an account has an outstanding balance that is 180 days old, by federal regulation that account is written off as a credit loss to Bank One and is referred to a collection agency or attorney.

Bank One's cumulative net write-offs of Department accounts for the period from November 1998 through December 2000 totaled \$1.2 million. This amount represents charges that Department employees were delinquent in paying and that still had not been paid at the time of our review. As shown in the figure on page 3, INS employees are responsible for a disproportionately large amount of the total write-offs.

⁴ Subsequent to our review, Bank One revised its practices regarding suspensions. Beginning in the summer of 2001, accounts will be suspended when more than 60 days past due.

Cumulative Net Write-Offs November 1998 - December 2000



Source: Bank One

The individual cardholder, not the INS, is held personally liable for delinquent payments. Various governmental regulations and policies—including the FTR, ethics standards, and INS policies—mandate that the cardholder make payment of financial obligations and that the charge card not be used for personal purposes. The INS travel card program guidance states, “It is INS policy that employees are required to remit to the Travel Card Contractor immediately upon receipt of their reimbursement.” Additionally, by signing the cardholder agreement, the employee has made a contractual agreement with Bank One to pay for charges incurred. It is in the INS’s best interest to ensure that employees pay their travel card charges in a timely manner because of the effect delinquencies can have on operations. Loss of a charge card can limit an employee’s ability to travel, and therefore negatively impact the INS’s mission. Nonpayment of debt also can affect an employee’s suitability for continued employment with the INS because financial problems can make employees vulnerable to corrupting influences, a situation that the INS needs to monitor because of the sensitive nature of many of its positions.

Although a high delinquency rate does not have a direct effect on the cost of the travel charge card contract, it does have indirect effects. Contracting banks consider delinquency rates when deciding whether or not to assume a federal agency’s contract. Therefore, a high delinquency rate could diminish the available pool of contractors. A high delinquency rate also can affect the amount of the rebates that the contracting bank provides to federal agencies based upon the volume of charges and the timeliness of payment. Because high delinquency rates also increase the administrative costs to the bank of collecting the delinquent funds, the contracting bank could reduce the amount of rebates to cover these costs.

Under the prior contract with Bank One, the INS did not experience a direct financial impact when an employee defaulted on a bill; however, this situation has changed with a contract modification recently implemented by GSA. Currently the Department's components receive a rebate based on the amount of charges made, excluding ATM charges. The GSA contract modification allows the contracting bank to offset a portion of the amount of its credit losses from the travel card program (i.e., the uncollected amounts that are 180 days or more delinquent) from the rebates that the components have earned.

If delinquencies in the travel charge card program continue at the current level, under the contract modification the INS will experience a substantial decrease in rebates from the individual travel charge card program. For example, according to Bank One records, the INS earned \$54,954 in net travel card rebates during the period October through December 2000. During this period, the INS experienced a credit loss of \$83,205. If the contract modification had been in place during that time period, the INS's rebate would have been reduced from \$54,954 to \$25,500.⁵

Scope and Methodology

We conducted a review of Department travel charge card delinquencies using a snapshot of Department cardholders who were 120 to 180 days delinquent as of January 1, 2001. The list of delinquent cardholders provided by Bank One consisted of 150 cardholders owing a total of \$361,087. The INS cardholders accounted for \$246,477, or 68 percent, of this total. From the list, we selected a sample of cardholders who owed at least \$5,000 or who were employed in Department locations with three or more delinquent cardholders. Our resulting sample included 64 cardholders, in 25 locations, owing a total of \$236,718. The INS's portion of the sample consisted of 54 cardholders, in 19 locations (nine district offices, five border patrol sectors, two headquarters offices, one regional office, one processing center, and one regional service center), owing a total of \$190,623 (see Appendix II).

We then telephonically contacted the designated travel card coordinators for the locations in our sample to assess their procedures for monitoring delinquencies and to obtain detailed information on individual delinquencies. We asked the coordinators to explain what they had done regarding the delinquencies, and, in some cases, we acquired information about an individual delinquency from the delinquent employee's supervisor. We also contacted the overall travel card coordinator for each Department component to discuss how the coordinator administers the travel card program and to assess written procedures (if they existed). We also discussed procedures with a Bank One official responsible for the Department's account and examined a variety of Bank One reports and data.

⁵ The contract modification provides a formula for calculating the net amount of the rebate.

RESULTS OF THE REVIEW

Although the Department has an overall travel card coordinator, the travel charge card program is decentralized with each component adapting the program to fit its mission and needs. Consequently, each component has developed its own practices in administering the program, and those practices involve varying degrees of control over travel cards.

During our overall review of Department travel charge card delinquencies, we observed that most components had established effective systems for monitoring and following up on delinquencies and charge card misuse. Accordingly, these components' delinquency rates were fairly low. However, the INS has not established an effective monitoring and follow-up system for the travel card program. Although the INS has issued written guidance for the travel card program, this guidance omits important controls needed for adequate monitoring of travel card use and payments. Also, INS employees, supervisors, and management officials do not uniformly adhere to the guidance. Therefore, the INS's delinquency rate is high. We also found that INS employees had used their travel cards for inappropriate purposes such as to make a down payment on a house, make a down payment on a car, pay for a family member's wedding, buy furniture, and purchase Christmas presents. A Bank One official responsible for the Department account told us that if the INS's performance were not included in the assessment, the Department would rank as one of the better government accounts.

Based on our discussions with the Department's national and local travel card coordinators, supervisors of delinquent cardholders, and a responsible Bank One official, we identified the components' best practices for managing their travel card programs. These practices are the basic elements for an effective travel card program. Based on our review, the INS's program includes few, if any, of these elements:

- management support for the program;
- timely identification and referral of delinquencies and charge card abuses to the cardholder's supervisor;
- written feedback from the supervisor or the cardholder to the local coordinator regarding the reasons for the delinquency and action taken to resolve the delinquency;
- timely referral of unresolved delinquencies and serious or frequent misuse to higher levels of management;
- referral of unresolved delinquencies and serious or frequent misuse to component investigative units;
- meaningful, consistent disciplinary action against cardholders for unresolved or frequent delinquencies or for serious or frequent misuse of the charge card;

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- headquarters oversight of unresolved delinquencies;
 - prohibition of the use of advances to fund travel for employees who have lost the use of their charge cards through delinquency or misuse;
 - routine provision to Bank One of updated information about cardholder duty stations;
 - controls over ATM access;
 - control over the charge cards of employees who rarely travel;
 - adequate training for local coordinators and briefings of managers and supervisors on their roles in the monitoring process; and
 - briefings for cardholders on the proper use of the travel charge card.

Management Support

The hallmark of an effective program is management support. Considering this, INS managers need to communicate and enforce a zero tolerance policy for travel card delinquencies and abuses. In January 2000, the Assistant Commissioner of the INS's Office of Financial Management sent a memorandum to INS directors, officers-in-charge, chiefs, and other officials stressing the importance of the manager's role in ensuring that members of their staff use their travel cards appropriately and pay their bills promptly. Despite this memorandum, we did not find universal acceptance of the importance of supervisory and management oversight. Instead, from interviews with coordinators and supervisors in our sample, we found a wide range of management attitudes towards the importance of controlling delinquencies and misuse, ranging from zero tolerance to disinterest. We generally found that in locations where supervisors and managers held employees accountable for paying their travel card charges and took notice when they were delinquent, delinquencies were resolved quickly and fewer delinquencies occurred.

At 5 of the 19 INS locations reviewed, it was evident from our interviews with local coordinators and supervisory personnel that their management had both communicated and were enforcing a zero tolerance policy. For example, at one district office, the deputy director made it clear during staff meetings that managers and supervisors would be held accountable for monitoring their staff's debts and that action would be taken against them for failure to aggressively follow up on delinquencies and misuse. For each incidence of delinquency or misuse that occurred, the applicable manager or supervisor was required to provide an explanation to the deputy of what actions were taken to resolve the issue. Similarly, at one border patrol sector, the deputy chief border patrol agent routinely reviewed monthly bank reports and required those employees who were delinquent, or who had made inappropriate charges, to provide him with a written explanation. Our sample included one delinquency at each of the two locations. At both locations, the field location manager had taken decisive action, recommending that the delinquent employee be terminated.

At the other INS locations we reviewed, management either did not actively support the program or, in some cases, openly undermined the program. For

example, at one headquarters location, when the coordinator brought a case of multiple inappropriate ATM withdrawals to the attention of the deputy, the coordinator was told that it was not important what charges were made as long as the employee paid the bill. The employee, a chronic delinquent, eventually defaulted after owing over \$7,000. To date, no disciplinary action has been taken against the employee. In another example, at one border patrol sector the coordinator was instructed to follow up only on instances of travel card misuse, not delinquencies. According to the coordinator, the deputy chief border patrol agent's philosophy was that delinquencies are a personal matter between the bank and the cardholder and did not effect the Department. At this location, three employees, owing a total of \$14,137, appeared on the bank's January 1, 2001, list of accounts that were 120 days delinquent.

Timely Identification and Referral to Cardholder's Supervisor

When an employee's account becomes delinquent or when an employee misuses the card, early identification and resolution of the problem is important. Local coordinators should notify cardholders' supervisors in a timely manner so they can determine the reasons for the delinquency and encourage the cardholder to pay the debt. Some causes of delinquencies, such as failure of the employee to submit a travel voucher timely or a delay in receiving a reimbursement check, could be resolved easily by the supervisors. Other causes, such as fiscal irresponsibility on the part of the cardholder, could result in a referral to the Employee Assistance Program for counseling. We observed that when the cardholder's supervisor is not notified in a timely manner, the delinquent amount can become so great that the employee cannot readily pay it.

When delinquencies occur, a supervisor's early intervention may reduce the risk of the employee's card privileges being suspended, which currently can occur when the employee fails to make a payment within 60 days.⁶ If a delinquency is not resolved by 120 days, Bank One will cancel the account and the employee will most likely lose the travel card permanently. When an employee's job requires travel, suspension or cancellation of the employee's travel card makes employee travel more complicated for the component.

At the time of our review, the INS travel card program guidance required local coordinators to notify the cardholder's manager or supervisor if the cardholder's account became 60 days past due. Only 9 of the 19 locations in our sample

⁶ At the time of our review, the bank's practice was to wait until an account was more than 90-days past due before suspending it.

(47percent) complied with this requirement.⁷ At three of the nine locations that complied with the requirement, the coordinator directly referred delinquencies to the cardholder’s supervisor; at the other six locations, the coordinator directly referred delinquencies to a management level above the cardholder’s supervisor.

At four locations that did not comply with the 60-day referral requirement, coordinators waited until the account was suspended or canceled before referring the delinquency to the cardholder’s supervisor for follow-up. At three other locations that did not comply with the requirement, the coordinators were not proactive and would follow up only when a bank representative would call and ask them to do so. These seven locations accounted for 18 (33 percent) of the 54 INS delinquent employees included in our sample. Earlier referral of these accounts to the cardholder’s supervisor could have resolved the delinquency and prevented the suspension or cancellation of the employee’s account.

At locations where coordinators were reporting delinquencies directly to managers above the cardholders’ first-line supervisors, the coordinators relied on these managers, in turn, to refer the cases to the supervisors for follow-up. At these locations, we found that supervisors were not always informed in a timely manner or, in some cases, were not informed at all. As a result, timely action was not taken to resolve the delinquencies. The officer-in-charge at one district office, who had supervisory responsibility over four of the delinquent cardholders in our sample, complained that the deputy frequently informed her of delinquencies late in the process and then required her to respond to management within 30 days. It was often difficult to contact employees and resolve delinquencies within the short time-frame provided due to the employees’ training, overseas travel, rotating shifts, and annual leave. When questioned about the four delinquencies in the sample, the officer-in-charge was unaware of two of them. Because the cardholder’s first-line supervisor is ultimately responsible for following up on delinquencies, it is important that the supervisor be notified early in the delinquency process. Therefore, it would be more effective to provide simultaneous notifications to management and first-line supervisors at those locations where management prefers to be kept aware of monthly delinquencies.

Written Feedback to Coordinators

Once a delinquent account or charge card misuse is referred to the cardholder’s supervisor, most Department components require that the supervisor or the cardholder provide a written explanation of the reasons for the delinquency or misuse and an accounting of how the situation will be resolved. Obtaining a written

⁷ At 2 of the 19 locations, the coordinators had been in their positions for less than a month and were unable to provide us with procedural information. Another location code (“INS Travel”) represents a default category of accounts for which the bank has not been provided a valid work location code. The coordinator responsible for the “INS Travel” location code is responsible for identifying the cardholder’s correct work location and notifying the bank.

explanation for delinquency or misuse is useful to not only document the circumstances for the purposes of possible disciplinary action, but also to ensure that supervisors are properly following up to resolve the delinquency or misuse.

Most of the INS coordinators we contacted stated that they required delinquent cardholders or their supervisors to provide a written explanation to the coordinator of the circumstances of the delinquency or misuse and a description of the action to be taken to resolve the situation. However, this practice was not always followed. We found that when we questioned the coordinators on specific delinquencies included in our sample, many were unable to provide us the information without first contacting the cardholder or the cardholder's supervisor. One of the district office coordinators we contacted admitted that, although she requests written explanations from delinquent cardholders, she generally does not receive any.

INS's El Paso District Office has implemented a particularly good practice for documenting charge card delinquencies and misuse. This office has created a standard memorandum that is routinely sent to the delinquent cardholder's supervisor. This memorandum contains a checklist of questions that the supervisor must respond to, such as whether the employee submitted a travel voucher timely and whether the employee has received a reimbursement check. At this office, there is little problem with compliance; if the supervisor does not respond, the coordinator has been instructed to inform the deputy district director. The INS should consider implementing this checklist at all its locations.

Referral to Higher Levels of Management

Most instances of delinquency or misuse can be resolved at the first-line supervisory level. However, upper management should be made aware of instances of unresolved delinquencies or of serious or frequent misuse when the first-line supervisor has not resolved the problems. This not only helps hold the supervisor accountable for taking action, but it also helps alert management to systemic or serious problems.

Most of the INS coordinators we contacted stated that they notified senior management of delinquencies at some point in the process. As described earlier, coordinators at some locations notified management officials directly, prior to the cardholder's first-line supervisor. At other locations, there was a hierarchical reporting process; the coordinator initially notified the cardholder's supervisor and then, if the delinquency was not resolved within the next 30 days, the coordinator notified management.

We identified several high-dollar delinquencies at INS locations where coordinators did not routinely notify management of unresolved delinquencies. For example, at one district office where only the cardholder's supervisor was notified,

there were three delinquencies in our sample totaling \$20,531. Management attention to these delinquencies may have helped limit the amounts owed.

We found, however, that referral to management alone did not necessarily result in delinquencies being resolved quickly. For the process to be effective, management also must be diligent about following up with the cardholder's supervisor to ensure that the delinquency is resolved. From our discussions with the coordinators, we found that those locations where management took the program seriously and routinely followed up with the supervisors experienced less overall problems with delinquencies.

Referral to Component Investigative Units

Referring unresolved delinquencies and serious or frequent misuse of travel cards to component internal affairs units helps demonstrate to employees that a zero tolerance policy is being enforced. There are other compelling reasons to implement a mandatory referral policy. First, referral ensures that payment and misuse problems are reviewed by an objective third party. Currently, some cardholders' supervisors are reluctant to take necessary action. Second, an investigation of an employee who fails to pay bills may uncover evidence of deeper problems or a vulnerability to corrupting influences.

The INS does require automatic referrals to its internal investigative unit for failure to pay travel card debts. The INS travel card program guidance states, "If the supervisor determines a misuse occurred, the misuse or reason for nonpayment should be reported to the Office of Internal Audit (OIA). Under the provisions of the OIA's Operations Instruction 287.10, misuse or unauthorized use of the Government Travel Card and failure to honor just debts where Service operations or reputation are affected are Class 3 allegations."⁸

We found, however, that referrals of unresolved delinquencies or instances of misuse were not routinely made to the OIA. At only one location in our sample did the coordinator mention an external referral. This referral was made directly to the OIG, not to the OIA, and pertained to a misuse situation, not a delinquency. In this particular case, the referral of a supervisory employee, who used ATM withdrawals for a down payment on a house, was made because the coordinator could not get the cardholder's supervisor to take any action. Another coordinator we contacted was conducting her own "investigation" of an employee suspected of using the charge card for gambling purposes. This coordinator believed that conducting this investigation was her responsibility and was unaware that the case should be referred to the OIA or the OIG for investigation.

⁸ Class 3 allegations are those which have minimal impact on programs and operations and which are not likely to result in termination, demotion, or lengthy suspension, but which could result in some form of disciplinary action.

INS's referral policy is appropriate; however, the INS needs to ensure that its personnel are complying with the policy. Ensuring that supervisors routinely report unresolved travel card delinquencies and misuse would allow OIA to investigate these problems sooner and preclude further abuses.

Application of Consistent, Meaningful Disciplinary Action

To clearly demonstrate management's intent to control delinquencies and misuse, disciplinary action against employees who fail to pay their bills or knowingly make inappropriate charges may be necessary. Employees who use travel reimbursements for purposes other than paying their travel card bill are misusing Department money. Employees who make inappropriate charges also are misusing their travel card privileges for personal gain. For delinquency or misuse, the employee should be subject to disciplinary action. To be effective, the disciplinary action should be appropriate to the situation and should be applied consistently and in a timely manner.

We found that, in general, INS employees were not being disciplined for delinquencies. Of the 54 delinquent INS employees in our sample, only 12 (22 percent) had been disciplined or were in the process of being disciplined. These 12 employees were located in 9 of the 19 INS locations we contacted.

Most of the delinquencies in our sample were due to negligence or irresponsibility on the part of the cardholder, for which the cardholder should be held accountable. We were able to discern, from the local coordinators or the cardholders' supervisors, the specific reasons for 38 of the 54 delinquencies.⁹ The reasons are summarized in the table below.

Reasons for Delinquencies

Reason for Nonpayment	Number in Sample
Reimbursement check spent on personal items instead of on credit card bill	23
Misuse of card	6
Travel vouchers not filed, or filed late	5
Travel voucher processing delays	3
Bank error	1
Total	38

Source: Interviews with INS coordinators and supervisors

The INS's travel card program guidance related to required disciplinary action is very general. This guidance states that for a first-time offense, the manager

⁹ For the remaining 16 employees, the coordinators or cardholders' supervisors could not provide us with the reasons for the delinquencies.

should counsel the individual and that for repeated offenses, the manager *may* prepare a written warning and *may* consider sanctions, ranging from reprimand to removal. None of the locations we contacted seemed to be aware of this guidance; in fact, several supervisors we contacted stated that they were reluctant to administer disciplinary action for infractions involving travel cards because they believed there was no applicable guidance. Because these locations were not aware of the INS guidance, we found that each location had its own practices for administering disciplinary action for travel card delinquencies and misuse. Only one location had a definitive policy, requiring counseling for the first offense, written reprimand for the second offense, and a suspension of three to five days for the third offense. None of the other locations appeared to have a similarly consistent policy and disciplinary decisions were made on a case-by-case basis.

At those locations where management did not take travel card delinquencies or misuse seriously, no disciplinary action beyond a reprimand had been administered regardless of the extent of the delinquency or misuse. For example, one headquarters employee, who was not in travel status, routinely made inappropriate ATM withdrawals (we identified 41 such withdrawals over a six-week period), eventually accruing an unresolved delinquency of \$7,640. Although the coordinator stated that management was aware that the employee was both misusing the travel card and was chronically late making payments, the employee received only a reprimand. A border patrol sector whose four employees, included in our sample, owed a total of \$14,137 did not discipline delinquents because the deputy believed that delinquencies were a personal matter between the cardholder and the bank and therefore did not have an impact on the Department.

Most locations in our sample applied minimal or no disciplinary action against employees who became delinquent or who misused their travel card. Some examples:

- A detention enforcement officer in our sample had \$13,947 in outstanding debt because he has not submitted any travel vouchers for four months. The INS policy states, "Failure of the employee to submit the request for reimbursement of expenses incurred while on official travel does not relieve the employee from the obligation to pay the Travel Card in accordance with the terms of the Agreement." Although the employee is in violation of the INS policy, his supervisor stated that he probably faces no disciplinary action because he is a "hard worker."
- Another detention enforcement officer in our sample is only now being considered for disciplinary action, despite chronic lateness on his payments since January 1999 and repeated counseling (15 times) by his supervisor. This employee has an outstanding debt of \$9,801.
- At one district office in our sample, which had 5 delinquencies totaling \$17,289, employees who incurred unresolved delinquencies or who

misused their travel cards usually received either a reprimand or a one-day suspension for a first offense and a three-day suspension for repeat offenses, regardless of the nature of the offense. Past abuses for which one-day suspensions were given include using the travel card to withdraw \$1,500 from an ATM for personal use, make a down payment on a car, and purchase furniture. Both the coordinator and two supervisors at this office cited the volume of offenses and complained that these disciplinary actions were not sufficient to deter offenders. As evidence that these actions were not taken seriously, one supervisor stated that several employees at this location asked to have their suspensions scheduled so that they could extend their vacations.

We believe that disciplinary action can have a deterrent effect on subsequent infractions, provided that this action is applied consistently and is sufficiently serious. From our discussions with the coordinators, we found that locations where management took the program seriously and routinely followed up with the supervisors experienced less overall problems with delinquencies. Some managers in our review routinely took substantive action against employees who were delinquent or who misused their travel cards. In fact, three of the individuals included in our sample (at three locations) had either been terminated or were being considered for termination. Coordinators from two other locations cited noticeable declines in delinquencies when new managers implemented tougher disciplinary policies. One district office coordinator noted that the majority of the delinquency and misuse cases were centered in one of the district's branch offices and attributed this, in part, to the tougher disciplinary policies in place at the other branch office.

To implement effective discipline for charge card delinquents and employees who misuse their travel cards, we believe the INS needs to develop and disseminate a written policy requiring specific disciplinary actions, as well as guidance on mitigating circumstances that would affect disciplinary action. Although supervisors need to consider individual circumstances when assessing penalties, it is good practice to require substantive penalties while allowing supervisors or managers to make exceptions for mitigating circumstances. Such exceptions should be justified in writing and should conform to the INS's written policy.

Headquarters Oversight

Although local coordinators are responsible for following up on specific delinquencies and individuals who misuse their travel cards, national coordinators need to ensure that this follow-up is conducted. The INS national coordinator performs a cursory review of the monthly reports provided by Bank One, but generally relies on the local coordinators to identify and follow up on delinquencies or instances of suspected misuse. The national coordinator indicated that when she follows up with local coordinators on unresolved delinquencies, she is often told that the local coordinator has referred the delinquency to the employee's supervisor, but that the supervisor has failed to take action to resolve the delinquency. Local

coordinators are often lower level staff who believe they do not have the authority to challenge the supervisors. During our review, we found that other components addressed this problem by requiring their national coordinators to elevate unresolved cases to senior management headquarters officials. For example, the DEA national coordinator refers unresolved cases to the DEA Deputy Assistant Administrator in the Office of Finance.

We believe headquarters oversight provides an extra step to resolve delinquencies before travel cards are canceled and helps identify local coordinators, supervisors, and managers who are not adequately performing their duties relating to the travel card program.

Elimination of the Use of Advances by Delinquent Cardholders

The FTR requires federal employees to use the government contractor-issued travel charge card for official travel expenses unless an exemption has been granted. The ATM feature of the card allows the traveler to obtain cash to pay for official expenses that cannot be charged using the card. The FTR also requires federal agencies to minimize the use of cash travel advances.

The INS travel card program guidance states, “If your Travel Card is suspended or canceled because of delinquency or misuse, the Service shall authorize an advance for the full cost of the trip, less common carrier transportation tickets.” The INS is one of the few Department components that authorizes cash advances under these circumstances.¹⁰

Although the INS guidance endorses this practice, we found that not all the INS locations are following it. Seven of the 19 INS locations we contacted did not provide such employees with cash advances. Instead the employees were required to pay their travel expenses out-of-pocket and then to submit a travel voucher for reimbursement.

Several coordinators and supervisors at those locations that routinely provided cash advances to employees whose travel cards had been suspended or canceled complained that the practice was detrimental because the employees were not being held accountable for their irresponsible behavior. Some examples of employees whose travel cards have been canceled, yet who are still eligible for cash advances under the INS’s policy are:

- A detention enforcement officer (owing \$9,933) who, according to the coordinator, appeared on delinquency lists every month despite receiving travel reimbursements timely, and whose travel card had been physically

¹⁰ EOUSA also authorizes cash advances to those employees whose travel charge cards have been suspended or canceled due to misuse or delinquency. Other components, including the FBI, BOP, DEA, USMS, and JMD, prohibit the use of advances under these circumstances.

taken away by his supervisors to preclude him from using the card when not on travel status;

- An immigration inspector (owing \$7,181) who, according to the coordinator, inappropriately used his travel card to fund moving expenses during a transfer to another INS location and whose travel card account bank records from mid-August 2000 to February 2001 show \$2,623 in inappropriate ATM withdrawals and a \$1,000 payment that bounced; and
- A detention enforcement officer (owing \$1,089) who, according to his supervisor, has been chronically late making payments despite receiving travel reimbursements timely, who has been counseled on almost a monthly basis, and who has misled his supervisor about having made payment arrangements with the bank.

We do not believe that travel advances should be used to fund the travel of individuals whose travel cards have been canceled due to delinquency or misuse. This practice not only counteracts the benefits derived by the Department from having the travel charge card program in place, but it also fails to hold employees accountable for irresponsible actions. It also reduces the incentive for employees to avoid having their travel cards canceled.

Maintaining Updated Information

Bank One identifies employees' work stations by hierarchy (location) codes provided by the components. Each hierarchy code is associated with a specific local coordinator. Bank One uses these codes to sort and distribute monthly monitoring reports. When an employee transfers to a different location within a component, the employee maintains the same travel card and the local coordinator notifies Bank One of the change in hierarchy code. (Employees who transfer to a different Department component relinquish their old travel cards and are provided with new ones.) Transfers can result in a gap in monitoring coverage, particularly when there is a delay in reporting changes in hierarchy codes. When delays occur, the employee's new local coordinator will not be aware of any delinquency or misuse problems that are occurring because Bank One's reports will still be going to the employee's former local coordinator. The lack of monitoring and follow up by the employee's current local coordinator increases the likelihood that the employee's delinquency will continue to the point where the card is canceled.

We found that the work station locations for 8 of the 54 INS employees in our sample were incorrect on Bank One's reports. Delinquencies for these eight employees totaled \$28,166. According to the coordinators, five of these cardholders had transferred to other INS locations but were still appearing on the bank reports at their prior work stations. The remaining three cardholders, representing \$6,660 in unpaid debt, had been assigned to a "default" hierarchy code. This default code represents any cardholders for which the bank's records are missing an actual

hierarchy code. We found that the report for cardholders assigned to the default code was not reviewed timely by INS headquarters personnel. The INS headquarters coordinator responsible for determining the proper work stations of the cardholders and notifying the bank of the correct hierarchy code reviews the default report only periodically, every two to three months. Because hierarchy codes for these eight cardholders were no longer correct, their current coordinators, supervisors, and managers were unaware of the unresolved debt and, as a result, all eight travel cards had been canceled.

Even when coordinators notify the bank of work station changes in a timely manner, the manual notification process makes it inevitable that costly delays will occur. One Department component, the FBI, has addressed this problem by automating the process. Currently, the FBI sends Bank One a monthly update of name and address changes obtained from its personnel system, which Bank One uses to update its records.

Sending Bank One monthly updates of personnel changes has proven valuable to the FBI in notifying coordinators of delinquencies in a timely manner, and we believe that the INS should assess whether it is feasible to adopt such a practice. Updating name and address changes monthly would improve the accuracy of travel card reports, ensuring that local coordinators would receive timely information about cardholders' accounts, thus reducing delinquencies. Automatic updates also would save local coordinators the effort of monitoring or tracking down employees who no longer work in their divisions.

Controls over ATM Access

The ATM cash advance feature of the travel card program allows travelers to use their travel cards to obtain cash advances for official expenses that cannot be paid for using the card. ATM withdrawals are allowed only when authorized for official travel and are limited to the estimated amount of the traveler's meals and incidental expense allowance; miscellaneous transportation expenses, such as taxis; and other authorized miscellaneous expenses that cannot be charged. Employees are prohibited from withdrawing cash from an ATM without having an approved travel authorization and from withdrawing more than the authorized amount. Expenditures for ATM withdrawals are not included in the rebate program and, because Bank One charges \$2.00 per ATM transaction, actually increase the Department's costs for the travel card program. The Department incurs additional costs when the ATM transactions include a bank surcharge for which the traveler also requests reimbursement.

Because allowable advance amounts vary from trip to trip, it is not feasible to place physical controls over ATM withdrawals to ensure that cardholders are withdrawing only correct amounts. It also is difficult to initiate controls to ensure that withdrawals are made only when a cardholder is in travel status. Therefore, ATM withdrawals are susceptible to abuse. And unauthorized ATM withdrawals often

lead to delinquencies because employees do not receive reimbursement for those transactions and may not have personal funds available to pay these charges.

National and local coordinators told us that they regularly review monthly lists of charges to identify inappropriate ATM withdrawals. Because many travel card coordinators work in administrative or financial units, they can readily verify whether an employee has an approved travel authorization on file and thus determine whether the employee is authorized to make ATM withdrawals. For cardholders with a current valid travel authorization, the coordinators could verify that the amounts of ATM withdrawals were appropriate, but that would be very labor-intensive, particularly in units where the coordinators are responsible for large numbers of travelers. Consequently, the amounts of ATM withdrawals are rarely monitored.

ATM misuse appears to be a problem within the INS. At least seven cardholders in our sample collectively had made inappropriate ATM withdrawals in excess of \$23,000. These include:

- A headquarters fleet management assistant, not on travel status, who defaulted on \$7,640 of inappropriate ATM charges (and who made 41 unauthorized ATM withdrawals in one 6-week period);
- A border patrol agent, owing \$5,536, whose account was flagged by Bank One for excessive ATM withdrawals; and
- A criminal investigator, not in travel status, who defaulted on \$1,365 of inappropriate ATM withdrawals.

We also identified an additional eight cardholders listed on Bank One's 120-day delinquency report as of February 2001, who appeared to have \$12,316 in unauthorized ATM withdrawals. In addition, nine of the coordinators we spoke to indicated that inappropriate ATM withdrawals were a serious problem at their locations. Two of the coordinators stated that they were particularly diligent in reviewing the bank reports around Christmas due to the propensity of employees for withdrawing funds to purchase Christmas presents.

One Department component took strong measures to address the problem of ATM abuse. Several years ago, the FBI analyzed its delinquent travel card accounts and found that the majority of the written-off amounts were for nonpayment of ATM withdrawals that should not have been made in the first place. When Bank One became the Department's travel card contractor, the FBI met with bank officials to have additional controls built into the FBI's program. To control delinquencies and misuse, the FBI eliminated ATM access from its program. The FBI's rationale was that credit cards are widely accepted and that any cash outlays needed would not cause a true hardship to the employee. Any hardship situations would be addressed on a case-by-case basis. According to the FBI national coordinator, the FBI has not

experienced any problems since it eliminated ATM access and there has been a decrease in travel card delinquencies.

INS should conduct a similar evaluation to determine whether its travel card program could benefit from increased controls over, or elimination of, ATM access. In conducting the evaluation, the INS should consider whether the benefits (access to ATMs) outweigh the costs (delinquencies stemming from inappropriate ATM use, as well as ATM fees and surcharges associated with all ATM withdrawals, both authorized and unauthorized).

Controlling Access to the Travel Charge Card

Restricting distribution of travel charge cards is one way to reduce delinquencies and curtail misuse. The INS travel card program guidance does not specify criteria for issuance of travel cards, but instead leaves it up to the local managers to decide. As a result, employees who rarely or never travel may still be provided with a travel card. Three of the delinquencies in our sample pertained to employees who, according to their local coordinators, rarely traveled and who had used their cards for inappropriate purposes, accruing a total of \$18,632 in unpaid debt. These included:

- A fleet management assistant who owed \$7,640 from unauthorized ATM withdrawals;
- An integrated production systems assistant manager who owed \$6,130 in inappropriate charges; and
- An automotive worker who owed \$4,862 for medical bills.

During our review, we identified employees who had a history of travel card misuse, yet were allowed to maintain custody of their travel cards. These employees continued to misuse their travel cards. For example, we found that at one location a supervisory criminal investigator, who had previously used the travel card inappropriately to fund a relative's wedding, had been identified by the coordinator as having subsequently misused the card. At another location, a border patrol agent who had previously been suspended for using the travel card for personal purchases was threatened with termination when the card was again misused one year later. In these instances, eliminating physical access to the travel card when not on travel status would have reduced future opportunities for misuse. This practice had been adopted for at least one of the cardholders in our sample. The cardholder's tendency to misuse the travel card was apparently noted by his supervisors; according to the coordinator, the employee's travel card was taken away from him when he was not traveling.

The INS should assess the travel requirements of their employees and set criteria for issuing the card or have administrative staff maintain custody of travel

cards for employees who rarely travel. By restricting the availability of the travel card, the INS could reduce misuse and delinquencies.

Training Local Coordinators, Supervisors, Managers, and Cardholders

The INS relies on its local coordinators to identify and properly follow up on travel charge card delinquencies and misuse. Therefore, local coordinators should be adequately trained to follow proper procedures and to know how to identify red flags when they review monthly reports from Bank One. In addition, as noted earlier in the report, procedures for monitoring travel card delinquencies and misuse vary from location to location. Regular training would help standardize administration of the travel charge card program and improve the efforts of the local coordinators.

According to the INS national coordinator, local coordinators are invited to attend training sessions offered by Bank One in Elgin, Illinois. Not all coordinators attend this training, however. According to the national coordinator, some locations are unwilling or unable to fund the cost of the training, which means that their coordinators must rely solely upon on-the-job training. In addition, some coordinators who are responsible for large numbers of cardholders or whose area of responsibility covers distant locations may have secondary coordinators responsible for cardholders within a designated area. For example, in addition to a primary coordinator assigned responsibility for border patrol sector cardholders, there also may be secondary coordinators located in each border patrol station or sub-station. The INS should ensure that training is provided not only to the primary coordinators, but also to the secondary coordinators.

Of the 19 INS coordinators we contacted, six had not received any formal training. We found that five of these six coordinators were not properly monitoring travel card accounts. Two had been on the job for a month or less and did not appear to have a clear understanding of their roles and responsibilities. One coordinator, who had been performing the function for two years, felt that her sole responsibility was to interface with the bank on behalf of the cardholders and was surprised to hear that she should be monitoring delinquencies and misuse. Another coordinator, who also had performed the function for two years, reviewed only delinquencies and misuse when requested to do so by the bank. A fifth coordinator was monitoring solely for delinquencies and had only recently begun to review for misuse after being requested to do so by the office head. Formal training would improve the performance of these coordinators.

Supervisors and managers have an integral role in the process and, therefore, also should be informed about their responsibilities. Some of the supervisors we contacted were unaware of what their role was in the process and what actions they should be taking when notified of delinquencies or misuse of travel cards. We also found that managers had a variety of differing opinions on the importance of the travel card program and their roles in the process. It is especially

important for supervisors and managers to be committed to the program, because they set the tone for the office.

Briefing cardholders about their responsibilities is also important. However, employees rarely receive any guidance unless they become delinquent or misuse their cards. Generally the extent of guidance is limited to providing the employee with the cardholder agreement and assuming that he or she will read it. According to coordinators and supervisors we contacted, some employees who were identified misusing their travel cards pleaded ignorance of the rules as an excuse. For example, one employee had been routinely using the travel card to pay for gas during the commute to work. This employee assumed that commuting was considered to be traveling and therefore the gas purchases were permissible travel card charges. Another coordinator stated that employees would, while on travel status, routinely use their travel cards at retail establishments. Their excuse was that they believed any charges while on travel status were allowable. A supervisor at a location that has many problems with delinquencies stated that these problems mainly occur because the travel card is the first credit card the employees have ever had and they are inexperienced in handling credit.

A greater effort to educate cardholders may be necessary to reduce misuse and delinquencies in the travel charge card program. One INS district office we contacted provides formal briefings, initially to new employees and then annually to all employees, regarding their responsibilities as cardholders. Employees must sign a form attesting to their attendance at the briefing. This practice serves to educate employees and eliminates the excuse of ignorance when the employee becomes delinquent or misuses the card and faces disciplinary procedures. The INS should consider initiating this practice throughout all its locations to ensure that its employees are aware of their travel card responsibilities.

CONCLUSION AND RECOMMENDATIONS

The high delinquency rates of INS employees indicate that the INS is not effectively administering its travel card program. Our review identified specific weaknesses in travel card program administration and the reasons the weaknesses occurred. We believe that implementation of the following recommendations would benefit the INS by strengthening procedures for administering the travel card program, thus reducing misuse of travel cards and delinquent payment of travel card charges.

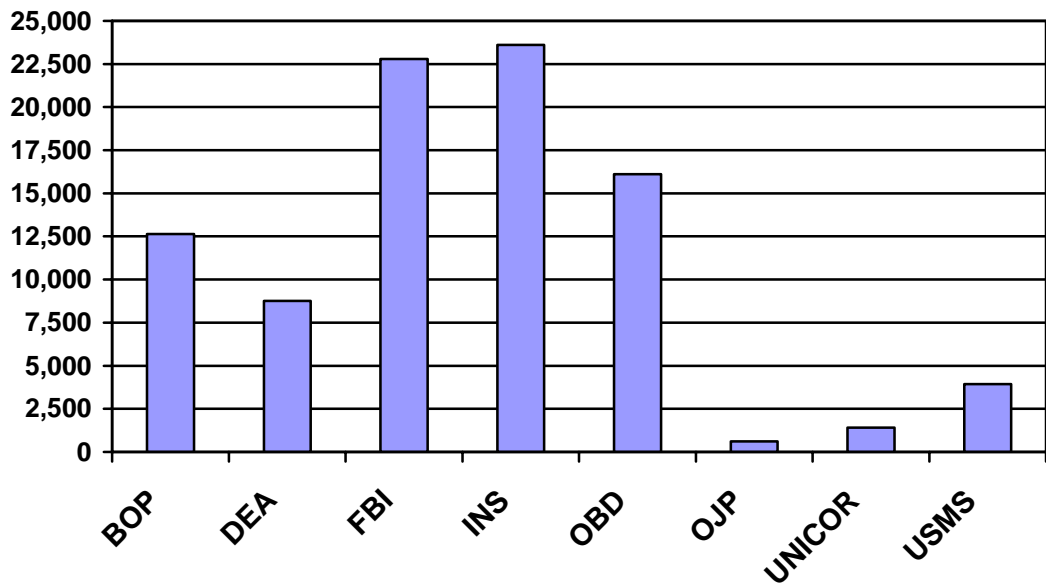
We recommend that the INS Commissioner:

1. Stress to INS management the importance of reducing travel card delinquencies and misuse;
2. Require local travel card coordinators to refer cardholder accounts (1) to supervisors when the account becomes 30-days delinquent and (2) to location managers when the account becomes 60-days delinquent;
3. Require local travel card coordinators to refer instances of travel card misuse (1) to supervisors immediately for follow up and (2) to location managers if misuse is serious, frequent, or unresolved;
4. Develop and implement a standard form to be used by supervisors to document the reasons for the travel card delinquency or misuse and the actions taken by the supervisor to resolve the delinquency or misuse. Require the supervisors to submit these forms in a timely manner to the local travel coordinators;
5. Require location managers to comply with INS procedures and refer all unresolved delinquencies and instances of serious or frequent misuse to the INS Office of Internal Audit for investigation;
6. Establish procedures requiring the INS national coordinator to provide management information pertaining to unresolved travel card delinquencies and instances of serious or frequent misuse to a senior INS official for review and follow-up;
7. Deny cash advances to those employees who have had their travel cards canceled due to delinquency or misuse;
8. Consider automating the process by which Bank One is notified of cardholder name and hierarchy address changes;

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9. Assess the travel requirements of INS employees and consider restricting access to travel cards;
 10. Require that all coordinators receive formal training;
 11. Inform all managers and supervisors of their role in the travel card monitoring process; and
 12. Provide employees with regular briefings on their responsibilities related to the travel card.

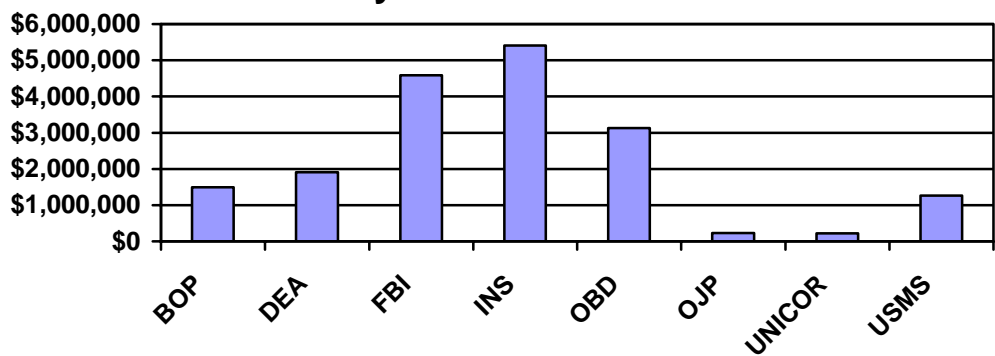
**APPENDIX I: Number of Travel Cards Issued and
Average Monthly Travel Card Activity**

**Figure 1: Number of Cards
as of December 2000**



Source: Bank One

**Figure 2: Average Monthly Activity
January 1999 - December 2000**



Source: Bank One

**APPENDIX II: Individually Billed Travel Charges 120 Days or more Past Due
(as of January 1, 2001) – INS Employees**

	Component	Unit Name	Total Amount Delinquent	Number of Delinquencies	Number of Accounts over \$5,000	Included in Sample	No. of Employees Reviewed
1	INS	San Diego Border Patrol Sector	28,434.53	8	1	X	8
2	INS	Harlingen District Office	20,530.90	3	3	X	3
3	INS	New York District Office	17,288.89	5	1	X	5
4	INS	McAllen Border Patrol Sector	14,137.49	4	1	X	4
5	INS	Dallas District Office	13,946.88	1	1	X	1
6	INS	San Diego District Office	12,329.08	4	1	X	4
7	INS	El Paso Border Patrol Sector	10,929.11	5	1	X	5
8	INS	El Centro Processing Center	9,932.66	1	1	X	1
9	INS	Detroit District Office	9,801.01	1	1	X	1
10	INS	Western Regional Service Center	6,944.89	2	1	X	1
11	INS	Marfa Border Patrol Sector	6,866.00	2	1	X	1
12	INS	Buffalo District Office	6,599.39	2	0		
13	INS	Miami District Office	6,000.25	5	0	X	5
14	INS	Assistant Commissioner Administration	7,640.06	1	1	X	1
15	INS	Boston District Office	7,430.95	2	1	X	1
16	INS	INS Travel	6,661.99	3	0	X	3
17	INS	Central Regional Office	5,664.29	1	1	X	1
18	INS	San Francisco Regional Office	5,129.08	2	0		
19	INS	Admin Center Burlington	4,125.30	2	0		
20	INS	Tucson Border Patrol Sector	4,029.90	2	0		
21	INS	Laredo Border Patrol Sector	3,865.80	3	0	X	3
22	INS	Washington District Office	3,615.28	3	0	X	3
23	INS	San Juan District Office	3,605.86	2	0		
24	INS	Artesia Academy	3,566.75	2	0		
25	INS	Eastern Tel Service Center	3,369.51	1	0		
26	INS	El Paso District Office	2,522.90	3	0	X	3
27	INS	New Orleans District Office	2,330.48	1	0		
28	INS	HQ Office Of General Counsel	2,078.85	1	0		
29	INS	Exec Associate Commissioner Field Operations	1,952.72	1	0		
30	INS	INS Office Of Operations	1,873.17	1	0		
31	INS	Houston District Office	1,806.63	1	0		
32	INS	Chicago District Office	1,730.81	1	0		
33	INS	Miami Border Patrol Sector	1,647.81	1	0		
34	INS	Atlanta District Office	1,491.21	1	0		
35	INS	Honolulu District Office	1,403.32	2	0		
36	INS	Los Angeles District Office	1,228.22	1	0		
37	INS	WRO-Intelligence Office	968.37	1	0		
38	INS	Detroit Border Patrol Sector	949.31	1	0		
39	INS	Baltimore District Office	875.00	2	0		
40	INS	Blaine Border Patrol Sector	650.00	1	0		
41	INS	Newark District Office	522.41	1	0		
		TOTALS	\$246,477.06	87	16	19	54

APPENDIX III



U.S. Department of Justice
Immigration and Naturalization Service

HQOIA 110/8.2-C

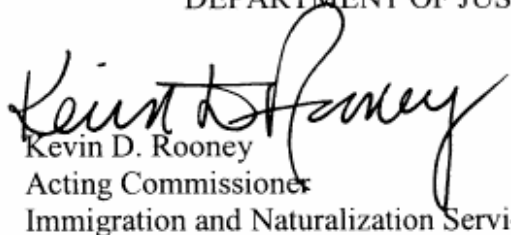
Office of the Commissioner

425 I Street NW
Washington, DC 20536

JUL 19 2001

MEMORANDUM FOR MARY W. DEMORY
ASSISTANT INSPECTOR GENERAL
FOR EVALUATION AND INSPECTIONS
DEPARTMENT OF JUSTICE

FROM:


Kevin D. Rooney
Acting Commissioner
Immigration and Naturalization Service

SUBJECT: Travel Card Delinquencies - Immigration and Naturalization Service; A-O1-003-SA

I appreciate the opportunity to comment on the subject report and solicited input from the senior management official who is most significantly impacted, the Executive Associate Commissioner for Management. I reviewed the response and concur with the conclusions and observations.

The Immigration and Naturalization Service is aggressively improving the management and oversight of the Travel Card Program. Many of your recommendations have been implemented and we anticipate that the travel card delinquency rate will soon drop.

If you have any questions, please contact Kathleen Stanley, Audit Liaison, at (202) 514-8800.

Attachment

cc: Vickie L. Sloan, DOJ Audit Liaison



U.S. Department of Justice
Immigration and Naturalization Service

HQFIN 80/6.11.2

Office of the Executive Associate Commissioner

425 I Street NW
Washington, DC 20536

JUL 12 2001

MEMORANDUM FOR KEVIN D. ROONEY
ACTING COMMISSIONER

FROM: George H. Bohlinger, III
Executive Associate Commissioner
Office of Management

SUBJECT: Travel Card Delinquencies-Immigration and Naturalization Service,
A-01-003-SA

This memorandum serves as the Immigration and Naturalization Service's (INS) official response to the findings and recommendations in the Office of the Inspector General's (GIG) Draft Travel Card Delinquency Report, dated June 15. The INS agrees with the overall conclusion of the report that administration of the travel card program could be improved, and had already begun many improvements to the program prior to the GIG review.

RECOMMENDATION 1: Stress to INS management the importance of reducing travel card delinquencies and misuse.

INS RESPONSE: Concur. During the past two years, the INS has taken several steps to keep employees informed about the importance of complying with the terms and conditions associated with using their Government travel cards. For example, since FY 1999 the INS has issued numerous frequently asked question and answer memoranda to all employees that covered a wide range of travel issues, including delinquencies and misuse. The INS also issued an Employees Travel Card Program Guide in January 2000 that contained pertinent information on employee responsibility with respect to the Government travel cards. In addition, the INS issued a comprehensive travel policy guide in November 2000 and an updated version in March 2001. In December 2000, the INS began initiating wage garnishment procedures against employees whose accounts had been charged-off by Bank One and has issued Notices of Intent to Garnish Wages to over 80 employees. The INS senior management attended the GIG exit conference to emphasize the fact that the INS is extremely interested in resolving bankcard delinquencies. The INS provided informational sessions addressing the travel card delinquency and misuse problem

at various management conferences, including the Commissioner's priority reviews and regional and district conferences. The INS has begun to revise its travel card program guide to reflect program improvements and other information with an expected completion date of December 31. In addition, the INS has developed a summary report, by office, to track delinquent and charged-off accounts. The summary reports are provided to managers, in a timely manner, to ensure that they are made aware of problem accounts.

RECOMMENDATION 2: Require local travel card coordinators to refer cardholder accounts (1) to supervisors when the account becomes 30-days delinquent and (2) to location managers when the account becomes 60-days delinquent.

INS RESPONSE: Concur. The INS' current policy requires the Agency Program Coordinators (APCs) to review monthly reports from Bank One and to contact employees whose accounts are delinquent. In practice, the APCs have been referring delinquencies to supervisors and managers when the accounts become 60 days delinquent. However, during recent monthly phone conferences, the National Travel Card Coordinator (NTCC) advised the APCs that they should refer all delinquencies to management—including ones under 60 days delinquent. A broadcast electronic message was sent to all INS employees reflecting this procedural change. The NTCC is also working with regional managers to ensure that hierarchies are correct and travel card responsibilities are implemented correctly at field locations. The revised travel card program guide (to be issued by December 31) will require APCs to review all delinquencies and report to the appropriate managers.

RECOMMENDATION 3: Require local travel card coordinators to refer instances of travel card misuse (1) to supervisors immediately for follow up and (2) to location managers if misuse is serious, frequent, or unresolved.

INS RESPONSE: Concur. The current INS written policy requires the APCs to review monthly reports received from Bank One and contact employees whose accounts show misuse. The APCs also refer misuse to supervisors or managers. If the manager determines that misuse has occurred, the case should be referred to the INS' Office of Internal Audit (OIA) for investigation. Due to the fact that managers did not always refer cases of misuse to the OIA in the past, the Office of Financial Management will ensure Bank One provides OIA with all monthly reports. In addition, the NTCC will develop reports to assist in the identification of possible misuse and will continue to work with local APCs to ensure that the Bank One reporting hierarchies are correct. The new policy will be clarified in the revised travel card program guide to be issued by December 31.

RECOMMENDATION 4: Develop and implement a standard form to be used by supervisors to document the reasons for the travel card delinquency or misuse and the actions taken by the supervisor to resolve the delinquency or misuse. Require the supervisors to submit these forms in a timely manner to the local travel coordinators.

INS RESPONSE: Concur. The INS will develop and include a standard form with instructions in its revised travel card program guide (to be issued by December 31). The INS expects that its new form will be patterned after the worksheet developed by the El Paso District Office.

RECOMMENDATION 5: Require location managers to comply with INS procedures and refer all unresolved delinquencies and instances of serious or frequent misuse to the INS Office of Internal Audit for investigation.

INS RESPONSE: Concur. Although current INS policy requires managers to comply with the subject procedures and to refer unresolved delinquencies and serious or frequent misuse to the OIA, the travel card program guide will be revised to emphasize this issue. The guide (to be issued by December 31) will be very specific on the roles and responsibilities of supervisors and managers.

RECOMMENDATION 6: Establish procedures requiring the INS national coordinator to provide management information pertaining to unresolved travel card delinquencies and instances of serious or frequent misuse to a senior INS official for review and follow-up.

INS RESPONSE: Concur. The INS NTCC currently receives a list of all accounts charged-off by Bank One. Monthly, the NTCC provides this report to OIA and quarterly provides the information to the Office of Security to determine if the charged-off account affects an employee's ability to maintain a proper security clearance. The NTCC also developed summary reporting to track charged-off dollars as well as delinquent amounts by office. Additional delinquency reports have been developed for the Executive Associate Commissioners to inform them of very serious cardholder delinquencies and misuse by employees in their chain of command. Although the volume of travel card transactions makes it extremely difficult for the NTCC to detect all cases of card misuse, the Office of Financial Management is developing reports to identify potential cardholder misuse. The above reports and procedures for use of the reports will be completed by September 30. In addition, information on the reports will be included in the revised travel card program guide (to be issued by December 31).

RECOMMENDATION 7: Deny cash advances to those employees who have had their travel cards canceled due to delinquency or misuse.

INS RESPONSE: Concur. The INS drafted a policy memorandum that denies cash advances to employees who have had their travel cards canceled due to delinquency or misuse. The Border Patrol Union has requested that the INS management bargain on this issue. The INS is attempting to schedule bargaining dates so as to resolve the matter by September 30. If an agreement is reached by that time, the new policy will be included in the revised travel card program guide (to be issued by December 31).

RECOMMENDATION 8: Consider automating the process by which Bank One is notified of cardholder name and hierarchy address changes.

INS RESPONSE: Concur in part. The INS agrees that an automated system, such as the one used by the Federal Bureau of Investigation, would be effective in maintaining correct hierarchies because it would permit the INS to monitor the travel charge card program closer. However, INS' legacy financial systems do not support automating the current process and attempting to do so would not be cost effective. Nonetheless, the INS is completing a manual review of old data and canceling inactive cards. The manual review will be completed by the end of FY 2001. The INS will continue to take all steps possible to ensure that Bank One is notified in a timely manner of cardholder name and hierarchy address changes. The INS will certainly consider automating the process at a later date as it migrates toward a fully integrated modern financial management system.

RECOMMENDATION 9: Assess the travel requirements of INS employees and consider restricting access to travel cards.

INS RESPONSE: Concur in part. Although the INS agrees that improvements are needed in the travel card program, it does not believe that physical access to travel cards should be restricted. The liability for payment of travel card charges rests with the employee and not the government. Instead of physically restricting cards, the INS will require managers and APCs to review the open account report provided by Bank One and cancel cards that do not meet the INS definition of frequent travel (travels more than two times a year). In addition, local managers will be advised that they can request that travel cards be placed in an inactive status when employees are not in travel status. This guidance will be included in the revised travel card program guide (to be issued by December 31). The INS believes that its planned actions fully address the OIG's recommendation.

RECOMMENDATION 10: Require that all coordinators receive formal training.

INS RESPONSE: Concur. The INS NTCC, in coordination with Bank One, hosted four APC training courses over the past two years. The NTCC will plan additional training sessions for all APCs when the revised travel card program guide is issued and will work with senior INS officials to ensure that APCs who have not received training attend the next training session. Training will be made available to all APCs by the end of March 31, 2002 and will be offered annually thereafter.

RECOMMENDATION 11: Inform all managers and supervisors of their role in the travel card monitoring process.

Subject: Travel Card Delinquencies-Immigration and Naturalization Service;
A-01-003-SA

INS RESPONSE: Concur. The current INS Government Travel Card Program Guide provides written guidance for managers and supervisors on their roles and responsibilities for the travel card program. Supervisors' roles will be more clearly defined in the revised travel card program guide (to be issued by December 31). In addition, the INS plans to include a session on travel charge card roles and responsibilities in its supervisory training courses.

RECOMMENDATION 12: Provide employees with regular briefings on their responsibilities related to the travel card.

INS RESPONSE: The INS will include a session on travel card responsibilities in its standard orientation training of new employees. In addition, the NTCC will work with the INS Ethics Office to expand travel card responsibility training in the employee ethics course. The first round of the training will be completed by the end of the second quarter FY 2002. Also, the NTCC will continue to issue question and answer type broadcast messages to all employees on travel card responsibilities.

If you have any further questions or concerns relative to the subject response, please do not hesitate to contact Judy R. Harrison, Assistant Commissioner, Office of Financial Management, at (202) 305-1200 or Mary Ann Atkinson of her staff, at (202) 305-0064.

APPENDIX IV: OIG's Analysis of INS's Response

On June 15, 2001, the Evaluation and Inspections Division sent copies of the draft report to the Acting Commissioner, Immigration and Naturalization Service (INS). We addressed 12 recommendations to INS concerning the travel card delinquencies of INS employees. The INS responded to the recommendations on July 19, 2001. The majority of the INS's responses cite the dissemination of a revised travel card program guide as a solution to the program deficiencies noted in our review. As stated in the report, INS had issued travel card guidance but had not implemented effective procedures for monitoring program implementation. As a result, INS employees were not consistently adhering to the guidance. Issuing a revised guide is an important step to improving program implementation, but deficiencies will continue unless the INS also implements procedures to monitor adherence to the revised program guide requirements. Our analysis of INS's response follows.

Recommendation Number:

1. Resolved-Closed. The INS concurred with the recommendation to stress to management the importance of reducing travel card delinquencies and misuse. The INS cited actions taken to address the recommendation, such as providing informational sessions on the travel card delinquency problem at various management conferences and developing and disseminating summary reports of delinquent and charged-off accounts to each office manager for action. We are closing this recommendation with the expectation that the INS will continue to provide travel card information to managers and include instructions to managers on the use of the summary reports in INS's revised travel card program guide.
2. Resolved-Open. The INS concurred with the recommendation to require local travel card coordinators to refer cardholder accounts to supervisors when the account becomes 30 days delinquent and to location managers when the account becomes 60 days delinquent. The INS stated that the local travel card coordinators have already been instructed to take these actions. The INS further stated that it will issue a revised travel card program guide by December 31, 2001, which will include the updated procedures. We consider the recommendation resolved but will keep it open until we review the INS's revised travel card program guide.
3. Resolved-Open. The INS concurred with the recommendation to require local travel card coordinators to refer instances of travel card misuse in a timely manner to supervisors and location managers. The INS stated that this requirement will appear in their revised travel card program guide. The INS also stated that it will develop reports to assist in the identification of possible misuse. We consider the recommendation resolved but will keep it open until we review the INS's revised travel card program guide.

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4. Resolved-Open. The INS concurred with the recommendation to develop and implement a standard form to be used by supervisors to document the reasons for instances of travel card delinquency or misuse and the actions taken by the supervisor to resolve the problem. The INS stated that the new form, along with the instructions for using the form, will be included in its revised travel card program guide. We consider the recommendation resolved but will keep it open until we review the INS's revised travel card program guide.
 5. Resolved-Open. The INS concurred with the recommendation to require location managers to comply with INS procedures and refer all unresolved delinquencies and instance of serious or frequent misuse to the INS Office of Internal Audit for investigation. The INS stated that the revised travel program guide will emphasize this issue. We consider the recommendation resolved but will keep it open until we review the INS's revised travel card program guide.
 6. Resolved-Open. The INS concurred with the recommendation to establish procedures to require the INS national coordinator to provide management information on unresolved travel card delinquencies and instances of serious or frequent misuse to a senior INS official for review and follow-up. To address the recommendation, the INS stated that it: (1) has developed summary reports to track write-offs and delinquencies by office; (2) will provide special reports to executive associate commissioners describing instances of serious delinquencies and misuse by employees in their chain of command; and (3) will develop special reports to identify potential cardholder misuse. According to INS, the summary and special reports will be developed by September 30, 2001, and information on the reports will be included in the revised travel card program guide. We consider the recommendation resolved but will keep it open until we review the INS's revised travel card program guide.
 7. Resolved-Open. The INS concurred with the recommendation to deny cash advances to those employees who have had their travel cards canceled due to delinquency or misuse. INS stated that a policy memorandum has been drafted, but that implementation of the policy has been deferred pending a meeting with the Border Patrol Union. INS anticipates including the policy in their revised travel card program guide. We consider the recommendation resolved but will keep it open until we review the INS's revised travel card program guide.
 8. Resolved-Closed. The INS partially concurred with the recommendation to consider automating the process by which Bank One is notified of cardholder name and hierarchy address changes. Although the INS agreed that an automated system would be effective, it stated that implementation of such a system would not be feasible under its current financial management system. The INS stated that it will consider automating the process when its financial management system is modernized. In the interim, the INS stated that it will manually review its travel cardholder records to ensure that the information is

current and will take all steps possible to ensure that the information is kept current. We believe the INS's actions are responsive to our recommendation and consider the recommendation closed.

9. Resolved-Open. The INS partially concurred with our recommendation to assess the travel requirements of INS employees and consider restricting access to travel cards. Instead of physically restricting access to travel cards by infrequent travelers, the INS proposes limiting the issuance of travel cards to those who meet the INS's definition of frequent travelers (traveling more than twice a year). Accordingly, the INS stated that it will require all manager and local travel card coordinators to identify and cancel the cards of infrequent travelers. In addition, INS's revised travel card program guide will advise managers of the option of inactivating the travel cards of employees during periods when they are not traveling. We consider the recommendation resolved but will keep it open until we review the INS's revised travel card program guide.
10. Resolved-Closed. The INS concurred with our recommendation to require all coordinators to receive formal training. The INS stated that all local travel card coordinators will receive training by March 31, 2002, and that annual training will be provided thereafter. We believe the INS's actions are responsive to our recommendation and consider the recommendation closed.
11. Resolved-Open. The INS concurred with the recommendation to inform all managers and supervisors of their roles in the travel card monitoring process. The INS stated that this topic will be included in its supervisory training courses. The INS also will include a clearer definition of the manager's and supervisor's roles in its revised travel card program guide. We consider the recommendation resolved but will keep it open until we review the INS's revised travel card program guide.
12. Resolved-Closed. The INS concurred with the recommendation to provide employees with regular briefings on their travel card responsibilities. The INS stated that it will: (1) include a session on travel card responsibilities in its standard orientation training of new employees; (2) work with the INS Ethics Office to expand travel card responsibility training in the employees' ethics course; and (3) continue issuing broadcast messages to all INS employees on travel card responsibilities. We believe the INS's actions are responsive to our recommendation and consider the recommendation closed.