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**OFFICE OF
INSPECTOR GENERAL**

**DEPARTMENT OF HEALTH AND
HUMAN SERVICES EMPLOYEE
TRAVEL CARDS: USAGE AND
INTERNAL CONTROLS**



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E X E C U T I V E S U M M A R Y

OBJECTIVES

To determine (1) the extent to which the travel card transactions that Department of Health and Human Services (HHS) employees made in 2007 constitute misuse and (2) whether travel card internal controls, such as guidance, training, transaction reviews, and follow-up actions, work as intended to prevent or address misuse.

BACKGROUND

Federal regulations require an employee who travels more than five times per year to obtain a Government travel card. Pursuant to the Federal Travel Regulation and the “HHS Travel Manual,” official travel expenses include transportation, lodging, meals, and incidentals associated with official temporary duty travel. Misuse is defined, in part, as the use of a Federal charge card for other than the official Government purpose for which it is intended. Travel card program administrators, including Agency/Organization Program Coordinators (A/OPC) and cardholder supervisors, are responsible for reviewing reports to monitor cardholder activities, including misuse. Travel cardholders are personally liable for transactions made with their travel cards.

During 2007, HHS employees used travel cards to make approximately 346,000 transactions totaling \$68 million, excluding negative transactions, transactions of less than \$5, and transactions that represent fees charged by the HHS-contracted travel agent. From the universe of 2007 transactions, we selected a simple random sample of 220 transactions to produce an overall estimate of misuse. We also selected a stratified random sample of 213 transactions from the subpopulation of transactions that did not match electronic voucher data. For both samples, we contacted the A/OPC for each transaction to obtain information to determine whether misuse occurred. We conducted interviews with A/OPCs, cardholder supervisors, and employee and labor relations staff regarding the administration of the travel card program.

FINDINGS

Six percent of 2007 travel card transactions constituted misuse.

Four percent of the 2007 transactions were for personal purchases while cardholders were not on official travel, 1 percent were for personal

purchases while the cardholders were on official travel, and 1 percent were for local travel expenses.

Twenty-seven percent of transactions that did not match electronic voucher data constituted misuse. Twenty-one percent of the 2007 transactions that did not match electronic voucher data were for personal purchases, 2 percent for local travel expenses, 2 percent for conference registration, and 1 percent for travel-related expenses of persons other than cardholders. (Because of rounding, the percentages do not add to 27.)

Program guidance is lacking in some areas, and training does not meet requirements. Current travel card guidance lacks specificity on allowable purchases and follow-up actions for misuse, and training does not meet Office of Management and Budget (OMB) requirements.

Program administrators may not identify all misuse. Less than half of the A/OPCs that we interviewed matched transactions with travel dates to identify potential misuse. Focusing only on atypical merchants would not identify lodging and airline tickets for personal travel. Cardholder supervisors reported limited roles in the travel card program.

Less than one-third of sampled transactions that constituted misuse were associated with follow-up actions. This can be explained in part by deficiencies in the travel card program, including a lack of specific guidance, training that does not meet OMB requirements or users' needs, and review techniques that may not identify all misuse.

RECOMMENDATIONS

OIG recommends that the Assistant Secretary for Administration and Management:

Improve travel card program guidance. Topics could include:

(1) specific examples of unallowable purchases with the travel card, (2) a departmental Table of Penalties that sets minimum and maximum guidelines on the actions to take for specific types of travel card misuse, and (3) instructions for reporting travel card misuse to employee and labor relations offices.

Improve travel card program training. At a minimum, the frequency and documentation of the training must meet the requirements in Appendix B of OMB Circular A-123, and the training content should meet users' needs. Training topics could include: (1) specific examples

of unallowable purchases with the travel card for cardholders and (2) procedures and communication strategies for A/OPCs and cardholder supervisors to identify and respond to misuse.

Improve methods to identify misuse. These methods could include: (1) providing an automated data-matching program to compare dates of authorized travel to transaction dates and (2) communicating to A/OPCs and cardholder supervisors the availability of online access to transaction information.

AGENCY COMMENTS AND OFFICE OF INSPECTOR GENERAL RESPONSE

In its written comments to the report, the Assistant Secretary for Administration and Management (ASAM) accepted each of the three recommendations. For each recommendation, ASAM described actions it has taken or will take to address it. For example, ASAM updated the HHS Travel Manual in May 2008, coordinated with the Office of the Secretary and the General Services Administration to secure travel card training compliant with Appendix B of OMB Circular A-123, and plans to develop an internal data mining tool for all agencies to identify potential travel card misuse. We did not make any changes to the report based on ASAM's comments.



T A B L E O F C O N T E N T S

EXECUTIVE SUMMARY	i
INTRODUCTION	1
FINDINGS	9
Six percent of transactions constituted misuse	9
Twenty-seven percent of transactions that did not match electronic voucher data constituted misuse	10
Guidance is lacking; training does not meet requirements	12
Program administrators may not identify all misuse	15
Not all misuse led to follow-up actions	16
RECOMMENDATIONS	18
Agency Comments and Office of Inspector General Response ...	19
APPENDIXES	20
A: Sampled Transactions by Agency	20
B: Sampled Agency/Organization Program Coordinators by Agency	21
C: Point Estimates and Confidence Intervals	22
D: Agency Comments	23
ACKNOWLEDGMENTS	25

OBJECTIVES

To determine (1) the extent to which the travel card transactions that Department of Health and Human Services (HHS) employees made in 2007 constitute misuse and (2) whether travel card internal controls, such as guidance, training, transaction reviews, and follow-up actions, work as intended to prevent or address misuse.

BACKGROUND

Federal regulations require employees who travel more than five times per year to obtain an Individually Billed Account travel charge card (hereinafter referred to as a travel card). The regulations further require that travelers use the travel card for all official travel and travel-related transactions unless those transactions are specifically exempted.¹ Federal employees enter into contractual agreements with the servicing bank (U.S. Bank for HHS in 2007) indicating that they will use the card only for official travel and travel-related transactions in accordance with agency policy and will pay all charges they incur.

During 2007, HHS employees used travel cards to make 346,441 transactions totaling \$68,323,684, excluding negative transactions (i.e., credits to the travel card), transactions of less than \$5, and transactions that represent fees charged by the HHS-contracted travel agent. Table 1 shows the number and total dollar amount of transactions by category.

¹ The Travel and Transportation Reform Act of 1998, P.L. No. 105-264, 5 U.S.C. § 5701 note, required the promulgation of governmentwide regulations requiring Federal employees to use travel charge cards for all payments of expenses of official Government travel. Subpart 301-51 of the Federal Travel Regulation (FTR) establishes the requirements for using the Government travel charge card (41 CFR § 301-51). Examples of exempt official travel transactions include parking and taxi services (41 CFR § 301-51.2).

Table 1: 2007 Travel Card Transactions by Category

Category*	Number of Transactions	Dollar amount of Transactions
Hotels	107,228	\$37,877,956
Airline	33,801	\$15,673,057
Money	36,906	\$5,375,407
Rental Cars	15,752	\$2,802,889
Eating/Drinking	73,130	\$1,921,377
Vehicle Expense	48,895	\$1,684,289
Other Travel	18,299	\$1,482,368
Business Expense	2,690	\$520,391
Other	3,822	\$357,972
Office Services	1,431	\$255,447
Wholesale Trade	2,875	\$141,622
Maintenance, Repair, and Operating Supplies	336	\$104,950
Medical	587	\$39,405
Office Supplies	469	\$30,586
Mail/Telephone	108	\$30,166
Retail Services	39	\$9,621
Automobile/Recreational Vehicle Dealers	57	\$8,648
Building Services	13	\$6,943
Retail Goods	3	\$590
Total	346,441	\$68,323,684

Source: Office of Inspector General (OIG) analysis of U.S. Bank database of 2007 HHS travel card transactions, 2008.

*U.S. Bank assigns each transaction to a predefined category.

Travel Card Guidance

Requirements for the use of travel cards are contained in the FTR, pt. 301-51; HHS-wide supplemental policy and guidance is contained in the “HHS Travel Manual,” Chapter 9-00. According to the FTR and the “HHS Travel Manual,” official travel expenses include transportation, lodging, meals, and incidentals associated with official temporary duty travel.² The travel card may not be used for personal expenses at any time.³ Misuse is defined as the use of a Federal charge card for other than the official Government purpose for which it is intended.⁴

² “HHS Travel Manual,” Chapter 9-00-10.I prohibits use of the travel card for expenses within the local travel area, with certain exceptions such as rental cars.

³ 41 CFR § 301-51.6 and “HHS Travel Manual,” Chapter 9-00-10.H.

⁴ Office of Management and Budget (OMB) Circular A-123, Appendix B, Attachment 1.

I N T R O D U C T I O N

OMB's Circular A-123, Appendix B, requires Federal agencies to maintain internal controls that reduce the risk of fraud, waste, and delinquency (i.e., failure to pay travel card bills in a timely manner) in Government charge card programs. A summary of the various requirements includes:

- written policies and procedures for the appropriate use of travel cards;
- training frequency and content for Agency/Organization Program Coordinators (A/OPC),⁵ approving officials (typically cardholder supervisors), and cardholders;
- risk management controls ranging from general (e.g., ensuring that practices to mitigate risks associated with the charge card program are carried out) to specific (e.g., reviewing transactions to detect instances of misuse); and
- administrative and disciplinary actions that may be imposed on cardholders to address misuse of their travel cards.

In April 2005, the Assistant Secretary for Administration and Management (ASAM) issued memoranda to cardholders and cardholder supervisors. The memorandum to cardholders reminded them that using the travel card for purchases unrelated to official travel or failing to pay travel card bills in a timely manner constitutes misuse. Cardholders signed the HHS Traveler's Agreement for Government Contractor-Issued Travel Charge Card Users to document receipt of the memorandum. The memorandum to supervisors stated that a supervisor has the responsibility to: (1) ensure that a process is in place for reviewing reports to identify misuse, (2) ensure that inquiries are conducted to determine whether misuse occurred, (3) consult with his or her employee and labor relations office when deciding what action to take, and (4) properly address instances of a subordinate's misuse of the travel card. The memorandum included examples of misuse and related travel card misconduct (e.g., submitting a false travel voucher). It also included possible actions that supervisors might take in instances of misuse or misconduct, such as counseling, official reprimand,

⁵ An A/OPC serves as an intermediary between the cardholder, the card-issuing bank, and agency management. An A/OPC's role includes account setup and maintenance, understanding and implementing the FTR and agency travel policies, and monitoring cardholder activity.

suspension from duty without pay, reassignment or downgrade to a position not involving travel, or removal from the position and Federal service. However, the memorandum did not specify which particular action should be taken in response to various types of misuse or misconduct.

Most, but not all, of the HHS agencies have issued their own travel card guidance manuals. Generally, these manuals offer guidance to cardholders in greater specificity than that contained in the FTR or the “HHS Travel Manual” (e.g., the step-by-step mechanics of obtaining a cash advance at an automated teller machine (ATM)). Agencies may be more, but not less, restrictive than the FTR and HHS travel card guidance.

Travel Card Training

OMB Circular A-123 requires that all A/OPCs, approving officials, and travel cardholders receive training before taking on such roles and refresher training at a minimum of every 3 years. Copies of training certificates must be maintained. For A/OPCs, approving officials, and cardholders, the training content must include the provisions of the FTR and proper card use. The training for A/OPCs must further include oversight tools and techniques.

Travel Card Oversight

A/OPCs are responsible for reviewing monthly transaction reports from the card-issuing bank (which was U.S. Bank in 2007) to monitor cardholder activities, including misuse.⁶ Each of the 12 HHS agencies has one individual who serves as the principal A/OPC for that agency.⁷ Under this individual, one or more primary and/or alternate A/OPCs work at the division or office level. According to information U.S. Bank provided us in January 2008, HHS had 370 primary and 252 alternate A/OPCs to oversee the purchasing activities of approximately 32,000 travel cardholders.

Related Studies

In 2003, the Government Accountability Office (GAO) released a report entitled “Controls over Travel Program Are Generally Effective, but Some Improvements Are Needed” regarding travel-card-monitoring processes and 2001 travel card transactions in five HHS

⁶ “HHS Travel Manual,” Chapter 9-00-10.J.

⁷ There are 11 principal A/OPCs in HHS. Two agencies share the same principal A/OPC.

agencies (GAO-03-334). This report found that controls over the travel program were generally effective but that monitoring of travel card use focused mainly on delinquencies. GAO found that 71 of 430 sampled transactions were unauthorized, meaning that they were for personal use or the agency lacked documentation to support that the transactions were for official travel expenses. The methods used in the GAO report do not allow for comparison to the results of this report. In 2002, the President's Council on Integrity and Efficiency (PCIE) issued a report entitled "Review of Common Problems and Best Practices in Federal Agencies' Travel Card Programs." This report synthesized OIG evaluations and audits of six Federal agencies' travel card programs (HHS was not included).

METHODOLOGY

Transaction Data

U.S. Bank provided us with the following data: (1) a departmentwide database of 2007 HHS travel card transactions, including the account number, transaction date, merchant name and category, amount, and unique transaction identification number for each transaction, and (2) a listing of all HHS cardholders, including name and account number.

The National Institutes of Health (NIH) Business System provided 2007 electronic travel voucher data, including employee name, dates of departure and return, and location. The HHS Program Support Center provided 2007 electronic travel voucher data for all other HHS agencies, including employee name, dates of departure and return, travel card account number, and location. This information was combined to create a departmentwide electronic voucher dataset.

Sample Selection of Transactions

Overall sample

From the 402,301 HHS cardholder transactions in 2007, we excluded 11,306 negative transactions (i.e., credits to travel cards), 10,158 transactions of less than \$5, and 34,396 transactions representing fees charged by the HHS-contracted travel agents for airline reservations, leaving a universe of 346,441 transactions. To produce an overall estimate of transactions that constituted misuse, we selected a simple random sample of 220 transactions.

Sample of transactions that did not match electronic voucher data

To examine transactions with a higher likelihood of being unrelated to official travel, we looked at a subset of the universe of 346,441 transactions. We matched official travel dates from the electronic departmental travel voucher data against transaction dates from the U.S. Bank transaction data. We allowed a 5-day window before the departure date for advance purchase of airline tickets, train tickets, and ATM withdrawals and up to 4 days after the return date for posting of hotel and rental car transactions. We matched the transaction date of each transaction against the dates in the database of travel voucher dates by travel card account number or by cardholder name if an account number did not match or was not listed in the voucher data.⁸ Of the 346,441 unique transactions, 53,504 (15 percent) did not match electronic voucher data.

To produce estimates of the proportion and dollar amount of transactions that constituted misuse for this subpopulation, we selected a stratified random sample by dollar amount as shown in Table 2.

Table 2: Transaction Population and Sample Size

Strata Definition	Population Size	Sample Size
1. Transactions from \$5.00 through \$250.00	44,111	80
2. Transactions from \$250.01 through \$4,000.00	9,340	80
3. Transactions over \$4,000.00	53	53
Total	53,504	213

Source: OIG analysis of U.S. Bank database of 2007 HHS travel card transactions, 2008.

Determinations of Misuse

For the sampled transactions in both sampling frames, we contacted the principal A/OPC for each agency with a list of all transactions for that agency to determine which A/OPC would best be able to explain whether each transaction was related to authorized travel. In some cases, the principal A/OPC at the agency indicated that he or she would be the appropriate person to explain each sampled transaction; in others, the principal A/OPC provided the contact information for division or office-level A/OPCs.

⁸ Sometimes when a cardholder’s account number changed (e.g., because a card was lost or stolen), it was not updated promptly in the electronic voucher data.

I N T R O D U C T I O N

We contacted the designated A/OPC for each transaction to obtain a description of what was purchased, an explanation as to whether the transaction was related to authorized travel, and a description of any followup (e.g., verbal counseling, disciplinary action) that had occurred with the cardholder related to the sampled transaction before our inquiry. We also asked the A/OPC to indicate the sources of information (e.g., electronic records, cardholder, cardholder's supervisor) that he or she accessed to respond to our inquiry. In our cover letter to the A/OPCs, we asked the A/OPCs to diligently search all available documents and other sources of information. Based on the information the A/OPCs supplied to us, we attempted to determine which sampled transactions constituted misuse according to the criteria in the departmental and agency guidance. In cases where the guidance did not adequately address whether a transaction constituted misuse, we consulted with ASAM officials. To ensure consistent determinations of misuse according to ASAM directives, we made independent determinations rather than relying on A/OPC interpretations and applications of travel card guidance.

A/OPCs were unable to provide information for four sampled transactions (e.g., the cardholder had retired). Two of these transactions were from the overall sample, and two were from the transactions that did not match electronic voucher data. We did not count these transactions as misuse. See Appendix A for the number of sampled transactions by agency.

Structured Interviews of A/OPCs and Cardholder Supervisors

We received a database of the names and contact information for all A/OPCs from U.S. Bank. We interviewed each of the principal A/OPCs within each of the 12 agencies and a random sample of 50 primary A/OPCs at the division or office level. The sampling scheme ensured that each agency that had A/OPCs at the division or office level was represented. We selected A/OPCs at random from the total number of A/OPCs proportionate to the number of cardholders at each agency. See Appendix B for the number of sampled A/OPCs by agency. We also selected one cardholder supervisor who corresponded with each sampled A/OPC for an interview. If a sampled A/OPC corresponded with more than one cardholder supervisor, we randomly selected one cardholder supervisor from the universe of supervisors corresponding with the sampled A/OPC. Because of the small sample size, we did not project the results of the interviews.

I N T R O D U C T I O N

During the interviews, we inquired about A/OPCs' knowledge of and experiences with misuse of travel cards by departmental cardholders. We addressed issues such as the procedures that A/OPCs and cardholder supervisors used to identify misuse, corrective actions that A/OPCs and cardholder supervisors have employed or would employ if misuse was identified, when and how A/OPCs and cardholder supervisors reported misuse, and corresponding corrective actions. We also interviewed these officials regarding training for A/OPCs, cardholder supervisors, and cardholders.

Structured Interviews of Employee and Labor Relations Staff

We interviewed employee and labor relations staff from each of the five HHS human resource centers: Atlanta, Baltimore, the Indian Health Service, NIH, and Rockville. During the interviews, we inquired about addressing travel card misuse, written criteria for addressing misuse, and agencies' frequency of contact with the employee and labor relations staff regarding travel card misuse.

Limitations

Although ASAM has identified delinquency as a type of travel card misuse, this evaluation did not examine it. We did not attempt to match transactions with hard copy vouchers if they did not match departmental electronic voucher data. The sampling method does not allow a dollar projection of transactions that constituted misuse for the overall sample. It also does not allow a comparison of transactions that constituted misuse between agencies within HHS. Although it is possible that a single transaction could have been selected in both sampling frames, this did not occur.

Standards

This study was conducted in accordance with the "Quality Standards for Inspections" issued by PCIE and the Executive Council on Integrity and Efficiency.

► FINDINGS

Six percent of 2007 travel card transactions constituted misuse

Unlike other Government charge card programs, the travel card program makes the travel cardholder responsible for all

charges on his or her account and the bill is sent directly to the cardholder for payment. There is no monetary loss to the Government if cardholders charge non-travel-related purchases on their travel cards and pay their bill in full upon receipt. However, the travel card is not an employee's personal credit card, and the FTR and "HHS Travel Manual" prohibit use of the card as a vehicle to finance personal purchases.

Overall, 6 percent (14 of 220) of the 2007 travel card transactions constituted misuse, with 4 percent of the transactions made for personal purchases while the cardholder was not on official travel, 1 percent for personal purchases while the cardholder was on official travel, and 1 percent for local travel expenses. Confidence intervals for the projections can be found in Appendix C. To develop our projections, we reviewed 220 sampled transactions totaling approximately \$35,000.⁹ The average amount of the sampled transactions that constituted misuse was \$83.68, ranging in our sample from \$8.00 to \$489.30. Table 3 summarizes the number and amount of misuse transactions by merchant category.

Table 3: Misuse Transactions by Merchant Category

Category	Number of Transactions	Amount
Airline	2	\$529.30
Hotels	2	\$275.00
Vehicle Expense (e.g., gasoline, parking)	4	\$147.45
Money	1	\$102.00
Other (e.g., retail)	1	\$24.99
Eating/Drinking	2	\$44.27
Other Travel	1	\$30.00
Wholesale Trade	1	\$18.57
Total	14	\$1,171.58

Source: OIG analysis of A/OPCs' responses to transaction inquiries, 2008.

⁹ The sampling scheme does not allow a projection of the dollar amount of transactions that constituted misuse for the overall sample.

F I N D I N G S

Four percent of 2007 transactions were for personal purchases while the cardholder was not on official travel

Personal purchases included airfare in the amount of \$489.30 to attend a relative's funeral, \$267.00 for lodging for a personal trip following official travel, a \$102.00 cash advance, and \$24.99 at a sporting goods store, as well as gasoline and food purchases. For these transactions, A/OPCs reported that the cardholder was not on official travel at the time of the transactions. For the cash advance transaction, the A/OPC indicated that the cardholder used the travel card "accidentally while on personal travel."

One percent of 2007 transactions were for personal purchases while the cardholder was on official travel

Two purchases are included in this category: \$40.00 for an airline upgrade and \$18.57 for tablecloths purchased while traveling internationally. Cardholders made these purchases while on official travel; however, they were for items unrelated to official Government business.

One percent of 2007 transactions were for local travel expenses

The travel card may not be used for expenses within the local travel area, with the exception of expenses for authorized rental cars.¹⁰ Three purchases of parking and gasoline were made on travel cards for local travel expenses totaling \$59.00.

Twenty-seven percent of transactions that did not match electronic voucher data constituted misuse

Of the transactions that did not match electronic voucher data (53,504 of 346,441 transactions), 27 percent constituted misuse,

which projects to \$1.4 million. Twenty-one percent of the transactions that did not match electronic voucher data were for personal purchases, 2 percent for local travel expenses, 2 percent for conference registration, and 1 percent for travel-related expenses of persons other than cardholders.¹¹ However, the majority of the transactions were in support of official Government travel. To develop our projections, we reviewed 213 sampled transactions totaling approximately \$364,000. Thirty-four sampled transactions constituted misuse. The projected

¹⁰ "HHS Travel Manual," Chapter 9-00-10.

¹¹ Because of rounding, the percentages do not add to 27.

FINDINGS

average amount of the transactions constituting misuse was \$97.30, ranging in the sample from \$5.12 to \$4,955.53. Table 4 summarizes the number and amount of sampled transactions that constituted misuse by merchant category.

Table 4: Misuse Transactions That Did Not Match Electronic Voucher Data by Merchant Category

Category	Number of Transactions	Amount
Hotels	5	\$5,742.19
Money	4	\$1,346.50
Business Expense	4	\$1,192.82
Maintenance, Repair, and Operating Supplies	1	\$685.00
Office Services	1	\$495.00
Other	2	\$336.87
Airline	1	\$299.40
Eating/Drinking	9	\$297.09
Vehicle Expense (e.g., gasoline, parking)	6	\$207.28
Wholesale Trade	1	\$14.79
Total	34	\$10,616.94

Source: OIG analysis of A/OPCs' responses to transaction inquiries, 2008.

Twenty-one percent of transactions were for personal purchases

Examples of these transactions include lodging at a Hawaii hotel for \$4,955.53 during a deployed employee's military leave; cash advances of \$600.00, \$502.50, \$143.00, and \$101.00; a purchase at a casual clothing store for \$136.87; gasoline for a personal vehicle for \$30.01; and restaurant charges ranging from \$5.12 to \$138.90.

Two percent of transactions were for local travel expenses

As stated previously, the travel card may not be used for local travel expenses. Cardholders purchased lodging and meals totaling \$237.81 while on local travel. For example, one cardholder while on local travel charged one night's lodging on her travel card because of inclement weather. She was not reimbursed for this charge.

Two percent of transactions were for conference registration

The FTR does not clearly prohibit the payment of conference registration fees with the travel card. However, as a direct result of Congress's concern regarding conference expenses for Federal employees, HHS issued supplemental guidance in April 2007 stating that employees "may not use a travel card to charge early-bird conference registration fees." This guidance was later incorporated in

F I N D I N G S

the “HHS Travel Manual.” Although HHS guidelines do not explicitly state that cardholders may not use travel cards to pay normal conference registration fees, ASAM officials advised us that travel cards should never be used for conference registration fees. Six cardholders charged conference registration fees totaling \$2,510.00 on travel cards. Based on the merchant categories assigned to various organizations that offer conferences, the conference registration fees fall within the categories of Business Expense; Maintenance, Repair, and Operating Supplies; Office Services; and Other.

One percent of transactions were for travel-related expenses of persons other than the cardholders

The HHS Traveler’s Agreement stipulates that the travel card may be used only for the cardholder’s own authorized official business expenses, and use of the card for any other purpose is misuse. One cardholder purchased a \$299.40 airline ticket for a staff member who did not have a travel card, and another cardholder purchased dinner totaling \$82.00 for four individuals and received cash reimbursement from the three other travelers.

The majority of transactions were in support of official Government travel

Most transactions that did not match electronic voucher data were legitimate. For example, travelers requested official flights to be ticketed more than 5 days before the departure date (e.g., to lock in an airfare when a noncontract flight was necessary). In addition, when cardholders charged travel-related transactions on their travel cards but were reimbursed through a source other than one of HHS’s electronic travel voucher systems (e.g., the travel was paid for by another agency, the employee was involved in a permanent change of station), the transactions did not match electronic voucher data. Still, transactions that did not match produced a statistically significant higher rate of transactions constituting misuse when compared to transactions overall.

Program guidance is lacking in some areas, and training does not meet requirements

Using available guidance, we could not determine without consulting ASAM whether

six types of transactions in our samples constituted misuse. Some A/OPCs and cardholder supervisors that we interviewed had questions regarding whether specific types of transactions are allowed with the

F I N D I N G S

travel card. Additionally, current training practices do not meet OMB requirements.

Travel card guidance lacks specificity on allowable purchases

After reviewing available guidance, we had to consult ASAM to determine whether the following types of transactions in our samples constituted misuse:

- (1) a passport photo,
- (2) meals on the first or last day of travel in the employee's office location,
- (3) paying for another traveler's meals,
- (4) gasoline for personal vehicles,
- (5) costs for mailing materials to the employee's office, and
- (6) conference registration.

In some cases, the guidance was silent on the type of purchase, and in other cases the guidance did not address the specifics of the purchase. For example, we did not find any guidance related to gasoline purchases for personal vehicles (e.g., for traveling to or from the airport). We note that in our interviews, some A/OPC interpretations of these six types of transactions differed from the views of ASAM officials. This lack of consistent understanding can lead to cardholders inadvertently misusing their travel cards because they have received inaccurate responses when seeking guidance.

Division- and office-level A/OPCs are often sought for answers regarding the travel card program. Forty-two of the fifty sampled A/OPCs said they received questions from cardholders, and 26 said they received questions from supervisors. A/OPCs reported that questions they received included questions on allowable uses of the card. For example, six A/OPCs volunteered that they had been asked whether conference registration is an allowable travel card charge. Overall, 24 of 50 A/OPCs and 18 of 50 cardholder supervisors indicated that they want to receive additional guidance on the travel card program.

Guidance on follow-up actions and penalties is lacking

Neither the "HHS Travel Manual" nor the 2005 memoranda from ASAM describe specific follow-up actions and penalties for travel card misuse. The 2002 PCIE report on travel card misuse stated that a lack of such guidance may result in employees being treated differently for the same type of misuse.

F I N D I N G S

At the time of this evaluation, only NIH had published a Table of Penalties that outlines the actions supervisors must take in response to travel card misuse. NIH's guidance states that at a minimum the supervisor must address the misuse by meeting with and counseling the employee. In cases of repeated or serious travel card misuse, the NIH Table of Penalties describes a range of formal actions a supervisor may take.

Training does not meet OMB requirements for frequency and documentation

OMB Circular A-123 requires that all A/OPCs, approving officials (typically cardholder supervisors), and travel cardholders receive training before taking on those roles and refresher training at a minimum every 3 years. Copies of training certificates must be maintained. Principal agency-level A/OPCs reported that they did not maintain training records. An ASAM official confirmed that no centralized database of training records existed at the time of our review. This official reported, however, that an online training module that would maintain completion records was under development.

Of the 50 division- and office-level A/OPCs we interviewed, 39 reported receiving initial training, but only 15 of the 39 reported that documentation was maintained (e.g., hard copy certificate in employee's file). Of those A/OPCs who reported receiving training, eight reported receiving it from a departing A/OPC rather than from a formal departmental or agency course, and two reported receiving it at a previous position. Additionally, 32 of 50 cardholder supervisors reported receiving some type of travel card training (either initial or refresher), but only 12 had documentation.

A/OPCs and cardholder supervisors agreed on the need for additional training. Twenty-eight of fifty division- and office-level A/OPCs would like additional training and suggested the content be a general refresher, training in the use of the card-issuing bank's online system, or program updates. Thirty-four cardholder supervisors would like additional training and suggested that the content be a general refresher, program updates, or training on the supervisor's role and responsibilities in the travel card program. Thirty-two of fifty division- and office-level A/OPCs and 35 of 50 cardholder supervisors reported that more training is needed for cardholders. The top two content areas suggested were general refresher and misuse (i.e., what may and may not be purchased with the travel card). One cardholder supervisor explained that she maintains a log of examples of misuse

that have occurred in her office and uses these to conduct a one-on-one training with each new cardholder.

Program administrators may not identify all misuse

Although A/OPCs reported regularly conducting transaction reviews to identify misuse, some

techniques may not identify all misuse. Less than half of the A/OPCs that we interviewed matched transactions with travel dates to identify potential misuse. Focusing only on atypical merchants may not identify lodging and airline tickets for personal travel. Limited roles for cardholder supervisors may also contribute to undetected misuse.

Only 24 of 50 A/OPCs match transactions with travel dates

Although 47 of 50 division- or office-level A/OPCs reported having access to travel dates contained in their agency’s travel management system, only 24 mentioned matching transactions to cardholders’ authorized travel dates to determine whether any purchases were made while the cardholders were not on official travel. Additionally, although U.S. Bank offered real-time online access to transaction information to all A/OPCs, only 16 of 50 mentioned using it, with 7 indicating a need for additional online capabilities in the travel card program. At the time of this evaluation, no automated approach existed for A/OPCs to accomplish a match of transactions to travel dates. Automation is particularly important given that over half of the A/OPCs we interviewed reported responsibility for reviewing the transactions for 50 or more cardholders. In addition, all but one of the interviewed A/OPCs indicated that the travel card program was not their only job duty. In fact, three-fourths of the responding A/OPCs indicated that they spent less than 10 percent of their time on the travel card program.

Efforts to detect atypical purchases may not identify all misuse

All 50 A/OPCs serving at the division or office level that we interviewed reported that transactions are reviewed on a monthly or more frequent basis. Some A/OPCs noted that their reviews involve identifying unusual merchants that “pop out,” with 28 of 50 stating that they look for personal purchases and 19 stating that they look for anything suspicious or atypical. Based on our results that found misuse at typical travel merchants, such as airlines and hotels, looking only for atypical merchants may not identify all misuse.

Cardholder supervisors reported limited roles in the travel card program

When asked to describe their involvement with the travel card program, 38 of 50 cardholder supervisors said that their role was minimal, limited to approving travel, or nothing. In fact, 9 of 50 cardholder supervisors reported that they did not know whether transaction reviews were being conducted, and seven did not know what A/OPCs were looking for while conducting the reviews. Finally, 18 cardholder supervisors reported that they rely on A/OPCs or administrative staff to consult various sources, including cardholders, to determine whether misuse occurred. This may not be the best approach given that five A/OPCs volunteered that questioning cardholders about potential misuse transactions can be difficult. “It’s touchy to approach people on these matters,” noted one A/OPC.

However, the 2005 ASAM memorandum to cardholder supervisors states the supervisors’ roles and responsibilities for the travel card program. The memorandum states that supervisors are responsible for consulting with employee and labor relations staff and taking appropriate action when misuse is identified. Employee and labor relations office staff collectively estimated that they receive about 150 notifications of travel card misuse each year. This figure would equate to less than 1 percent of travel card transactions in 2007. Only 8 of 50 cardholder supervisors volunteered that they would seek advice from their employee and labor relations office if faced with travel card misuse.

Less than one-third of sampled transactions that constituted misuse were associated with follow-up actions

A/OPCs for only 14 of the 48 sampled transactions that constituted misuse (5 of 14 transactions from the overall

sample and 9 of 34 from the sample of transactions that did not match electronic voucher data) reported that followup (e.g., verbal counseling, disciplinary action) occurred with the cardholder before we began fieldwork. For example, cardholders received no verbal counseling or disciplinary action for a \$283.65 hotel transaction for personal travel, a \$489.30 airline ticket for personal travel, and a \$502.50 cash advance not related to official travel. The A/OPC for this last transaction indicated that the cardholder’s supervisor was not aware of this cash advance at the time of our inquiry.

F I N D I N G S

We cannot definitively determine whether limited followup was due to the misuse not being identified (e.g., guidance did not clearly indicate that the transaction was misuse, review techniques failed to identify the misuse) or due to inaction on the part of the A/OPC or cardholder's supervisor in response to identified misuse. The fact that less than one-third of the sampled transactions that constituted misuse were associated with follow-up actions can be explained in part by deficiencies in the travel card program. These deficiencies include a lack of specific guidance, training that does not meet OMB requirements or users' needs, and review techniques that may not identify all misuse.

In 2007, 6 percent of the transactions overall and 27 percent of the transactions that did not match electronic voucher data constituted misuse. Travel card program guidance is lacking in some areas, and training does not meet OMB requirements. Furthermore, program administrators may not identify all misuse. Finally, less than one-third of the sampled transactions that constituted misuse were associated with follow-up actions. We recognize the need for program improvements while still maintaining flexibility, which is imperative given the diverse size and function of agencies within HHS. We also recognize that HHS transitioned to a new card-issuing bank in November 2008. Even so, the information in this report may prove valuable to improve the administration of the travel card program with the new bank.

Therefore, we recommend that ASAM:

Improve travel card program guidance

Topics could include: (1) specific examples of unallowable purchases with the travel card, including the six types of transactions identified in this report; (2) a departmental Table of Penalties that sets minimum and maximum guidelines on the actions to take for specific travel card misuses; and (3) instructions for reporting travel card misuse to employee and labor relations offices. In December 2008, after completion of our fieldwork, the Program Support Center sent an email directing travelers to the E-Gov Travel Web site. This Web site contains a “Travel Card Do’s & Don’ts for Employees” page addressing some aspects of guidance that this report identified as lacking.

Improve travel card program training

At a minimum, the frequency and documentation of the training must meet the requirements in Appendix B of OMB Circular A-123, and the training content should meet the users’ needs. Training topics could include: (1) specific examples of unallowable purchases with the travel card for cardholders and (2) procedures and communication strategies for A/OPCs and cardholder supervisors to identify and respond to misuse. In August 2008, after completion of our fieldwork, ASAM issued a memorandum to heads of operating and staff divisions regarding sources of training and documentation requirements.

R E C O M M E N D A T I O N S

Improve methods to identify misuse

These methods could include: (1) providing an automated data-matching program to compare dates of authorized travel to transaction dates and (2) communicating to A/OPCs and cardholder supervisors the availability of online access to transaction information.

AGENCY COMMENTS AND OFFICE OF INSPECTOR GENERAL RESPONSE

In its written comments to the report, ASAM accepted each of the three recommendations.

In response to the first recommendation, ASAM stated that it updated the HHS Travel Manual in May 2008, published a pamphlet entitled “Travel Card Do’s & Don’ts for Employees” in September 2008, and updated memoranda to cardholders and cardholder supervisors in February 2009. Additional actions are planned with employee and labor relations staff.

In response to the second recommendation, ASAM stated that it has coordinated with the Office of the Secretary and the General Services Administration to secure travel card training compliant with Appendix B of OMB Circular A-123 through HHS University. In addition, ASAM is developing a training tool to enhance A/OPC and cardholder supervisors’ understanding of HHS travel policy to be available in May 2009.

In response to the third recommendation, ASAM plans to develop an internal data mining tool in 2009 for all agencies to identify potential travel card misuse. The tool will compare dates of authorized travel to transaction dates and identify excessive cash advances, large purchases, and inappropriate merchant category codes. ASAM will oversee the use of the tool.

We did not make any changes to the report based on ASAM’s comments. The full text of ASAM’s comments on the draft report can be found in Appendix D.

Table A-1: Sampled Transactions by Agency

Agency	Population	Sampled Transactions	Population of Transactions That Did Not Match Electronic Voucher Data	Sampled Transactions That Did Not Match Electronic Voucher Data
Administration for Children & Families	18,458	16	1,608	3
Administration on Aging	1,422	0	156	0
Agency for Healthcare Research and Quality	1,079	1	239	1
Centers for Disease Control and Prevention	82,333	40	14,912	60
Centers for Medicare & Medicaid Services	35,230	20	2,992	13
Food and Drug Administration	49,188	29	6,089	49
Health Resources and Services Administration	12,038	9	1,919	7
Indian Health Service	55,768	38	11,525	20
National Institutes of Health	26,261	18	6,670	26
Office of the Secretary	56,383	46	6,230	30
Program Support Center	2,350	0	364	2
Substance Abuse & Mental Health Services Administration	5,931	3	800	2
Total	346,441	220	53,504	213

Source: Office of Inspector General analysis of U.S. Bank database of 2007 Department of Health and Human Services' travel card transactions, 2008.

▶ A P P E N D I X ~ B

Table B-1: Sampled Agency/Organization Program Coordinators by Agency

Agency	Number of Cardholders	Number of Primary A/OPCs	Number of Sampled Primary A/OPCs
Administration for Children & Families	958	23	2
Administration on Aging*	79	0	0
Agency for Healthcare Research and Quality*	154	0	0
Centers for Disease Control and Prevention	5,994	47	9
Centers for Medicare & Medicaid Services	2,596	4	3
Food and Drug Administration	6,757	50	10
Health Resources and Services Administration	1,055	20	2
Indian Health Service	3,111	76	5
National Institutes of Health	3,217	66	5
Office of the Secretary	8,333	78	12
Program Support Center	381	4	1
Substance Abuse & Mental Health Services Administration	335	2	1
Total	32,970	370	50

Source: Office of Inspector General analysis of U.S. Bank databases of Department of Health and Human Services' cardholders and Agency/Organization Program Coordinators (A/OPC), 2008.

*The Administration on Aging and the Agency for Healthcare Research and Quality have principal A/OPCs at the agency level but do not have any A/OPCs at the division or office level.

Table C-1: Point Estimates and Confidence Intervals

Finding	Point Estimate	Confidence Interval 95 Percent
Overall Sample of 2007 Travel Card Transactions		
Transactions that constituted misuse	6.4%	3.5%–10.5%
Transactions that constituted misuse because they were for personal purchases while the cardholder was not on official travel	4.1%	1.9%–7.6%
Transactions that constituted misuse because they were for personal purchases while the cardholder was on official travel	1.0%	0.1%–3.3%
Transactions that constituted misuse because they were for local travel expenses	1.4%	0.3%–3.9%
Sample of 2007 Travel Card Transactions That Did Not Match Electronic Voucher Data		
Transactions that constituted misuse	26.7%	19.1%–35.9%
Dollar amount of transactions that constituted misuse	\$1.4 million	\$0.8 million–\$1.9 million
Average dollar amount of transactions that constituted misuse	\$97.30	\$66.31–\$128.30
Transactions that constituted misuse because they were for personal purchases	21.3%	14.4%–30.3%
Transactions that constituted misuse because they were for local travel expenses	2.1%	0.5%–8.0%
Transactions that constituted misuse because they were for conference registration	2.1%	0.1%–6.0%
Transactions that constituted misuse because they were for travel-related expenses of persons other than the cardholders	1.2%	0.2%–6.4%

Source: Office of Inspector General analysis of agency/organization program coordinators' responses to transaction inquiries, 2008.



DEPARTMENT OF HEALTH & HUMAN SERVICES

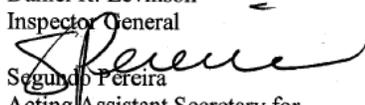
Office of the Secretary

Washington, D.C. 20201

MAR 26 2009

MEMORANDUM

To: Daniel R. Levinson
Inspector General

From: 
Segundo Pereira
Acting Assistant Secretary for
Administration and Management

Subject: OIG Draft Report: "HHS Employee Travel Cards: Usage and Internal Controls," OEI-07-07-00480

Thank you for providing me the opportunity to comment on your preliminary report of HHS employees' travel card usage and internal controls.

The report's findings that 6 percent (14 of 220 sampled travel card transactions) constituted misuse and its reference that a 2003 Government Accountability Office (GAO) report found 71 of 430 sampled transactions were unauthorized do indicate a need to continue strengthening our controls and monitoring more closely employee travel card usage. Your recommendations to "improve travel card program guidance and travel card program training, as well as improve methods used to identify misuse" are accepted.

The report first recommends the ASAM improve travel card program guidance by providing examples of unallowable travel card purchases, by establishing a departmental Table of Penalties for specific travel card misuse and by providing instructions for reporting travel card misuse to employee and labor relations offices. Since 2007, the ASAM's Office of Travel Policy and Programs (TPP) has moved aggressively to enhance travel card program guidance by promulgating a new HHS Travel Manual (May 2008), a pamphlet entitled "Travel Card Do's & Don'ts for Employees" (September 2008) and an update to the 2005 ASAM memoranda to cardholders and cardholder supervisors mentioned in your report (February 2009). While these actions address a majority of the report's recommendations, additional actions are planned with appropriate agency personnel, i.e., employee and labor relations, to implement all recommendations.

The report also recommends the ASAM improve travel card program training to meet the frequency and documentation requirements of Appendix B of OMB Circular A-123 and that training content should meet the users' needs. During 2008, the Office of the Secretary and the HHS University (HHSU) collaborated with the General Services Administration (GSA) to secure

Daniel R. Levinson
Page 2

Section 508 compliance for their travel card training courses. These courses are now available through HHSU. According to GSA, these courses meet the requirements as contained in the A-123 Appendix B. Additionally, TPP is developing a training tool to enhance program coordinators' and approving officials' understanding of HHS Travel Policy. This tool should be available in May 2009.

The report's final recommendation, that the ASAM improve methods to identify misuse, coincides with actions already being undertaken by the TPP and the HHS Program Support Center (PSC). Planned activities during calendar year 2009 include department-wide implementation of VISA's IntelliLink to report on and analyze travel card transactions by setting rules for tracking certain transaction types and identifying transactions that may need further investigation. In tandem with IntelliLink, TPP and the PSC are developing an internal data mining tool that will compare dates of authorized travel to transaction dates as well as the lack of travel card transactions during dates of authorized travel. This tool is expected to monitor for excesses in ATM use, inappropriate Merchant Category Codes, large purchases and other potential misuses of the travel card on a monthly basis as well as extended periods of time to identify repeat offenders. This robust tool will be made available to all OPDIVs and STAFFDIVs, and the TPP will conduct oversight of its use.

If you have any questions, please have your staff contact Paul Hoffmann, Director of Travel Programs and Policy, OS/ASAM, at (202) 690-7960 or paul.hoffmann@hhs.gov.



A C K N O W L E D G M E N T S

This report was prepared under the direction of Brian T. Pattison, Regional Inspector General for Evaluation and Inspections in the Kansas City regional office.

Tricia Fields served as the team leader for this study. Other principal Office of Evaluation and Inspections staff from the Kansas City regional office who contributed to the report include Rae Bozworth, Julie Dusold, Lt. Mike Garner, and Dennis Tharp; central office staff who contributed include Robert Gibbons and Scott Manley.