Internal Control Assessment
Travel Claim Reimbursement

Purpose

To ensure that FSA timely reimburses its employees for travel claims.

Background

In accordance with the Federal Travel Regulation (FTR), FSA must reimburse its employees within 30 calendar days after their submission of a proper travel claim to FSA's designated approving office. FSA must notify FSA employees, as soon as practicable after submission of their travel claim, of any error that would prevent reimbursement within 30 calendar days and specify the reason(s) why the travel claim is not valid. Effective May 1, 2002, FSA must notify its employees within seven business days, versus 30 calendar days, of travel claims submitted with errors. If reimbursement does not occur within 30 calendar, FSA is required to pay a late payment fee, in addition to the amount due to its employees.

FSA may pay the late payment fee based upon either a flat fee or calculate it using the Prompt Payment Act interest rate. If FSA elects to pay a flat fee, it is determined based upon a calculation specified in the FTR. Furthermore, FSA is required to pay its employees a late fee equivalent to a late payment charge that the employee would have been assessed had they not paid their travel card bill on time. This amount paid to employees is considered income to the employee and FSA is required to report this amount as wages on an employee's W-2. If it elects to pay the late payment using the Prompt Payment Act interest rate, the late calculation of interest due begins on the 31st calendar day after submission of a proper travel claim, and continues to accrue until the date payment is made.

Internal Control Standard

FSA must receive reimbursement within 30 calendar days after submitting a proper claim.

Assessment of FSA's Compliance *

We randomly sampled X travel vouchers and determined that FSA reimburses its employees of their travel claims within 30 calendar days.

* The actual testing phase including interviews and examination of sampled records has not yet occurred. This write-up is only a sample of what may be discovered during the testing phase of the FMFIA process.