Department of Health and Human Services

Office of Inspector General

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April 2025 | A-04-24-02043

Risk Assessment of the Administration for Community Living's Travel Card Program for Fiscal Year 2022

HHS Office of Inspector General

REPORT HIGHLIGHTS

April 2025 | A-04-24-02043

Risk Assessment of the Administration for Community Living's Travel Card Program for Fiscal Year 2022

Why OIG Did This Audit

- The Government Charge Card Abuse Prevention Act of 2012 requires Offices of Inspectors General to conduct periodic risk assessments of agency travel card programs. We selected the Administration for Community Living's (ACL) travel card program for review to fulfill this mandate.
- We analyzed the risk of illegal, improper, or erroneous travel card purchases and determined whether ACL designed and implemented controls and strategies to mitigate these potential risks.

What OIG Found

Overall, we assessed the risk of illegal, improper, or erroneous purchases in the ACL travel card program as moderate. Within the 6 risk areas related to ACL's travel card program, we identified 44 sub-risk areas and rated 28 as low risk, 13 as moderate risk, and 3 as high risk.

ACL Travel Card Risk and Sub-Risk Areas

	Sub-Risks: Low	Sub-Risks: Moderate	Sub-Risks: High
Low: Governance and Culture	8	2	
Low: Strategy and Objective-Setting	2		
Moderate: Performance	3	5	
Moderate: Review and Revision		4	
Low: Information, Communication, and Reporting	5	1	
Low: OMB Compliance Standards	10	1	3

What OIG Recommends

We recommend that ACL develop mitigating controls and strategies to address the high and moderate risks we identified.

ACL did not indicate concurrence or nonconcurrence with our recommendation but outlined proposed measures it planned to undertake to mitigate the identified risks.

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INTRODUCTION

WHY WE DID THIS AUDIT

The Government Charge Card Abuse Prevention Act of 2012 (Charge Card Act), P.L. No. 112-194, requires Offices of Inspectors General to conduct periodic risk assessments of agency purchase card programs, including convenience checks, combined integrated card programs, and travel card programs.[1] These assessments analyze the risks of illegal, improper, and erroneous purchases and payments.

This report contains the results of our risk assessment of the Administration for Community Living's (ACL's) travel card program for Fiscal Year (FY) 2022. We selected ACL's travel card program for review to fulfill the Charge Card Act's risk assessment requirement.[2]

OBJECTIVE

Our objective was to analyze the risk of illegal, improper, or erroneous purchases in the ACL travel card program and to determine whether ACL has designed and implemented controls and strategies to mitigate these potential risks.

BACKGROUND

Administration for Community Living

ACL was created around the fundamental principle that older adults and people of all ages with disabilities should be able to live where they choose, with the people they choose, and with the ability to participate fully in their communities. Thus, ACL's mission is to maximize the independence, well-being, and health of older adults, people with disabilities across the lifespan, and their families and caregivers.[3]

ACL participates in the Department of Health and Human Services' (HHS') Travel Card Program to help accomplish its mission. ACL uses Federal government travel cards for purchases of travel-related services or products, such as rental cars and lodging.

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[1] Convenience checks are used in the purchase card program to make purchases from merchants that do not accept purchase cards.

[2] We also have an ongoing risk assessment of ACL's purchase card program. We plan to issue a separate report, A-04-24-02042, on the results of that work.

[3] ACL's website describes what it does to support older adults and people of all ages with disabilities.

Federal Government Travel Card Program

The General Services Administration's (GSA) SmartPay Program is the world's largest commercial payment solution program, providing services to more than 250 Federal agencies, organizations, and Native American tribal governments.

GSA SmartPay enables authorized government employees to make purchases on behalf of the Federal Government in support of their organization's mission. Government travel card holders can pay for travel and travel-related expenses with their GSA SmartPay travel card.

Agencies using the GSA SmartPay travel card must establish procedures for use and control of the card that are consistent with Federal law and the terms and conditions of the current GSA SmartPay contract.

Federal Requirements

The Charge Card Act requires agencies to establish and maintain safeguards and internal controls for the charge card program.[4] The charge card program includes purchase, travel, integrated, and centrally billed government credit cards.[5] The Charge Card Act also requires agencies to be aware of charge-card-related audit findings and to ensure that the findings are promptly resolved after completion of an audit.

Federal agencies are required to comply with regulations and the Office of Management and Budget (OMB) guidance governing Federal grants. OMB Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control* establishes an assessment framework based on the Government Accountability Office's *Standards for Internal Control in the Federal Government* and the Committee of Sponsoring Organizations of the Treadway Commission's (COSO) *Enterprise Risk Management—Integrating with Strategy and Performance* (ERM) that managers must integrate into risk management and internal control functions.[6]

OMB Circular No. A-123 also provides guidance to Federal managers and defines management's responsibilities for enterprise risk management and internal control. The circular emphasizes that integrating and coordinating risk management and strong and effective internal controls into existing business activities are integral to managing an agency.

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[4] Section 2(a) of the Charge Card Act, P.L. 112–194 (enacted Oct. 5, 2012).

[5] An integrated card is a combination of two or more business lines on a single card (e.g., purchase and travel).

[6] COSO is a joint initiative of five private sector organizations dedicated to providing leadership through the development of frameworks and guidance on enterprise risk management, internal controls, and fraud deterrence designed to improve organizational performance and governance and to reduce the extent of fraud in organizations.

OMB Memorandum M-13-21, *Implementation of the Government Charge Card Abuse Prevention Act of 2012,* supports OMB Circular No. A-123 by directing agencies to use the "Compliance Summary Matrix" to ensure the required safeguards and internal controls are in place. The matrix details the internal control requirements stated in the Charge Card Act.

Enterprise Risk Management

COSO developed ERM. The ERM framework is a set of principles organized into five interrelated components:

- Governance and Culture;
- Strategy and Objective-Setting;
- Performance;
- Review and Revision; and
- Information, Communication, and Reporting.

ERM provides concepts, principles, and a common language that facilitate targeting the riskiest organizations and transactions to audit, study, and investigate.

HOW WE CONDUCTED THIS AUDIT

We performed a risk assessment of ACL's travel card program for FY 2022.[7] To assess ACL's ability to manage risk in its travel card program, we used the five components of ERM and the standards derived from the OMB Compliance Summary Matrix (which we refer to in this report as OMB Compliance Standards). Within these 6 risk areas, we identified 44 sub-risk areas that include the following:

1. **Governance and Culture (10)**—human resource practices, workplace ethics, employee behavior, orientation, ethics reporting, availability of policies, reinforce policies, communication channels, whistleblower policy, and knowledge and skills.

2. **Strategy and Objective-Setting (2)**—management responsiveness and risk tolerance.

3. **Performance (8)**—decentralized operations, past failures, inherent risk, technology usage, technology processes, risk assessment, corrective action plans, and risk response (control activities).

[7] FY 2022 was the most recent data available when we began our periodic risk assessment. We therefore examined procedures and analyzed travel card transactions for that fiscal year.

4. **Review and Revision (4)**—risk management evaluation, travel card need, ongoing monitoring results (management considerations), and recurring monitoring.

5. **Information, Communication, and Reporting (6)**—information infrastructure, raw data conversions, timely information, data availability, management communication, and management involvement.

6. **OMB Compliance Standards (14)**—segregation of duties, transactions authorized, transaction classification, records access, document controls, cardholder record, records retention, airline refunds, training, cardholder policies, credit worthiness, employee separation, split payments, and adverse personnel action (guidelines).

We developed a questionnaire to gather data from ACL related to these 44 sub-risk areas. We evaluated ACL's responses to this questionnaire, reviewed documents ACL provided, and conducted interviews with ACL management.

We selected for review a non-statistical sample of 50 travel card transactions based on an analysis focusing on credit refunds and all other types of transactions. We selected 5 credit refund transactions and 45 transactions of all other types for review.[8]

Using the principles established in COSO's ERM and the OMB Compliance Standards, we assessed the data gathered from the questionnaire and non-statistical sample by assigning a level of risk (low, moderate, high, or critical) to each sub-risk area. The assigned level of risk considered risk factors such as likelihood of occurrence and severity of impact. The risk factors were assigned a numerical score to arrive at an overall risk rating for the ACL travel card program.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings, and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix A contains our scope and methodology.

[8] Credit refunds refer to reimbursement the cardholder receives once a negative balance is on the credit card. All other transactions consist of all remaining purchases on the travel card.

RESULTS OF AUDIT

Overall, we assessed the risk of illegal, improper, or erroneous purchases in the ACL travel card program as moderate.[9] However, for the six risk areas we assessed, we rated four as low risk and two as moderate risk. For the 44 sub-risk areas we assessed, we rated 28 as low risk, 13 as moderate risk, 3 as high risk, and 0 as critical risk (see table below). ACL's 6 risk areas and 44 sub-risk areas can be found in Appendix C.

Table: Risk Levels

ACL Travel Card Risk and Sub-Risk Areas	
Low: Governance and Culture	
Sub-Risks:	8 Low, 2 Moderate
Low: Strategy and Objective-Setting	
Sub-Risks:	2 Low
Moderate: Performance	
Sub-Risks:	3 Low, 5 Moderate
Moderate: Review and Revision	
Sub-Risks:	4 Moderate
Low: Information, Communication, and Reporting	
Sub-Risks:	5 Low, 1 Moderate
Low: OMB Compliance Standards	
Sub-Risks:	10 Low, 1 Moderate, 3 High

GOVERNANCE AND CULTURE

We rated the Governance and Culture risk area as low. Governance sets the organization's tone, reinforcing the importance of, and establishing oversight responsibilities for, ERM. Culture pertains to ethical values, desired behaviors, and an understanding of risk within the entity.

Of the 10 sub-risk areas within Governance and Culture, we rated 8 as low risk and 2 as moderate risk.

We rated *Human Resource Practices*, *Workplace Ethics*, *Employee Behavior*, *Orientation*, *Ethics Reporting*, *Availability of Policies*, *Communication Channels*, and *Whistleblower Policy* as low risk. These sub-risk areas were rated low, in part because ACL provided travel policies to employees during orientation and during periodic travel card training.

[9] We used the average risk rating for each risk and sub-risk area to calculate a numeric entity rating and to assess overall risk using the heat map in Appendix B.

We rated *Reinforce Policies* and *Knowledge and Skills* as moderate risk because staff was not consistently taking travel card training. The HHS travel policy states that each new travel cardholder is required to take travel card training before the card can be used. Afterward, a refresher training is required every three years. In FY 2022, there were two travel cardholders who traveled without taking the initial travel card training. In addition, 60 of 129 travel cardholders did not take the refresher training when required.

STRATEGY AND OBJECTIVE-SETTING

We rated the Strategy and Objective-Setting risk area as low. Enterprise risk management, strategy, and objective-setting work together in the strategic-planning process. Business objectives put strategy into practice while serving as a basis for identifying, assessing, and responding to risk.

Of the two sub-risk areas within Strategy and Objective-Setting, we rated both as low risk.

We rated *Risk Tolerance* and *Management Responsiveness* as low risk because ACL used various reports to assist with travel card oversight, such as an Individually Billed Account (IBA) Late Fees Report, IBA Delinquency Report, and a Payment Report, which provided payment information. All travel cardholders have the same travel card restrictions when using their IBA travel card. The restrictions include not using the travel card to cover the expenses of other government employees.

PERFORMANCE

We rated the Performance risk area as moderate. This area includes identifying and assessing risks that may affect the achievement of strategy and business objectives. Risks should be prioritized by severity in the context of risk appetite. The organization then selects risk responses and takes a portfolio view of the amount of risk it has assumed. The results of this process are reported to key risk stakeholders.

Of the eight sub-risk areas within Performance, we rated three as low risk and five as moderate risk.

We rated *Decentralized Operations*, *Technology Usage*, and *Technology Processes* as low. Some examples of why we rated these sub-risks as low include the following:

- ACL does not have field offices, thus there were no decentralized operations.
- ACL used vendor software to provide summary information about delinquent accounts and improper purchases.

We rated *Past Failures*, *Inherent Risk*, *Risk Assessment*, *Corrective Action Plans*, and *Risk Response (control activities)* as moderate risk. Some examples of why we rated these sub-risks as moderate include the following:

- Of the 129 active cardholders, 60 cardholders did not complete the refresher training within the required three-year period.
- For seven cardholders, the most recent refresher training was in 2013.
- ACL did not create corrective action plans responding to past failures because ACL did not perform periodic risk assessments or other similar types of reviews.

REVIEW AND REVISION

We rated the Review and Revision risk area as moderate. By reviewing the performance of entities within an organization, the organization considers how well the ERM components function over time and what revisions are needed as changes occur.

We rated all four sub-risk areas within Review and Revision—*Risk Management Evaluation*, *Travel Card Need*, *Ongoing Monitoring Results (management considerations)*, and *Recurring Monitoring*—as moderate risk. Some examples of why we rated these sub-risks as moderate include the following:

- ACL did not perform periodic reviews to determine whether each travel charge card holder needed the travel charge card.
- ACL did not perform a risk assessment of its travel card program.
- During our testing of 50 non-statistical transactions, we found 13 errors, including the following:
    - no documentation or insufficient documentation for 8 transactions;
    - no receipts available to support the expenses for 2 transactions;
    - total parking expenses was not properly calculated for 1 transaction;
    - lodging sales tax was paid for a tax-exempt state for 1 transaction; and
    - lodging sales tax for 1 transaction was paid for 6 nights while travel was for 5 nights, resulting in an extra night lodging sales tax expense.

INFORMATION, COMMUNICATION, AND REPORTING

We rated the Information, Communication, and Reporting risk area as low. According to the ERM, an organization should have a continual process of obtaining and sharing necessary information from both internal and external sources across the organization.

Of the six sub-risk areas within Information, Communication, and Reporting, we rated five as low risk and one as moderate risk.

We rated *Information Infrastructure*, *Raw Data Conversions*, *Timely Information*, *Data Availability*, and *Management Involvement* as low risk. Some examples of why we rated these sub-risks as low include the following:

- ACL used a vendor's software to capture information that identifies information such as improper purchases and delinquent accounts.

- Vendor reports were available in a timely manner and were used monthly to identify suspected instances of card misuse.

We rated *Management Communication* as moderate. Management stated that they communicated changes to travel policies and procedures through email and newsletters; however, we received minimal support to substantiate their statements. Specifically, the documentation ACL provided included management communication in January 2022 and September 2018 and thus did not demonstrate regular communication.

OMB COMPLIANCE STANDARDS

We rated the OMB Compliance Standards risk area as low. The OMB Compliance Standards are designed to assist agencies in employing an effective charge card internal control program that balances the need to maintain card flexibility with ease of use in support of agency mission activities.

Of the 14 sub-risk areas within OMB Compliance Standards, we rated 10 as low risk, 1 as moderate risk, and 3 as high risk.

We rated *Segregation of Duties*, *Transactions Authorized*, *Records Access*, *Cardholder Record*, *Airline Refunds*, *Cardholder Policies*, *Credit Worthiness*, *Employee Separation*, *Split Payments,* and *Adverse Personnel Action* as low risk. Some examples of why we rated these sub-risks as low include the following:

- ACL provided a travel process flowchart and followed the HHS Travel Policy Manual, which segregates authorization and voucher responsibilities.

- Each employee agreed to the performance of a credit worthiness assessment before the issuance of a travel card.

- ACL issued travel cards with the lowest available credit limit ($5,000) unless there is a documented reason to provide a higher limit.

- ACL maintained a record of each travel card holder in the agency.

We rated *Transaction Classification* as moderate risk because our non-statistical sample found transactions that were improperly classified as allowable. For example, on one voucher, a traveler claimed hotel sales tax as an allowable expense in a tax-exempt State. On another voucher, the traveler included hotel sales tax for a day when the traveler did not stay at a hotel. These transactions led to the approval and payment of unallowable expenses.

We rated *Document Controls*, *Records Retention*, and *Training* as high risk. Some examples of why we rated these sub-risks as high include the following:

- ACL failed to provide receipt documentation for eight transactions involving employees who left the agency. HHS Travel Policy, however, mandates the retention of receipts for 6 years and 3 months after the voucher is paid.

- ACL approved travel vouchers for two employees who did not submit receipts for lodging expenses. These receipts are required to be submitted with the travel voucher. According to the Record Retention section of the HHS Travel Charge Card Management Plan, if required receipts are not available, a memorandum explaining the reasons must be documented and treated as a receipt. No such documentation was provided.

- Approving officials (AOs) are required to take both Approver and Traveler travel card training. However, ACL did not provide sufficient documentation for us to determine whether ACL AOs received the required approver travel card training for FY 2022.

CONCLUSION

Within the 6 risk areas related to ACL's travel card program, we rated 44 sub-risk areas as follows: 28 low risk, 13 moderate risk, 3 high risk, and 0 critical risk. Overall, we assessed the ACL travel card program as moderate risk.

RECOMMENDATION

We recommend that ACL develop mitigating controls and strategies to address the high and moderate risks we identified.

ACL COMMENTS AND OFFICE OF INSPECTOR GENERAL RESPONSE

ACL COMMENTS

In written comments on our draft report, ACL did not indicate concurrence or nonconcurrence with our recommendation. ACL indicated that it concurred with our assessed level of risk for four risk areas. For the remaining two risk areas, ACL partially concurred with our assessed level of risk for one and did not indicate concurrence or nonconcurrence with one. ACL provided a detailed response outlining the proposed measures it planned to undertake to mitigate these risks. ACL's comments are included in their entirety as Appendix D.

ACL concurred with our assessed risk of low for three risk areas: Strategy and Objective Setting; Information, Communication, and Reporting; and OMB Compliance Standards. ACL indicated it would mandate travel card training every two years and have the travel card program lead monitor and certify training completion biannually. ACL also stated it would disseminate travel policy information to travelers more frequently and perform an annual assessment of cardholder need, credit and transaction limits, and adequacy of training. ACL did not indicate concurrence or nonconcurrence with our assessed risk of low for the Governance and Culture risk area.

ACL concurred with our assessed risk of moderate for the Performance risk area and stated it would create corrective action plans as needed to address any identified failures.

ACL partially concurred with our assessed risk of moderate for the Review and Revision risk area. ACL noted that 10 of 13 transactions identified as errors in the non-statistical sample occurred while cardholders were on cross-funded missions with other HHS components. ACL did not review, certify, or approve those transactions because the other components were responsible for ensuring fiscal oversight and compliance with travel card, Federal Travel Regulation, and HHS policies.

OFFICE OF INSPECTOR GENERAL RESPONSE

We appreciate the actions that ACL indicated it has taken or plans to take. After reviewing ACL's comments about the transactions that we identified as errors, we did not change our moderate risk rating for the Review and Revision risk area. ACL stated that it did not have oversight responsibilities for some of the erroneous transactions because they occurred while cardholders were on cross-funded missions. ACL, however, did not provide documentation supporting its comments. In addition, the non-statistical sample of transactions we reviewed was only part of what contributed to the Review and Revision risk area's moderate rating. As such, our risk rating and recommendation remain unchanged.

APPENDIX A: AUDIT SCOPE AND METHODOLOGY

SCOPE

We performed a risk assessment of ACL's travel card program for FY 2022, the most recent data available when we began our risk assessment. To assess ACL's ability to manage internal controls and risk for its travel card program, we used the ERM, which was developed by COSO. We used COSO's ERM framework and OMB Compliance Standards to identify 6 risk areas and 44 sub-risk areas.

Using the principles established in COSO's ERM and the OMB Compliance Standards, we conducted a risk assessment of the areas that we identified and assigned a level of risk (low, moderate, high, or critical) to each sub-risk area based on our review of documents and responses from ACL.

We focused our review on ACL's internal controls, including policies and procedures related to travel cards.

We performed our audit from October 2023 to February 2025.

METHODOLOGY

To accomplish our objective, we took the following steps:

- reviewed applicable Federal laws, policies, and guidance;
- developed a risk assessment questionnaire, reviewed ACL's responses, and analyzed these responses in the context of the COSO framework;
- selected a non-statistical sample for review of 50 travel card transactions based on an analysis focusing on credit refunds and all other transactions, which included 5 credit refunds transactions and 45 transactions of all other types;
- held discussions with ACL officials about travel cards and reviewed ACL's policies;
- reviewed the results of ACL's internal monitoring of its travel card program;
- conducted limited travel card transaction testing to verify the effectiveness of internal controls;
- conducted a risk assessment of the risk areas and sub-risk areas that we identified and assigned a level of risk to each sub-risk area;

- assessed mitigating controls and strategies for identified risks; and
- discussed the results with ACL officials.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

APPENDIX B: HEAT MAP FOR DETERMINING RISK LEVELS

We used this heat map to assess a risk level (low, moderate, high, or critical) for each sub-risk area, risk area, and overall risk.[10, 11]

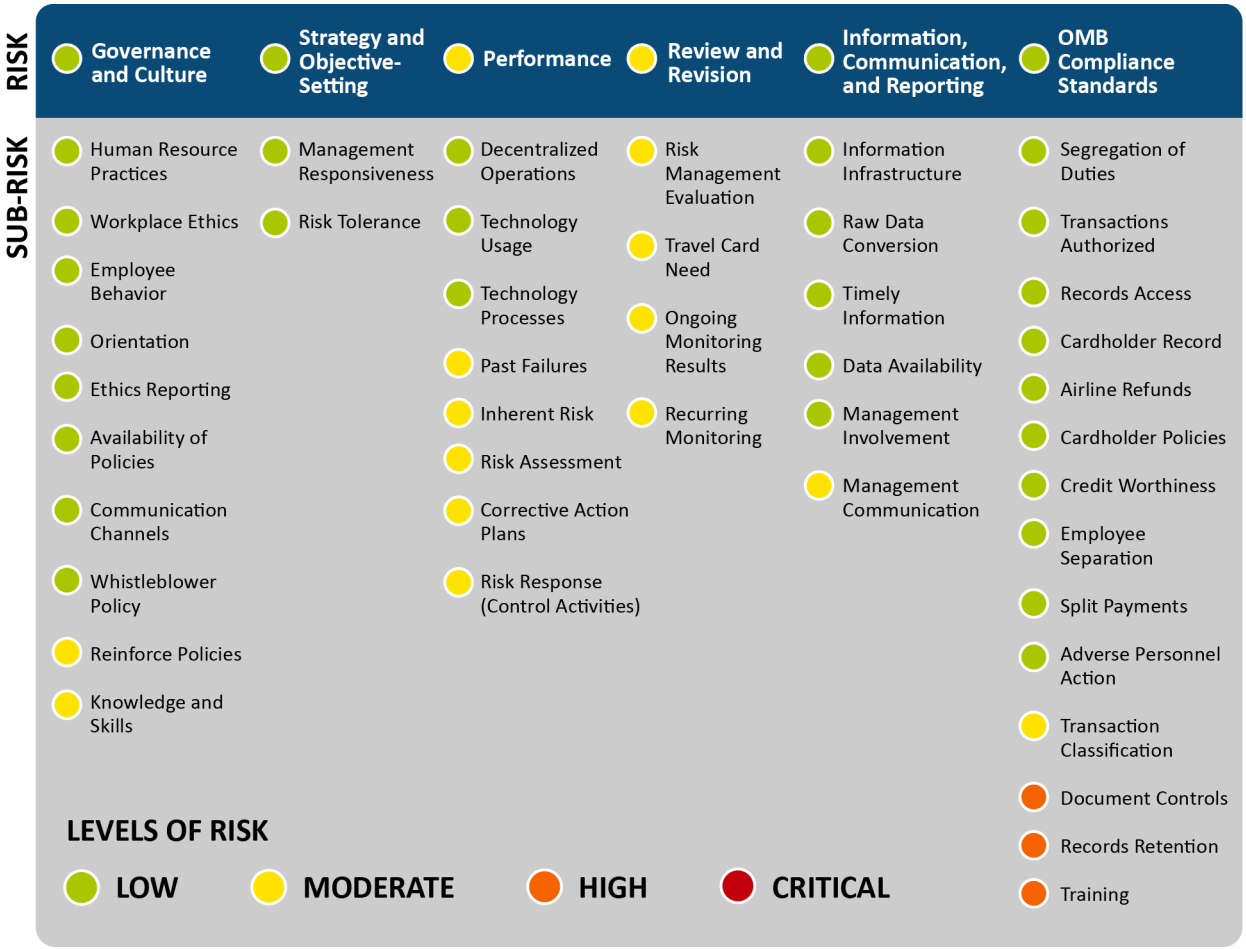
LIKELIHOOD	Insignificant (1)	Minor (2)	Moderate (3)	Major (4)	Catastrophic (5)
Almost Certain (5)	Moderate (5)	High (10)	Critical (15)	Critical (20)	Critical (25)
Likely (4)	Low (4)	Moderate (8)	High (12)	Critical (16)	Critical (20)
Possible (3)	Low (3)	Moderate (6)	High (9)	High (12)	Critical (15)
Unlikely (2)	Low (2)	Low (4)	Moderate (6)	Moderate (8)	High (10)
Rare (1)	Low (1)	Low (2)	Low (3)	Low (4)	Moderate (5)

IMPACT

[10] A heat map is a visualization tool to help organize, define, and quickly communicate key risks.

[11] To calculate the numeric risk rating in each box, the likelihood of occurrence is multiplied by the severity of impact. For example, the likelihood of "Possible (3)" and the impact of "Minor (2)" would result in "Moderate (6)" (3 x 2 = 6). To determine risk levels, we rounded risk ratings as follows: 1 to less than 4.5 (Low); 4.5 to less than 8.5 (Moderate); 8.5 to less than 14.5 (High); and 14.5 and greater (Critical).

APPENDIX C: ACL'S TRAVEL CARD RISK AND SUB-RISK AREAS



APPENDIX D: ACL COMMENTS

Advancing independence and inclusion of older adults and people with disabilities

TO: Amy J. Frontz
Deputy Inspector General for Audit Services

FROM: Mary Lazare
Acting Administrator and Assistant Secretary for Aging

SUBJECT: ACL Response to OIG Draft Report: Risk Assessment of the Administration for Community Living's Travel Card Program for Fiscal Year 2022

Introduction

The Administration for Community Living (ACL) has reviewed the Office of the Inspector General (OIG) Draft Report: Risk Assessment of the Administration for Community Living's Travel Card Program for Fiscal Year 2022, A-04-24-02043. During this review, ACL concurred with most, but not all, of OIG's findings and identified mitigating controls already implemented or proposed corrective actions and strategies to address the risks classified as moderate or high. This document outlines a detailed response to each risk identified by OIG, along with the proposed measures ACL will undertake to mitigate these risks, ensuring robust governance and compliance within the ACL Travel Card Program.

ACL has summarized the moderate and high risks identified by OIG and the proposed controls and corrective actions to mitigate the identified risks, below:

Risk: Strategy and Objective Setting (Low Risk)

Sub Risks: Reinforce Policies (Moderate) and *Knowledge and Skills (Moderate)*

Summary of Risks

ACL staff was not consistently taking travel card training. The HHS travel policy states that each new travel cardholder is required to take travel card training before the card can be used. Afterward, a refresher training is required every three years. In FY 2022, there were two travel cardholders who traveled without taking the initial travel card training. In addition, 60 of 129 travel cardholders did not take the refresher training when required.

ACL concurs with the OIG risk assessment.

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Proposed Corrective Action

To mitigate this risk, ACL will:

- Implement a more consistent training regimen for the travel card program.
- Establish an internal ACL mandatory travel card training schedule with notification in early March, and completion by March 31 every two years.
- Have the ACL travel card program lead, Office of Budget and Finance (OBF) Director, monitor and certify training completion biannually.
- Include certification of biannual travel card training requirement as mitigating control as part of the annual A-123 Internal Controls Over Financial Reporting (ICOFR) process.

Risk: Performance (Moderate Risk)

Sub Risks: Past Failures, Inherent Risk, Technology Usage, Risk Response, Corrective Action Plans (Moderate)

Summary of Risk

We rated Past Failures, Inherent Risk, Risk Assessment, Corrective Action Plans, and Risk Response (control activities) as moderate risk. Some examples of why we rated these sub-risks as moderate include the following:

- Of the 129 active cardholders, 60 cardholders did not complete the refresher training within the required three-year period.
- For seven cardholders, the most recent refresher training was in 2013.
- ACL did not create correction action plans responding to past failures because ACL did not perform periodic risk assessments or other similar types of reviews.

ACL concurs with the OIG risk assessment.

Proposed Corrective Action

To mitigate this risk, ACL will:

- Implement a more consistent training regimen for the travel card program.
- Establish an internal ACL mandatory travel card training schedule with notification in early March, and completion by March 31 every two years.
- Have the ACL travel card program lead, Office of Budget and Finance (OBF) Director, monitor and certify training completion biannually.
- Include certification of biannual travel card training requirement as mitigating control as part of the annual A-123 Internal Controls Over Financial Reporting (ICOFR) process.
- As necessary, create corrective action plans to address any failures.

Risk: Review and Revision (Moderate Risk)

Sub Risks: Risk Management Evaluation, Travel Card Need, Ongoing Monitoring Results (management considerations), and Recurring Monitoring (Moderate)

Summary of Risk

We rated all four sub-risk areas within Review and Revision—Risk Management Evaluation, Travel Card Need, Ongoing Monitoring Results (management considerations), and Recurring Monitoring—as moderate risk. Some examples of why we rated these sub-risks as moderate include the following:

- ACL did not perform periodic reviews to determine whether each travel charge cardholder needed the travel charge card.
- ACL did not perform a risk assessment of its travel card program.
- During our testing of 50 non-statistical transactions, we found 13 errors, including the following:
    - no documentation or insufficient documentation for 8 transactions;
    - no receipts available to support the expenses for 2 transactions;
    - total parking expenses was not properly calculated for 1 transaction;
    - lodging sales tax was paid for a tax-exempt state for 1 transaction; and
    - lodging sales tax for 1 transaction was paid for six nights while travel was for five nights, resulting in an extra night lodging sales tax expense.

ACL does not fully concur with the OIG risk assessment. In particular, ACL notes that for the majority of transactions with no documentation or insufficient documentation, and both of the transactions missing receipts, ACL did not participate in the review, certification, or approval of those transactions in the travel system. While these cardholders were employed by ACL and their cards remained in our hierarchy, these transactions occurred while cardholders were on cross-funded missions with other HHS components who reviewed, certified, and approved transactions and were ultimately responsible for ensuring fiscal oversight and compliance with travel card, FTR, and HHS policies.

Proposed Corrective Action

ACL will:

- Conduct an annual risk assessment of the travel charge card program to assess:
    - Cardholder need;
    - Credit limits and individual transaction limits;
    - Adequacy of training, consistent with corrective action plan to conduct; and certify training as part of the A-123 process.

Risk: Information, Communication, and Reporting (Low Risk)

Sub Risk: Management Communication (Moderate)

Summary of Risk

Management stated that they communicated changes to travel policies and procedures through email and newsletters; however, we received minimal support to substantiate their statements. Specifically, the documentation ACL provided included management communication in January 2022 and September 2018 and thus did not demonstrate regular communication.

ACL concurs with the OIG risk assessment.

Proposed Corrective Action

ACL will:

- Disseminate more frequent information to travelers on travel policies, procedures, and requirements to the agency.
- At least annually, but at a minimum consistent with any formal changes to policy are made, send out agencywide emails to announce and explain the impact of policy changes.

Risk: OMB Compliance Standards (Low Risk)

Sub Risks: Transaction Classification (Moderate); Document Controls, Records Retention, and Training (High)

Summary of Risk

We rated Transaction Classification as moderate risk because our non-statistical sample found transactions that were improperly classified as allowable. For example, on one voucher, a traveler claimed hotel sales tax as an allowable expense in a tax-exempt State. On another voucher, the traveler included hotel sales tax for a day when the traveler did not stay at a hotel. These transactions led to the approval and payment of unallowable expenses.

We rated Document Controls, Records Retention, and Training as high risk. Some examples of why we rated these sub-risks as high include the following:

- ACL failed to provide receipt documentation for eight transactions involving employees who left the agency. HHS Travel Policy, however, mandates the retention of receipts for 6 years and 3 months after the voucher is paid.
- ACL approved travel vouchers for two employees who did not submit receipts for lodging expenses. These receipts are required to be submitted with the travel voucher. According to the Record Retention section of the HHS Travel Charge Card Management Plan, if required receipts are not available, a memorandum explaining the reasons must be documented and treated as a receipt. No such documentation was provided.

- Approving officials (AOs) are required to take both Approver and Traveler travel card training. However, ACL did not provide sufficient documentation for us to determine whether ACL AOs received the required approver travel card training for FY 2022.

ACL concurs with the OIG risk assessment.

Proposed Corrective Action

ACL will:

- Implement a more consistent training regimen for the travel card program.
- Establish an internal ACL mandatory travel card training schedule with notification in early March, and completion by March 31 every two years.
- Have the ACL travel card program lead, Office of Budget and Finance (OBF) Director, monitor and certify training completion biannually.
- Include certification of biannual travel card training requirement as mitigating control as part of the annual A-123 Internal Controls Over Financial Reporting (ICOFR) process.
- Conduct an annual risk assessment of the travel charge card program to assess:
  - Cardholder need
  - Credit limits and individual transaction limits
  - Adequacy of training, consistent with corrective action plan to conduct and certify training as part of the A-123 process.

Conclusion

ACL has thoroughly reviewed the OIG Draft Report: Risk Assessment of the ACL Travel Card Program for Fiscal Year 2022. Through the identification of moderate and high risks, ACL has proposed corrective actions and strategies to ensure robust governance, compliance, and efficiency within the program. By implementing these measures, ACL aims to mitigate identified risks and reinforce the integrity of its Travel Card Program.

Mary Lazare
Acting Administrator and Assistant Secretary for Aging

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