

**Memorandum**

Date FEB 20 2002

From Deputy Inspector General
for Audit Services

Subject Audit of the Health Resources and Services Administration's Controls over Outside
Activities, Financial Disclosure, Appointment of Staff Fellows and Expert Consultants,
and Travel (CIN: A-03-01-00351)

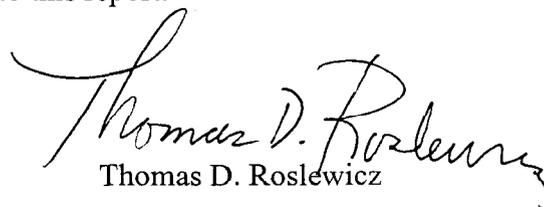
To Steve Smith
Associate Administrator for Management (Acting)
Health Resources and Services Administration

Attached are two copies of the United States Department of Health and Human Services, Office of Inspector General (OIG), Office of Audit Services' (OAS) final report entitled, "Audit of the Health Resources and Services Administration's Controls over Outside Activities, Financial Disclosure, Appointment of Staff Fellows and Expert Consultants, and Travel."

Officials in your office have generally concurred with our recommendations, set forth on page 12 of the attached report and have taken, or agreed to take, corrective action. We appreciate the cooperation given us in this audit.

We would appreciate your views and the status of any further action taken or contemplated on our recommendations within the next 60 days. If you have any questions, please contact me by phone (202-619-3155) or e-mail (troslewi@os.dhhs.gov) or have your staff contact Joseph Green, Assistant Inspector General for Public Health Service Audits, at 301-443-3582 or e-mail (jgreen3@os.dhhs.gov).

To facilitate identification, please refer to Common Identification Number A-03-01-00351 in all correspondence relating to this report.


Thomas D. Roslewicz

Attachment

cc:
Al Marra

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**AUDIT OF THE HRSA'S CONTROLS
OVER OUTSIDE ACTIVITIES,
FINANCIAL DISCLOSURE,
APPOINTMENT OF STAFF FELLOWS
AND EXPERT CONSULTANTS, AND
TRAVEL**



**JANET REHNQUIST
INSPECTOR GENERAL**

FEBRUARY 2002

A-03-01-00351



Memorandum

Date FEB 20 2002
Deputy Inspector General
for Audit Services

From

Subject Audit of the Health Resources and Services Administration's Controls over Outside Activities, Financial Disclosure, Appointment of Staff Fellows and Expert Consultants, and Travel (CIN: A-03-01-00351)

To Steve Smith
Associate Administrator for Management (Acting)
Health Resources and Services Administration

As requested by Departmental officials, we audited the Health Resources and Services Administration's (HRSA's) controls over outside activities, financial disclosure, appointment of staff fellows and expert consultants, and travel. This report provides you with the results.

EXECUTIVE SUMMARY

OBJECTIVE

The objective of our audit was to determine if adequate controls existed to ensure that HRSA adhered to regulations and policies regarding outside activities, financial disclosure, appointment of staff fellows and expert consultants, and travel.

FINDINGS

Our review and testing of HRSA's internal controls revealed no evidence of substantive violations of ethics or travel policies. However, we did identify technical lapses related to the timeliness and completeness of certain forms and an inappropriate policy regarding the supervisory approval chain for travel. We briefed the HRSA Acting Administrator and several high-level agency officials and they agreed with our findings. They stated that they had already taken corrective action in some areas, and planned to take corrective action in accordance with our recommendations in the remaining areas. Specifically, we found:

- Requests for approval of outside activity forms were not always complete or filed timely; and there were a few instances for which approval should have been obtained, but the employees did not file requests.
- Financial disclosure forms were missing dates, type of organization or location of outside activities, and reporting status.

- The dates of receipt for confidential financial disclosure forms were rarely provided, and disclosure forms were not always received timely.
- Subordinate staff had the authority to approve travel orders and vouchers for HRSA associate administrators.
- In a few cases, a recommending official did not sign travel orders, or employees without proper authorization approved trips.
- Documentation for international travel was sometimes incomplete with respect to notification of travel memos and U.S. Department of State cables.

RECOMMENDATIONS

We recommend HRSA:

1. Provide routine training to employees to emphasize the need to obtain approval before engaging in outside activities, and to ensure that required forms are filed timely, filled out correctly and completely, and approved timely;
2. Monitor the review function for reviewing and approving HHS-520s, OGE-450s, and SF-278s to make sure the forms are filed timely, filled out correctly and completely, and approved timely; and
3. Revise its policy to require supervisors to approve travel, and change travel approval chains in the automated travel management system so that only supervisors can approve subordinates' travel orders and vouchers.

HRSA COMMENTS

The HRSA agreed with our findings. It stated that the agency had already taken corrective action in some areas and planned to take corrective action in accordance with our recommendations in the remaining areas. Also, we made changes, as appropriate, to this final report to address HRSA's technical comments. The complete text of HRSA's comments is included as the Appendix.

BACKGROUND

The HRSA is a component of the United States Department of Health and Human Services (HHS) with headquarters in Rockville, Maryland, and 10 regional offices across the country. As of the end of our fieldwork, 1,366 HRSA employees worked in its headquarters and the surrounding Washington, D.C. area, and 744 employees worked in the regional offices. The HRSA has four bureaus, nine offices, and three centers and is directed by an Administrator who reports to the Secretary of HHS.

The HRSA's mission is to improve the nation's health by assuring equal access to comprehensive, culturally competent, quality health care for all. Its vision is to assure the availability of quality health care to low income, uninsured, isolated, vulnerable, and special needs populations and meet their unique health care needs. To address these areas, HRSA works to eliminate barriers to care, eliminate health disparities, assure quality of care, improve public health, and improve health care systems.

In Fiscal Year (FY) 2001, Congress appropriated \$6.23 billion to HRSA, including \$1.3 billion to provide primary health care in underserved areas, \$1.8 billion to care for underserved people with HIV/AIDS, \$964 million for services that improve maternal and child health, and \$352 million to health professions training and quality.

Due to allegations regarding the outside activities and travel of two former HRSA officials, the Department asked the Office of Inspector General to review the adequacy of HRSA's internal controls over outside activities, financial disclosure, appointment of staff fellows and expert consultants, and travel.

In FY 1997, the Office of Government Ethics (OGE), which was established by the Ethics in Government Act of 1978 to guide and oversee executive branch ethics programs, reviewed the administration of HRSA's ethics program. The review included financial disclosure systems, ethics education and training programs, ethics advice and counseling services, acceptance of travel payments from nonfederal sources, and referrals of conflicts-of-interest. The OGE concluded that HRSA's ethics program had many strong elements. However, it identified problems with late filing of confidential financial disclosure forms, non-filing of requests for outside activities, and lack of approval for acceptance of travel expenses from nonfederal sources. These findings are similar in nature to conditions that we address in this report.

Federal statutes and implementing regulations contain conflict-of-interest standards applicable to all Federal employees. Regulations issued by OGE and HHS create additional standards of ethical conduct and provide interpretive guidance concerning the Federal conflict-of-interest statutes. Agencies are required to inform employees of their duties to comply with Governmentwide ethics programs designed to detect and prevent conflicts of interest. Requirements of the Governmentwide ethics programs focus on: the submission and review of reporting documents for financial disclosure; outside activities; acceptance of travel expenses from nonfederal entities; and employees hired outside the civil service system.

The Designated Agency Ethics Official (DAEO) at HHS has been assigned by the Secretary of HHS to manage the HHS ethics program. The DAEO has delegated to the HRSA ethics official the responsibility for performing many of the ethics functions of administering the HRSA ethics program.

Our audit assessed the ability of HRSA to adequately prevent violations of government ethics standards.

OBJECTIVE, SCOPE AND METHODOLOGY

The objective of our audit was to determine if adequate controls existed to ensure that HRSA adhered to regulations and policies regarding employee outside activities, personal financial disclosure, appointment of staff fellows and expert consultants, and travel.

We reviewed applicable regulations, policies, and procedures. We interviewed HRSA employees as necessary to obtain an understanding of controls over outside activities, financial disclosure, appointment of staff fellows and expert consultants, and travel. We also interviewed the Associate General Counsel for Ethics, HHS Office of General Counsel (OGC), and the HHS Travel Management System (TMS) Administrator.

We limited our audit universe to HRSA employees who were senior executive service staff; Commissioned Corps officers with a rank of O-6 and above; General Schedule (GS)-15s who received special pay (salary above the GS schedule used to retain staff with specialized skills, e.g., the Physician's Pay Comparability Act); and staff fellows and expert consultants. We initially identified 179 HRSA employees who met our criteria during the audit period, October 1, 1998 to March 31, 2001. However, some of the employees included in our audit were not employed during the entire period. As part of our audit, we judgmentally sampled documentation for employees in each of the areas we reviewed.

Outside Activities

For the review of outside activities, we sampled 42 HHS Form 520s, Request for Approval of Outside Activities (HHS-520), submitted between October 1, 1998 and March 31, 2001. We also reviewed supporting documentation, such as detailed descriptions of the outside entity and activities, records of discussions between the employee and the reviewing ethics official, and correspondence between HRSA and HHS ethics officials.

We reviewed the outside activities section on public and confidential financial disclosure forms. If employees listed outside activities, we checked for corresponding HHS-520s related to the outside activities.

We reviewed the HHS-520 forms to determine whether ethics officials had sufficient information to approve outside activities and whether they performed adequate reviews.

Financial Disclosure

There are two types of financial disclosure reports. The first form is the OGE Confidential Financial Disclosure Report (OGE-450). Congress authorized OGE to establish a confidential disclosure system to cover certain employees at the GS-15 or equivalent level and below. The OGE promulgated regulations describing the type of employees that should be filing the OGE-450 and left it up to each agency to determine

which of their employees fit the criteria of employees involved substantially in making recommendations and decisions about contracts and grants and similar benefits, auditing and regulating nonfederal entities (or involved in activities that will have a direct and substantial economic effect on such entities), or any other duties where it is determined that the OGE-450 should be required to avoid involvement in a real or apparent conflict-of-interest. The OGE-450s are not available to the public. Organization wide, HRSA had about 300 employees who were required to file OGE-450s. However, for the employee groups under review, approximately 50 were required to file each year during our audit period. The actual number of filers varied from year to year as HRSA reevaluated who was required to file.

The second form is the Standard Form, Public Financial Disclosure Report (SF-278). Congress specified the requirements for filers of the SF-278 in Title I of the Ethics in Government Act of 1978. The Act specified that high-level officials such as Executive Level, O-7 and above in the Commissioned Corps, SES employees, and certain Schedule C employees must file. This resulted in about 35 HRSA SF-278 filers annually, consisting primarily of the Administrator, the Deputy Administrator, and Associate Administrators. The SF-278s are available for public inspection.

We reviewed 81 OGE-450s (from 59 individuals) and 66 SF-278s (from 35 individuals), filed between October 1, 1998 and March 31, 2001. We reviewed the forms to determine if they were complete, filed timely, and reviewed timely by HRSA officials.

Appointment of Staff Fellows and Expert Consultants

For our review of staff fellows and expert consultants, we examined the process and documentation for hiring. Specifically, we reviewed the appointment documents and the statements of work to determine whether they corroborated the requests and met the level of expertise required by HRSA.

Domestic, International, and In-kind Travel

For our review of domestic travel, we selected 20 trips taken by 18 employees and 33 trips taken by 2 Associate Administrators. We reviewed the travel orders, vouchers, and supporting documentation. We determined if the orders and vouchers were properly approved, and if the purposes of the trips were related to HRSA's mission.

Our review of international travel focused on the internal controls and policies that were in place during the period of travel. We examined travel orders, vouchers, supervisor recommendations, and State Department cables for 19 trips taken by 4 HRSA employees between March 3, 1999 and December 14, 2000.

To determine whether in-cash/in-kind travel was properly approved, appropriate, and reasonable, we reviewed HHS Form 348, Request for Approval to Accept Payment of

Travel Expenses from a Nonfederal Source (HHS-348) and supporting documentation. During our audit period, 90 HHS-348s were submitted. We selected and reviewed 34 HHS-348s submitted by 20 employees.

We performed our audit between April and July 2001 at HRSA's headquarters, located in Rockville, Maryland. We conducted our audit in accordance with generally accepted government auditing standards.

On August 29, 2001, we briefed HRSA officials on the findings of our review. They agreed with our findings, and stated that they had either taken or planned to take corrective action in accordance with the recommendations in our report.

FINDINGS IN DETAIL

Our review and testing of HRSA's internal controls revealed no evidence of substantive violations of ethics or travel policies. However, we did identify technical lapses related to the timeliness and completeness of certain forms and an inappropriate policy regarding the supervisory approval chain for travel. We briefed the HRSA Acting Administrator and several high-level agency officials and they agreed with our findings. They stated that they had already taken corrective action in some areas, and planned to take corrective action in accordance with our recommendations in the remaining areas.

Outside Activities

In general, the ethics officials at HRSA did an adequate review of the outside activity requests. In addition to their reviews of the HHS-520s, they also reviewed supporting documentation and held follow-up discussions with employees when necessary. We also found that ethics officials at HHS were consulted when HRSA officials had questions about approving a request for outside activities. The ethics officials conducted the reviews to identify and prevent conflicts of interest relationships that HRSA employees could encounter when engaged in outside entities.

The requirements for HRSA employees wishing to perform outside activities or engage in outside employment are found in 5 C.F.R. Chapter XLV Supplemental Standards of Ethical Conduct for Employees. Certain outside employment and activities are prohibited for HRSA employees. However, there are outside activities that can be performed with prior approval and still other activities that do not require any approval.

Prohibited employment is any employment that would pose a conflict-of-interest with an employee's official duties or would cause a reasonable person to question the impartiality with which agency programs are administered, or would otherwise compromise agency interests. In general, activities or employment that require the submission of a HHS-520 prior to engaging in such activities include consultative or professional services, teaching, speaking, writing, or editing that relates to the employee's official duties or a request related to a prohibited activity. A prohibited activity includes compensated consultative or professional services to prepare or assist in the preparation of grant

applications, contract proposals, or other matters intended to be the subject of dealings with HHS. Also prohibited is engaging in compensated work on an HHS-funded grant, contract, cooperative agreement, cooperative research and development agreement, or other similar project or arrangement authorized by statute. Activities requiring prior approval also include providing services to a nonfederal entity as an officer, director, or board member.

During our review of the HHS-520s, we determined that, contrary to HRSA’s procedures, some of the HHS-520s were submitted after the activity had taken place; others had dates for activities to be performed that spanned too great a period of time; and some were open-ended. Generally, the HHS-520 should be submitted annually. We noted that HRSA has recently strengthened controls over reporting, stressing the importance of the review process to those performing the reviews, and providing more central oversight. As a result of the increased emphasis on reviewing the forms, we believe the controls, if properly implemented, should serve to identify missing information when the forms are submitted and result in corrections before approval is granted.

Also, in 7 of 147 financial disclosure forms reviewed, employees performed outside activities that warranted the submission of HHS-520s, but none were submitted. To identify these occurrences, we compared the financial disclosure reports to the outside activity forms. The HRSA ethics office confirmed that each of the outside activities in question should have resulted in the filing of an HHS-520. At our request, the HRSA ethics office performed a cursory review of the activities and determined that a conflict-of-interest did not exist. However, they agreed that the HHS-520s should have been submitted and reviewed by the responsible ethics officials.

Financial Disclosure

In general, the financial disclosure forms were adequately prepared and reviewed in accordance with applicable requirements. However, we found forms that were missing dates, outside activities information, or reporting status. Also, the “Date Received by Agency” box on the OGE-450 was rarely used, and new entrant reports were not always received timely.

For both the OGE-450 and the SF-278, employees new to a filing position must file their disclosure forms within 30 days of appointment. Incumbent employees must file disclosure forms annually. The statutory deadline for incumbents filing annual OGE-450s is October 31 of each year. For incumbents filing annual SF-278s, the filing deadline is May 15 of each year.

After a report is submitted, the designated ethics official has 60 days to perform an initial review. The designated officials for OGE-450 reviews were the Associate Administrators, Deputy Associate Administrators, or Executive Officers in the employees’ respective bureaus. The HRSA ethics official reviewed all SF-278s except for those filed by the HRSA Administrator, the Deputy Administrator, and the designated

ethics official. The HHS OGC’s Ethics Division reviewed the forms for those three positions.

We found that, generally, financial disclosure forms were adequately prepared and reviewed in accordance with applicable requirements. There were some minor deficiencies in fully completing some aspects of the forms, which could affect the quality of the reviews. The missing information was generally not vital to the forms, but if all the information were included, the likelihood of identifying potential conflicts-of-interest would be enhanced. The numbers and types of deficiencies are summarized in the following chart.

Report Deficiencies and Untimely Filers

Number and Types of Forms Reviewed	OGE-450	SF-278
Number of New Filer Forms Reviewed	8	12
Number of Incumbent Forms Reviewed	73	40
Number of Termination Forms Reviewed	0	11
Total Number of Forms Reviewed	81	63
Deficiencies:		
- Outside Activity Information Inadequate	15	17
- Date Received by Agency Incomplete	62	1
- Filing Status Not Filled Out/Incorrect	3	0
- Late Submission by New Filers	8	5
- Late Submission by Incumbent Filers	24	0

Fifteen OGE-450s and 17 SF-278s did not include sufficient information to adequately identify the nature of outside activities for which approval might be required. For example, the location or the type of organization was missing.

Officials who reviewed the OGE-450 forms did not complete the “Date Received by Agency” data on 62 of the 81 forms that we examined. Completion of the “Date Received by Agency” data helps assure compliance with statutory filing and review deadlines. Although the SF-278s did not have an area on the form for indicating the date received, a HRSA official indicated that the “agency use only” box was used for the date received. Of the 63 SF-278s we reviewed, only 1 form did not have a date entered in the “agency use only” box.

Three OGE-450 filers did not indicate on the form whether they were filing as new employees or as incumbent employees. All of the SF-278 forms we reviewed correctly indicated the status of the employees.

Submission of new entrant financial disclosure forms is important because timely submissions can identify conflict-of-interest situations early in an employee’s tenure. All 8 of the OGE-450s we reviewed for new entrants were filed late, ranging from 11 to

235 days, and 5 of the 12 new entrant SF-278s were filed late, ranging from 10 to 180 days. Twenty-four of the 73 OGE-450s we reviewed for incumbents were filed from 2 to 215 days late.

Despite these discrepancies, we found no evidence of conflicts-of-interest that HRSA reviewers did not identify.

Appointment of Expert Consultants and Staff Fellows

The HRSA appropriately used the authority provided by Title 42 U.S.C., Section 209(f) and Section 209(g) to appoint expert consultants and staff fellows. Appointments made under this authority can be made without regard to civil service laws and are for terms from 1 to 5 years. Individuals are hired as expert consultants or staff fellows based on their expertise and HRSA's needs. For example, an expert consultant served as the Director, Division of Programs for Special Populations (DPSP) in the Bureau of Primary Health Care Professionals. The DPSP has responsibility for administering a nationwide effort to improve the health status of especially vulnerable and underserved populations through the development, implementation, and evaluation of community-based service delivery systems. The Director managed 8 discretionary grant programs and 6 major initiatives designed to address the health care needs of 10 diverse medically underserved populations. Within the Division of Quality Assurance Policy Branch of the Bureau of Health Professionals, a staff fellow served as a Senior Policy Evaluator. Her duties included developing a research project to address implementation aspects of three pieces of legislation, and assessing the application of health policy issues.

Under HRSA's procedures, the department head where the expert consultant or staff fellow will be assigned makes the recommendation to hire, and sends the recommendation to HRSA's Office of Management and Program Support (OMPS), which reviews the recommendation memorandum and the candidate's resume. The OMPS forwards a compensation recommendation to the Office of Human Resources and Development for salary review before the appointment is approved.

During our audit period, HRSA employed 7 expert consultants and 28 staff fellows. As of July 27, 2001, HRSA employed 6 expert consultants and 14 staff fellows. We concluded that HRSA's expert consultant and staff fellow appointments were made pursuant to Title 42 U.S.C., Sections 209(f) and 209(g), and found no indications that any of the appointments were inappropriate.

Travel

We reviewed three categories of travel carried out by HRSA employees: domestic, international, and in-cash/in-kind. Domestic travel included all trips within the United States, its possessions, and its territories. International travel included travel outside the United States, its possessions, and its territories. In-cash/in-kind travel is domestic or

international travel paid by a nonfederal source for a Government employee who was on official duty.

Domestic Travel

Our review of domestic travel indicated that internal controls were in place and generally functioning as intended. However, subordinates approved travel vouchers for two Associate Administrators' travel.

We selected 20 trips, taken by 18 employees, to review the internal controls over domestic travel. We reviewed the travel orders, vouchers, and supporting receipts. We verified that the orders and the vouchers were properly approved, and the purposes of the trips were related to HRSA's mission. We also reviewed additional trips made by two Associate Administrators.

We selected 33 trips taken by the 2 Associate Administrators. Subordinates approved all of the vouchers for those trips. The HRSA allowed this practice rather than requiring approval at a higher level.

Most of the trips approved by subordinates were processed through TMS, which is an automated system run by HHS' Program Support Center (PSC). Even though the PSC administers TMS, the agencies using the system determine the approval chains (i.e., which employees approve travel for other employees.) For the trips related to the Associate Administrators whose travel we reviewed, the approval chains were set up to allow the subordinates to approve travel for their superiors.

A properly functioning travel approval process is an effective internal control that relies on supervisors authorizing travel for subordinates. If subordinates are authorized to approve the travel orders or vouchers for their supervisors, it creates a conflict of interest and lessens the assurance that travel is necessary and reasonable.

International Travel

The HRSA had controls in place for international travel, but their implementation was not always effective. We found documentation or approval lacking for 17 of the 19 international trips we reviewed. However, we noted that procedures for approving travel order requests and documents supporting international trips have improved, and we believe the procedures currently in place, if properly implemented, are adequate to assure that international travel is properly approved and documented in the future.

We reviewed 19 international trips taken by 4 employees between March 3, 1999 and December 14, 2000. We focused on internal controls and policies in place during the period of travel. However, we also found that international travel policies were strengthened as of March 15, 2001 with the requirement that all HHS components,

including HRSA, obtain Office of the Secretary (OS) approval for all foreign travel. Previously, the requirement was simply to provide notification to OS prior to the travel. The approval process for international travel differs from that required for domestic travel. Only three HRSA employees--the Administrator, Deputy Administrator and the Associate Administrator, OMPS--are authorized to approve international travel. In addition to this approval, the travel must be cleared through OS and the U.S. Department of State. Within HRSA, the Office of International Health Affairs (OIH) manages international travel and is responsible for ensuring that all required approvals and documentation are in place. Between December 1999 and May 2001 the position of Director, OIH, was vacant. We believe that this vacancy contributed to problems with international travel. Filling the position should result in improved compliance with the internal controls over international travel.

We examined documentation to determine if: travel was recommended by the employee's supervisor; travel was approved by HRSA officials; and notifications were sent to OS and the U.S. Department of State. We also evaluated the reasonableness and purpose of the travel. Documentation was missing or authority lacking for 17 international trips in 1 or more of the following categories: 3 travel orders were not signed by a recommending official; 3 trips were recommended by an Associate Administrator's subordinate; 7 trips were approved by employees without appropriate authority; 11 notification of travel memoranda were missing; and 14 State Department cables were not documented. We did not find any problems with the purpose or reasonableness of the reviewed trips.

In-Cash/In-Kind Travel

In-cash/in-kind travel involves travel expenses paid by a nonfederal source while traveling on official duty. Generally, this type of travel was used when a HRSA employee, at the invitation of a nonfederal sponsor, attended a meeting, conference, or similar function that related to the employee's official duties.

During our audit period, senior HRSA employees submitted 90 HHS-348s. We selected and reviewed 34 HHS-348s and supporting information submitted by 20 different employees. The primary control over this type of travel was the requirement that HRSA's ethics official review the HHS-348 to ensure that: the acceptance of in-cash/in-kind travel did not represent a conflict-of-interest; the trip was related to the employee's official duties; and the travel provided a valid benefit to HRSA.

We found that HRSA ethics official did not sign the HHS-348s for 7 of the 34 trips. Also, the travelers' certifications on the HHS-348s, which address the acceptance of honoraria and the travelers' responsibilities for any costs not paid by the nonfederal sources, were not signed on 33 of the 34 HHS-348s we reviewed. Furthermore, for the HHS-348 that did have a traveler's certification, we noted that it was signed before the employee took the trip, rather than after its completion as required.

Despite these discrepancies, we found no indication that the acceptance of nonfederal travel expenses for any of the trips was improper. Additionally, on May 29, 2001, HRSA's Acting Administrator implemented a policy restricting in-cash/in-kind travel to narrowly defined circumstances. According to the new policy, in-cash/in-kind travel will only be approved if accompanied by an in-depth justification, with compelling reasons for accepting payment from an outside source. The purpose of the policy change was to bring HRSA in line with HHS policy as contained in the HHS Travel Manual, which states, "The underlying principle of the Department is if the employee's participation warrants the expenditure of official time, it also warrants the expenditure of HHS travel funds." The HRSA employees made no in-cash/in-kind travel between the implementation of this policy and the completion of our fieldwork.

CONCLUSIONS AND RECOMMENDATIONS

Our review and testing of HRSA's internal controls revealed no evidence of substantive violations of ethics or travel policies. However, we did identify technical lapses related to the timeliness and completeness of certain forms and an inappropriate policy regarding the supervisory approval chain for travel.

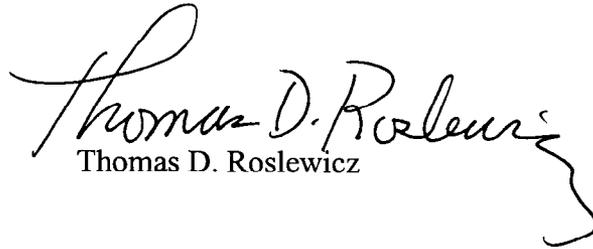
We recommend HRSA:

1. Provide routine training to employees to emphasize the need to obtain approval before engaging in outside activities, and to ensure that required forms are filed timely, filled out correctly and completely, and approved timely;
2. Monitor the review function for reviewing and approving HHS-520s, OGE-450s, and SF-278s to make sure the forms are filed timely, filled out correctly and completely, and approved timely; and
3. Revise its policy to require supervisors to approve travel, and change travel approval chains in the automated travel management system so that only supervisors can approve subordinates' travel orders and vouchers.

HRSA COMMENTS AND OIG RESPONSE

In response to our draft report, HRSA concurred with our audit recommendations and indicated that corrective actions have already been taken. Specifically, HRSA filled the position of Director, Office of International Health Affairs; developed a worksheet to document the flow of all pertinent materials for each proposed international traveler; and developed a policy requiring travelers to certify in Block #10 of the HHS-348 form that they did not accept any honoraria or cash for retention from the sponsoring organization. This certification will be submitted with the traveler's travel voucher for reimbursement of expenses.

We are pleased that HRSA reports taking these corrective actions. If properly implemented, these actions should improve internal controls. Finally, we made changes, as appropriate, to this final report to address HRSA's technical comments. The complete text of HRSA's comments is included as the Appendix.



Thomas D. Roslewicz



DEPARTMENT OF HEALTH & HUMAN SERVICES

Health Resources and Services Administration

Rockville, Maryland 20857

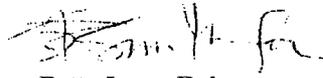
JAN 16 2002

TO: Inspector General

FROM: Acting Administrator

SUBJECT: Office of Inspector General (OIG) Draft Report, "Audit of the HRSA's Controls Over Outside Activities, Financial Disclosures, Appointment of Staff Fellows and Expert Consultants, and Travel" (A-03-01-00351)

Thank you for the opportunity to review and comment on this draft report. Attached please find the Health Resources and Services Administration's comments. Staff questions may be referred to John Gallicchio on (301) 443-3099.


Betty James Duke

Attachment

RECEIVED

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OFFICE OF INSPECTOR
GENERAL

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Health Resources and Services Administration (HRSA) Comments on the Office of the Inspector General (OIG) Draft Report “Audit of the HRSA’s Controls Over Outside Activities, Appointments of Staff Fellows, and Expert Consultants, and Travel” (A-03-01-00351)

General Comments

The HRSA thanks the OIG for the opportunity to review and comment on this draft report. HRSA is pleased with the overall report and has taken corrective actions in response to OIG’s findings and recommendations.

In response to OIG’s finding that Office of Government Ethics (OGE)-450 financial disclosure forms rarely showed the date received by the agency, HRSA now date-stamps all OGE-450 forms received by reviewing officials.

With respect to OIG’s findings in the area of international travel, HRSA has instituted a number of management controls. While the position of Director, Office of International Health Affairs was vacant during the audit period, this position has been filled. As OIG stated in its draft report, this has resulted in increased management controls and compliance. Management controls that have been implemented include, for example, a worksheet now used to document the flow of all pertinent materials for each proposed international traveler. The worksheet logs the dates of the receipt and transmittal of all documents and actions, for example, copies of official State department outgoing and incoming cables, Notices of Foreign Travel, Travel Orders, etc., and serves as a checklist to assure that all necessary and appropriate actions are executed and taken in the proper sequence.

Technical Comments

On Page 5, the first line, the text states that 50 employees were required to file each year during the audit period; this number should be 300.

On Page 8, the fourth paragraph under the table, we suggest adding the sentence, “None of the 40 incumbent SF-278s were filed late.”

On Page 12, the first paragraph, after the last sentence, we suggesting adding the following sentence, “HRSA has developed a policy whereby, in the future, travelers will be required to certify in Block #10 of the HHS-348 form that they did not accept any honoraria or cash for retention from the sponsoring organization. This certification must be completed upon the traveler’s return and submitted along with the voucher for reimbursement of travel expenses.”



DEPARTMENT OF HEALTH & HUMAN SERVICES

Health Resources and Services Administration

Rockville, Maryland 20857

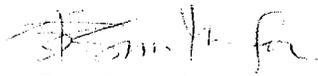
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FROM: Acting Administrator

SUBJECT: Office of Inspector General (OIG) Draft Report, "Audit of the HRSA's Controls Over Outside Activities, Financial Disclosures, Appointment of Staff Fellows and Expert Consultants, and Travel" (A-03-01-00351)

Thank you for the opportunity to review and comment on this draft report. Attached please find the Health Resources and Services Administration's comments. Staff questions may be referred to John Gallicchio on (301) 443-3099.


Betty James Duke

Attachment

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Health Resources and Services Administration (HRSA) Comments on the Office of the Inspector General (OIG) Draft Report “Audit of the HRSA’s Controls Over Outside Activities, Appointments of Staff Fellows, and Expert Consultants, and Travel” (A-03-01-00351)

General Comments

The HRSA thanks the OIG for the opportunity to review and comment on this draft report. HRSA is pleased with the overall report and has taken corrective actions in response to OIG’s findings and recommendations.

In response to OIG’s finding that Office of Government Ethics (OGE)-450 financial disclosure forms rarely showed the date received by the agency, HRSA now date-stamps all OGE-450 forms received by reviewing officials.

With respect to OIG’s findings in the area of international travel, HRSA has instituted a number of management controls. While the position of Director, Office of International Health Affairs was vacant during the audit period, this position has been filled. As OIG stated in its draft report, this has resulted in increased management controls and compliance. Management controls that have been implemented include, for example, a worksheet now used to document the flow of all pertinent materials for each proposed international traveler. The worksheet logs the dates of the receipt and transmittal of all documents and actions, for example, copies of official State department outgoing and incoming cables, Notices of Foreign Travel, Travel Orders, etc., and serves as a checklist to assure that all necessary and appropriate actions are executed and taken in the proper sequence.

Technical Comments

On Page 5, the first line, the text states that 50 employees were required to file each year during the audit period; this number should be 300.

On Page 8, the fourth paragraph under the table, we suggest adding the sentence, “None of the 40 incumbent SF-278s were filed late.”

On Page 12, the first paragraph, after the last sentence, we suggesting adding the following sentence, “HRSA has developed a policy whereby, in the future, travelers will be required to certify in Block #10 of the HHS-348 form that they did not accept any honoraria or cash for retention from the sponsoring organization. This certification must be completed upon the traveler’s return and submitted along with the voucher for reimbursement of travel expenses.”