



## Treasury Inspector General for Tax Administration Office of Audit

### TRAVEL CARD CONTROLS ARE GENERALLY EFFECTIVE, BUT MORE AGGRESSIVE ACTIONS TO ADDRESS MISUSE ARE NEEDED

Issued on April 18, 2013

## Highlights

Highlights of Report Number: 2013-10-032 to the Internal Revenue Service Deputy Commissioner for Operations Support.

### IMPACT ON TAXPAYERS

In Fiscal Year 2011, the IRS travel card program had approximately 52,000 individually billed Government-issued travel card accounts and \$121 million in related charges. The lack of aggressive steps to address travel card misuse and reevaluate the security clearance and suitability for employment of employees with indications of financial problems present a risk to taxpayers, especially when these IRS employees have access to sensitive taxpayer information.

### WHY TIGTA DID THE AUDIT

This audit was initiated to assess the IRS's controls intended to identify potentially fraudulent or abusive use of individually billed travel cards. With the millions of dollars spent annually by cardholders on official travel, it is essential that the IRS has effective controls in place to prevent and detect misuse. In addition, it is also imperative that identified misuse is responded to with appropriate disciplinary action in order to maintain the integrity of the program.

### WHAT TIGTA FOUND

The IRS's travel card program controls are generally effective and delinquency rates are below 1 percent; however, disciplinary actions imposed by IRS management for confirmed travel card misuse are sometimes overly lenient. The design and implementation of travel card controls intended to identify transactions occurring outside of official travel are generally effective. However, current controls do not include any steps designed to detect inappropriate or personal use while employees are on official travel.

While the vast majority of cardholders used their travel cards in an appropriate manner and paid their bills on time, the IRS identified more than 1,000 cardholders who

misused their travel cards during Fiscal Years 2010 and 2011. The disciplinary actions taken by IRS management in response to the confirmed misuse were less severe than those suggested in the IRS penalty guidelines in approximately half of the 30 cases TIGTA reviewed. Further, hundreds of cardholders with evidence of significant financial problems, including non-sufficient funds checks or suspended and charged off accounts, were not referred for reevaluation of national security clearances and background checks. The majority of those cardholders remained employed by the IRS as of September 2012. Because the IRS's mission includes requiring taxpayers to pay taxes owed on time and voluntarily, the IRS should take further steps to address employees who do not voluntarily pay their travel card bills on time.

### WHAT TIGTA RECOMMENDED

TIGTA recommended that the IRS improve controls in several areas, including designing controls to detect personal use of the travel card while employees are on official travel. TIGTA also recommended that the IRS develop a process for referring cardholders with evidence of financial problems to personnel security officials for reevaluation of the employees' security clearances and suitability for their positions.

In their response, IRS management agreed with the recommendations and plans to implement several corrective actions to address them, including developing and implementing a process to identify personal use of travel cards while employees are on official travel and developing a policy for reevaluating security clearances and suitability for employment of employees with evidence of significant financial problems associated with travel card misuse. In addition, the IRS noted that some of the corrective actions have already been implemented.

### READ THE FULL REPORT

To view the report, including the scope, methodology, and full IRS response, go to:

<http://www.treas.gov/tigta/auditreports/2013reports/201310032fr.pdf>