EXECUTIVE SUMMARY

In order to provide employees with a means of charging reimbursable travel and related expenses while conducting official state business, the Commonwealth of Virginia established a statewide travel charge card program. The Department of General Services (General Services) awarded an optional use contract with American Express (AMEX) to provide state travel charge card services. The travel card program is available to agencies, institutions, and political subdivisions of the Commonwealth and incorporates the Comptroller’s policies and procedures.

Unlike the Commonwealth’s small purchase charge card program where the government directly receives and pays the charge card bill, the travel cardholder or employee has direct responsibility for all charges incurred on the travel card account and for paying the monthly bill. The Commonwealth expects the cardholder to use the state travel card only for valid travel expenses related to official state business and submit proper documentation for reimbursement.

In performing our review of the travel charge card program, we have identified several key issues.

- We identified instances of potentially abusive travel card activity, which do not relate to official state travel. Charges included crematory services, veterinary charges, massage therapy, and jewelry sales and repair. In addition, cardholders charged almost $11,000 to Virginia ABC stores. We also identified questionable transactions with vendors including the Genetics & IVF Institute, Carnival Cruises, Victoria’s Secret, Best Buy, and Neiman-Marcus.

- We have found weaknesses in Commonwealth travel card policies and procedures related to monitoring, and training. As a result, agencies are unsure of their responsibility, which affects their ability to monitor delinquencies and promptly detect and prevent potentially fraudulent and abusive activities.

- Over 2,800 or thirty-three percent of approximately 8,500 cards issued through the Commonwealth have had no charge activity during the past 12 months. Because General Services does not maintain a current list of agency program administrators, AMEX cannot contact agencies directly to determine if current Commonwealth employees still hold these inactive accounts. There is the possibility that former employees may hold a significant number of these inactive accounts.

- The Commonwealth’s poor charge-off and delinquency performance has negatively affected the Commonwealth’s ability to obtain rebate payments in accordance with the travel charge card contract. In addition, the Commonwealth’s charge-off and delinquency history may affect its ability to procure future travel charge card services, and increases the risk that the Commonwealth may have to pay a higher service fee in the future.

Department of Accounts and General Services should develop policies and procedures, which clearly identify agency responsibilities. In addition, agencies should ensure that cardholders follow established policies and procedures and use the travel cards for official business travel expenses only. Further, General Services should administer the travel card contract to maximize rebates for the Commonwealth by monitoring travel card activity, and reducing delinquencies and charge-offs.
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Department of Accounts and Department of General Service’s Responses
We have completed a review of the Statewide Travel Charge Card Program, which the State receives through a contract between Department of General Services (General Services) and American Express (AMEX).

Objectives

We had three objectives for our review. These objectives were to determine:

1. the effectiveness of the control environment;
2. the impact of delinquent and charged-off travel accounts; and
3. whether agencies are reacting to indications of potentially fraudulent and abusive activity.

Scope

In performing our work, we reviewed the original contract with AMEX, and corresponding procurement file. We obtained AMEX travel charge card data; and performed detailed analysis to summarize activity, and identify trends and unusual transactions.

Additionally, we reviewed the Code of Virginia to obtain knowledge on pertinent laws and regulations. We reviewed the Commonwealth Accounting Policies and Procedures, which provides travel accounting guidance to agencies and institutions. Further, we reviewed instructions available to participating agencies, institutions, and public bodies accessed through General Services’ website.
We also requested and reviewed various documents from AMEX related to inactive cardholders and financial incentive criteria.

We discussed this report with General Services’ and Department of Accounts’ management at an exit conference on December 1, 2003, and have included their response.

AUDITOR OF PUBLIC ACCOUNTS

MAM:whb
whb: 31
State Travel Charge Card Program

Introduction and Background

In order to provide employees with a means of charging reimbursable travel and related expenses while conducting official state business, the Commonwealth of Virginia established a statewide travel charge card program in 1990. The intent of the travel card program was the elimination of the need to provide employees travel advances and to reduce the Commonwealth’s costs of administering travel activities. If properly controlled, the travel card provides an efficient and effective method for administering the Commonwealth’s travel program.

The travel charge card program is available to agencies, institutions, and public bodies of the Commonwealth and incorporates the Comptroller’s policies and procedures. As of June 30, 2003, approximately 123 state agencies and institutions, 3 public bodies and 8,580 employees were participating in the travel charge card program. Travel cardholder activity totaled $13.8 and $15.5 million in fiscal years 2003 and 2002, respectively.

The Department of General Services (General Services) has established an optional use contract with American Express (AMEX) to provide state travel charge card services. AMEX has been the contractor since 1994. The present contract period is for three years beginning October 1, 2002 through September 30, 2005, with three (3) one-year renewal options.

Unlike the Commonwealth’s small purchase charge card program where the government directly receives and pays the charge card bill, the travel cardholder or employee has direct responsibility for all charges incurred on the travel card account and for paying the monthly bill. The Commonwealth expects the cardholder to use the state travel card only for valid travel expenses related to official state business and submit proper documentation for reimbursement.

The objectives for our review of the State Travel Card Program were to determine (1) the effectiveness of the control environment, (2) the impact of delinquent and charged-off travel card accounts, and (3) whether agencies are reacting to indications of potentially fraudulent and abusive activity. To achieve these objectives, we reviewed the adequacy of Commonwealth travel card policies and procedures related to travel card use. We also analyzed State Travel Card data for fiscal years 2003 and 2002 to identify and examine trends and potentially fraudulent and abusive travel card activity.

Policies and Procedures

The State Comptroller’s Commonwealth Accounting Policies and Procedures Manual provides authoritative guidance regarding official state travel expense and reimbursement policy and procedures including travel card usage. In addition, as administrator of the AMEX travel card contract, General Services provides instructions for agencies participating in the travel card program. Further, General Services and the State Comptroller issued a memo that provided additional guidance regarding delinquent charge card accounts. During our review, we found that policies and procedures concerning cardholder responsibilities are adequate. However, we found weaknesses in policies and procedures related to dissemination of information and agencies’ responsibilities for monitoring and training. We discuss travel card policies and procedures below.
Card Issuance and Termination

Each participating agency designates a senior fiscal or procurement staff member as the Agency Travel Charge Card Program Coordinator (APC). The APC decides who can apply for a travel charge card. Typically, employees eligible to apply for a card include those who travel at least twice a year and earn an annual salary of at least $15,000. The travel card application requires the employee to provide pertinent information including full name and social security number. By signing the application, the employee agrees that they will be liable for all amounts charged to the card, and they will use the card for business purposes only. The APC completes and signs the employee’s application as an authorized agency representative and submits the application. AMEX performs a review of the employee’s credit history. Upon approval, AMEX issues the travel charge card in the name of the employee. AMEX notifies the agency if it rejects an employee’s application or places spending restrictions on the card.

As charge cards, AMEX requires that the cardholders pay balances at the end of each billing period. Additionally, issued travel cards have no transaction limits; however, agencies may request that AMEX place limits for certain cardholders if the agency determines that a risk of misuse exists. Currently, no active Commonwealth cardholders have limits on their account.

The APC must obtain the travel card from the employee when they leave the agency by either termination or transfer to another agency. Either the employee or state agency may cancel the card. AMEX can also suspend charge privileges if the cardholder has a consistent delinquent payment history, files for bankruptcy, or other conditions exist which constitute a credit risk for AMEX.

Usage

The use of travel charge cards is limited to official State business travel and related expenses, which includes hotels, airfare, and rental cars. State employees may also use the travel card for meals and incidental expenses. At the end of each monthly billing cycle, AMEX mails a billing statement to the cardholder for amounts charged to the card. The statement also reflects all payments and credits made to the cardholder’s account. AMEX requires that the cardholder make full payment within 30 days of the statement closing date. If the cardholder does not pay their monthly billing statement in full and does not dispute the charges within 60 days of the statement closing date, AMEX considers the account delinquent.

Travel Reimbursement Voucher Submission and Processing

The cardholder must pay the card charges, and must retain actual receipts for reimbursement documentation. A cardholder must submit a travel reimbursement voucher to their supervisor within five working days of return from travel. In the case of continuous travel, the cardholder submits the voucher within five working days of the last day of travel for which the employee is requesting reimbursement. The employee, by signing the voucher, asserts that the claims were legitimate and allowable expenses incurred for official state business. Agencies and institutions reimburse cardholders for meals and certain other expenses using a standard per diem amount. The State Comptroller establishes lodging reimbursement rates by geographical area.

The appropriate agency authority approves and submits the voucher to the agency’s fiscal office for processing within three working days of receipt from the employee. After receipt of the voucher, the agency fiscal office submits the voucher to the Department of Accounts (Accounts
for processing within five working days. Decentralized agencies and institutions process and retain travel records.

**Monitoring**

Current Commonwealth monitoring policies and procedures of card activity are inadequate and confusing. In addition, the State Controller and General Services do not use the same terminology resulting in inconsistent instructions in the documents providing guidance to agencies and institutions. For example, policies and procedures instruct agencies to review “travel charge card vendor reports” to ensure cardholders pay their AMEX bills timely; however, reports entitled as “vendor reports” provide vendor analysis, not delinquency or payment information. In addition, policies and procedures do not instruct agencies to review cardholder activity for proper usage. As a result, agencies are unsure of their responsibilities and do not monitor card activity for charges not related to official state travel. In fact, some agencies erroneously feel that reviewing cardholder activity may violate confidentiality laws.

Inadequate training further complicates the issue of agency monitoring. Although agencies have the capability to receive monitoring reports electronically and in a format that allows manipulation and efficient review, some APCs may not fully utilize this feature due to inadequate training. We will discuss APC training in more detail in the following section.

Policies and procedures do instruct agencies to revoke charge card privileges for cardholders who do not pay timely. Although delinquencies exist, we could not identify any instances where agencies revoked cards due to outstanding delinquencies or improper card use.

As we will illustrate later in this report, these activities affect the Commonwealth’s ability to collect rebates or incentive payments from AMEX.

**Recommendation:**

Accounts and General Services should develop policies and procedures, which clearly identify responsibilities for agencies and APCs. Responsibilities should include reviewing cardholder activity for both delinquencies and proper card use. Not reviewing this activity increases the chance that delinquencies and improper card use will occur. Policies and procedures should also contain controls to ensure that agencies and APCs revoke card privileges for cardholders who are delinquent or misuse their card.

**Training**

Training is another area where we found weaknesses in policies and procedures. Training is not mandatory for cardholders or APCs. Further, APCs do not receive any formalized training. However, it is the APCs responsibility to instruct new cardholders on proper card usage. The contract between AMEX and the Commonwealth states that AMEX will provide training concerning travel card billing procedures, financial responsibilities, and past due account procedures, and AMEX will provide APC training upon request. However, there is no control mechanism in place to help ensure that APCs receive appropriate training. The lack of training or emphasis on training could negatively affect an APC’s ability to monitor delinquencies and promptly detect and prevent potentially fraudulent and abusive activities.
Recommendation:

General Services and Accounts should develop required training for both cardholders and APCs. In addition, General Services and Accounts should develop a mechanism that tracks and ensures that both cardholders and APCs receive the proper training.

Disseminating Information

Unlike the Small Purchase Charge Card program, there are no standard procedures for disseminating information to APCs when there have been modifications or updates to the travel card program. In fact, General Services, who is the administrator for the travel card contract, does not have a current list of APCs. As a result, Accounts or General Services must communicate any modifications or updates to agency fiscal officers and not to the APCs directly. In addition, without a current list of APCs, AMEX is unable to contact the proper agency personnel when attempting to collect delinquent accounts. In response, General Services distributed a “Delegation of Authority” form to agency and institution fiscal officers in July 2003. Agencies and institutions were to complete the form identifying a current APC. As of October 20, 2003, only one agency out of 123 participating agencies and institutions has returned this form.

Having inadequate procedures regarding the communication of travel program information and no current APC list increases the likelihood that General Services will not properly communicate changes and negatively affects an APC’s ability to monitor delinquencies and promptly detect and prevent potentially fraudulent and abusive activities.

Recommendation:

General Services should maintain a current list of APCs and develop policies and procedures to facilitate the dissemination of information relating to the travel card program.

Inactive Cards

As of July 22, 2003, over 2,800 cards or thirty-three percent of approximately 8,500 cards issued through the Commonwealth have had no charge activity during the past 12 months. The high percentage of inactive cards may be due to the budget constraints over the last two years. Due to the inability to contact APCs directly, AMEX cannot determine if current Commonwealth employees still hold these inactive accounts. Further, there is the possibility that former employees may hold a significant number of these inactive accounts. In fact, we performed limited testwork to match an employee’s social security numbers between the AMEX travel data and CIPPS payroll data and identified several active AMEX cardholder accounts for employees terminated more than 1 year ago.

Consequently, to control risk and reduce costs, AMEX is proposing that it will cancel inactive accounts unless the agency or institution notifies them that the cardholder is a valid and eligible employee. If agencies and institutions do not respond to this request, inefficiencies and inconvenience may result for both the cardholder and the Commonwealth.
Charge Card Analysis

Based on the transaction type and vendor used, AMEX assigns an industry code to each charge made with the travel charge card. Using this information, we found that charges fell into the five categories listed below.

- **Travel** – Charges made with a vendor who has identified themselves as an airline, rail, lodging, restaurant, oil, or car rental establishment.
- **Cash advance** – Transactions include ATM cash advances and travelers check purchases.
- **Retail** – Charges made with a vendor who has identified themselves as a retail establishment.
- **Other charges** – Charges made with a vendor that has identified themselves as an establishment other than an airline, rail, lodging, restaurant, oil, car rental or retail establishment.
- **Miscellaneous** – Transactions include delinquency charges, returned check fees, and adjustments.

In performing our analysis, we determined that charges for official state travel could exist within all categories. While we could not determine what percentage of the total charge card activity was for official state travel, we did identify numerous transactions obviously not related to official state travel. We also cannot determine from the travel card information, how much if any of the travel charges were for non-state travel expenses.

Further, although the cardholder signs an agreement that certifies their understanding that they will only use the card for official State business travel and related services, retail purchases account for 10 percent and 9 percent of travel card activity during fiscal years 2003 and 2002, respectively. In addition, other charges contain activity associated with vendors that may or may not be associated with travel charges including tour packages, construction materials, computer products, and crematory and veterinary services.

<table>
<thead>
<tr>
<th>Charge Category</th>
<th>2003</th>
<th>2002</th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Travel</td>
<td>$9,817,878</td>
<td>$11,197,218</td>
<td>71%</td>
<td>72%</td>
</tr>
<tr>
<td>Cash Advance</td>
<td>1,437,050</td>
<td>1,540,324</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>Retail</td>
<td>1,338,643</td>
<td>1,382,354</td>
<td>10%</td>
<td>9%</td>
</tr>
<tr>
<td>Other Charges</td>
<td>1,154,505</td>
<td>1,287,394</td>
<td>8%</td>
<td>8%</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>87,364</td>
<td>121,052</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>$13,835,440</strong></td>
<td><strong>$15,528,342</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

**Inappropriate Use**

Through analysis of travel card activity during fiscal years 2003 and 2002, we identified instances of potentially abusive travel card activity, which do not relate to official state travel. Charges included crematory services, veterinary charges, massage therapy, and jewelry sales and repair. For example, there were 134 charges to Ticketmaster totaling almost $18,000 for tickets to activities such as Atlanta Braves baseball games, Patti LaBelle and Bonnie Raitt concerts, and New York Broadway shows such as Les Miserables and Rent. In addition, 274 cardholders...
charged almost $11,000 to Virginia ABC stores. We also identified questionable transactions with vendors including the Genetics & IVF Institute, Carnival Cruises, Victoria’s Secret, Best Buy, and Neiman-Marcus.

We found numerous examples where individuals used the state travel card for personal use, but kept their accounts current by paying their travel card bills timely. We considered this an abuse of the travel card program. Personal use of the card may increase the risk of charge-offs, which are costly to the Commonwealth and the taxpayer. In addition, instances of personal use are indicative of internal control breakdowns, such as failure of APCs to monitor card activities.

While cardholders pay card charges, these are official travel cards obtained through a Commonwealth contract. As such, the agencies, institutions and public entities should review transaction reports.

We found that the following ten agencies and higher education institutions account for 72 percent of retail purchases.

<table>
<thead>
<tr>
<th>Agency Name</th>
<th>FY 03 Retail Purchases in Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Virginia Polytechnic Institute and State University</td>
<td>271,502</td>
</tr>
<tr>
<td>University of Virginia-Academic Division</td>
<td>195,208</td>
</tr>
<tr>
<td>The College of William and Mary in Virginia</td>
<td>129,325</td>
</tr>
<tr>
<td>James Madison University</td>
<td>100,822</td>
</tr>
<tr>
<td>Norfolk State University</td>
<td>75,054</td>
</tr>
<tr>
<td>Department of Social Services</td>
<td>56,990</td>
</tr>
<tr>
<td>George Mason University</td>
<td>44,572</td>
</tr>
<tr>
<td>Mary Washington College</td>
<td>33,820</td>
</tr>
<tr>
<td>Virginia Military Institute</td>
<td>26,726</td>
</tr>
<tr>
<td>University of Virginia Medical Center</td>
<td>26,215</td>
</tr>
<tr>
<td>Remaining 116 Agencies, Institutions and Public Bodies</td>
<td>378,408</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,338,642</strong></td>
</tr>
</tbody>
</table>

Recommendation:

Agencies should ensure that cardholders follow established policies and procedures and use the travel cards for official business travel expenses only. Personal use of the card may increase the risk of delinquencies and charge-offs, which negatively impacts the Commonwealth’s ability to obtain rebate payments.

**Delinquencies and Charge-Offs**

Another form of abuse identified was the failure of cardholders to pay their travel card bill timely or not at all. During fiscal years 2003 and 2002, delinquency charges amounted to
$26,336 and $30,990 respectively. In addition, from September 2002 to September 2003, write-offs amounted to $31,769.

AMEX approval criteria and weaknesses in Commonwealth controls may increase the risk that delinquencies and charge-offs will occur. When an employee applies for a travel charge card, AMEX will accept employees under lower credit criteria than it would normally require under its standard practices for personal cards. AMEX feels that the controls of agency review and limiting purchases for official state business mitigates the risks involved in accepting lower credit criteria. However, if controls are weak, risk is not mitigated thus increasing the chance that delinquencies and charge-offs will occur. While it’s the cardholder not the Commonwealth that is responsible for charges made on their travel card, delinquent or non-payment of accounts negatively impacts the Commonwealth’s potential rebate amounts.

A more critical issue for the Commonwealth is that delinquency and charge-off performance may affect future procured travel charge card services. Poor performance and control in this area increases the risk that the Commonwealth may have to pay a higher service fee in the future. When General Services solicited proposals for travel charge card services in April 2002, only two vendors responded. In their response, one vendor included an annual fee of $10 per cardholder account due to the significant amount of delinquencies and charge-offs. The other vendor, AMEX waived an annual fee because of their $135 million Small Purchase Charge Card relationship with the Commonwealth.

If the Commonwealth is unable to procure travel charge card services, agencies, institutions, and public entities will have to revert to using travel advances. Use of travel advances will result in increased administrative costs and collateral associated with travel advance issuance and tracking.

<table>
<thead>
<tr>
<th>Agency Name</th>
<th>Delinquency Charges in Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>University of Virginia - Academic Division</td>
<td>$ 5,864</td>
</tr>
<tr>
<td>Virginia Polytechnic Inst. and State University</td>
<td>3,861</td>
</tr>
<tr>
<td>James Madison University</td>
<td>2,443</td>
</tr>
<tr>
<td>Norfolk State University</td>
<td>1,443</td>
</tr>
<tr>
<td>Department of Social Services</td>
<td>1,274</td>
</tr>
<tr>
<td>George Mason University</td>
<td>1,251</td>
</tr>
<tr>
<td>Virginia State University</td>
<td>1,244</td>
</tr>
<tr>
<td>Virginia Commonwealth University - Academic Division</td>
<td>1,053</td>
</tr>
<tr>
<td>The College of William and Mary in Virginia</td>
<td>928</td>
</tr>
<tr>
<td>Longwood College</td>
<td>567</td>
</tr>
<tr>
<td>Remaining 116 Agencies, Institutions and Public Bodies</td>
<td>6,438</td>
</tr>
</tbody>
</table>

Total $ 26,366

Recommendation:

Cardholders should pay their bills timely and agencies should monitor cardholder activity and terminate cards when there is a history of untimely bill paying.
The amount of delinquencies and charge-offs directly impact the Commonwealth’s ability to collect rebates in accordance with the travel card contract. In addition, the amount of delinquencies and charge-offs may impact the Commonwealth’s cost and ability to procure travel charge card services in the future. Travel card delinquencies and charge-offs have cost the Commonwealth thousands of dollars in lost rebates and substantial Commonwealth and AMEX resources spent pursuing and collecting delinquent accounts.

Maximizing Possible Benefits

In order to maximize possible benefits, the Commonwealth should expand the use of the travel charge card program. The Commonwealth of Virginia spent $100.0 and $120.8 million for travel activities during fiscal years 2003 and 2002, respectively. However, state travel card purchases only amounted to $13.8 and $15.5 million during the same respective periods. The Commonwealth should consider requiring mandatory use of the travel card for official state travel and encourage participation by other public bodies. This will enable a more complete capture of detail travel data on a statewide basis and maximize financial incentives.

The current contract allows public bodies to participate in the travel charge card program. During fiscal year 2003, only two public bodies participated in the card program, and charged $148,795 or 1 percent of total state charges. However, when considering this option, the Commonwealth also must realize that risks exist if the entities’ controls are weak, which could affect the rebate criteria. We will discuss, in more detail, the benefits for both options in the following sections.

Financial Incentives

The current contract allows for financial incentives for the Commonwealth in the form of annual rebates. The Commonwealth is eligible to receive a rebate if (1) it achieves an annual net charge volume of $10 million, (2) Client Held Days (CHD) performance is less than 30 days, and (3) credit losses are less than 0.30% of annual net charges. Annual net charge volume consists of all charges less any credits, such as returns, other than payments to the accounts. CHD measures average number of days a client holds a charge before making payment. Credit losses are defined as any charges 180 days past due. Based on current year charges if the Commonwealth met all three criteria listed above and if CHD performance were 29 days instead of 30 days, the Commonwealth would receive approximately $41,400 in annual rebates. Likewise, if use of the travel charge card were mandatory, the Commonwealth would receive approximately $225,000 in annual rebates given the same criteria and assuming that 75 percent of $100.0 million in travel expenses were charged through the travel charge card.

Historically, the Commonwealth has never qualified for any rebates through the travel card program due to its CHD performance. The Commonwealth’s CHD performance was 30.23 and 30.13 for fiscal years 2003 and 2002, respectively. While the previous travel card contract had the same financial incentive criteria, General Services has not monitored travel card activity, nor requested applicable AMEX reports to determine if the Commonwealth was eligible to receive rebates.
Recommendation:

Accounts and General Services should administer the travel card contract to maximize rebates for the Commonwealth by monitoring travel card activity, and reducing delinquencies and charge-offs.

Travel Credits

Commonwealth travel regulations require employees to report any travel credits, reduced rates, or free services received by employees on official state business to the agency and deduct the amount from travel expenses claimed. Further, many employees use personal credit cards when traveling on official state business, to accrue travel credits including air miles. However, employees rarely include these credits when calculating travel reimbursement. Maximum use of the AMEX travel card for official state travel could potentially increase the amount of rebates due to the Commonwealth.

Available Travel Data for Analysis

Currently, the Commonwealth Accounting and Reporting System (CARS) records travel expenses in two ways. First, some agencies and institutions record much of their travel expenses by employee reimbursement. Travel data includes employee and expense but does not allow for analysis of vendors or individual purchases. Other agencies and institutions record travel expenses and related reimbursements in an agency accounting system, which loads only summary information into CARS. Consequently, travel data includes only summary information.

For fiscal year 2003, agencies and institutions submitted $41.3 million or 41 percent of all travel expenses only as summary information into CARS. As a result, using CARS data for analysis of statewide travel expenses provides only limited information making it difficult to perform detailed analyses to identify suspicious transactions such as improper purchases and duplicate reimbursements.

AMEX travel card data, on the other hand, provides detail information on each travel purchase. AMEX captures this information uniformly across all agencies and institutions and could be available at a central location. Maximum use of travel cards for all statewide travel would provide a mechanism to obtain data that allows detailed analysis of cardholder transactions, further reduce the Commonwealth’s costs of administering travel activities including the ability to identify duplicate reimbursements and maximize financial incentives. In addition, this data will allow for detailed vendor analysis. While is difficult to put a dollar value on these types of benefits, it makes them no less important.
Mr. Walter J. Kucharski  
Auditor of Public Accounts  
P. O. Box 1295  
Richmond, VA 23218

Dear Mr. Kucharski:

Thank you for the opportunity to review the draft of the Auditor of Public Accounts Special Report on the State Travel Charge Card Program. The travel charge card contract was carefully crafted to ensure charges made under the program do not place Commonwealth funds at risk. However, your findings and recommendations highlight improvements which are needed in agency management oversight. Many of these same issues were delineated by our staff in a joint memorandum issued to the fiscal officers of state agencies and institutions of higher education in March, 2003.

In response to your request for our comments on this report, we write to assure you we plan to continue our efforts to improve oversight of this program. We plan to clarify policies and procedures, develop and schedule mandatory computer-assisted agency administrator and cardholder training, and will enhance agency compliance reporting through the Comptroller’s quarterly Report on Statewide Financial Management and Compliance. Our current initiatives through the Virginia Partners in Procurement program, which seeks greater cost efficiencies in state travel spending generally, are consistent with the recommendations in this report, and we assure all of these efforts are coordinated to address the concerns identified in the report.

Again, we thank you for the opportunity to review this material, and your response to our suggestions and clarifications. As always, we look forward to working with you on this and other matters of mutual interest.

Sincerely,

David A. Von Moll, State Comptroller  
Department of Accounts

James T. Roberts, Director  
Department of General Services

c: The Honorable Sandra D. Bowen  
The Honorable John M. Bennett