

GAO

Report to the Chairman, Subcommittee
on Oversight and Investigations,
Committee on Energy and Commerce,
House of Representatives

February 2003

DEPARTMENT OF
HEALTH AND
HUMAN SERVICES

Controls over Travel
Program Are
Generally Effective,
but Some
Improvements Are
Needed



G A O

Accountability * Integrity * Reliability



Highlights of [GAO-03-334](#), a report to the Chairman, Subcommittee on Oversight and Investigations, Committee on Energy and Commerce, House of Representatives

Why GAO Did This Study

By their nature, determining and paying allowable travel costs pose substantial risk, making effective internal control crucial. Because of this and weaknesses in internal control identified in the GAO review of travel card usage at the Department of Defense, GAO was requested to review the Department of Health and Human Services' (HHS) travel program. GAO assessed whether HHS's process for monitoring travel charge cards helps minimize delinquencies, write-offs, and unauthorized use. GAO also assessed whether controls over travel voucher processing help ensure proper reimbursements. GAO tested a statistical sample of travel card transactions at each of five HHS component agencies to determine if they were for authorized purposes. GAO also reviewed related travel vouchers to determine if reimbursement amounts were proper.

What GAO Recommends

GAO recommends that HHS require component agencies to

- periodically test a sample of travel card transactions to identify unauthorized travel card charges and
- reinforce the requirement that voucher processing staff/reviewers check vouchers for proper per diem amounts and amounts credited on hotel bills and obtain and retain the necessary receipts.

HHS concurred with our recommendations and stated that it is working to implement them.

www.gao.gov/cgi-bin/getrpt?GAO-03-334.

To view the full report, including the scope and methodology, click on the link above. For more information, contact Linda Calbom at (202) 512-9508 or calboml@gao.gov.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

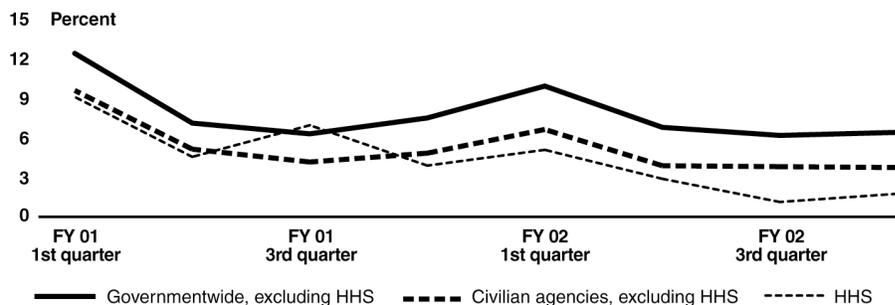
Controls over Travel Program Are Generally Effective, but Some Improvements Are Needed

What GAO Found

HHS's process for monitoring its travel card program, which includes reviewing bank reports to identify delinquent cardholders, effectively minimized delinquencies and write-offs. However, some unauthorized use of the travel card still occurred.

As shown below, HHS delinquency rates were lower than governmentwide rates for most of 2001 and declined further in 2002. Also, HHS's .29 percent write-off rate—the amount of unpaid travel card charges written off as a percentage of total travel charges—was slightly lower than the governmentwide rate of .44 percent.

HHS Delinquency Rates for Fiscal Years 2001 and 2002 Compared to Governmentwide Rates



Source: General Services Administration data.

HHS has not always identified or prevented unauthorized travel card use because its monitoring of travel card use focuses mainly on delinquencies. GAO estimated that unauthorized travel card transactions for fiscal year 2001 ranged from about 7 percent at one HHS component agency to about 22 percent at another. Examples of unauthorized charges included personal charges for meals and automated teller machine withdrawals. While unauthorized use had minimal negative monetary effect because the majority of cardholders who made these charges paid their travel card bills timely, left unchecked, such use could lead to increased delinquencies and write-offs.

GAO also found weaknesses in voucher processing, inadequate review of vouchers, and poor record retention, resulting in some employees being reimbursed for more than allowable expenses and for amounts not properly supported. The excess reimbursement ranged from about \$2 on one voucher to about \$250 on another. While these amounts alone are insignificant and relate to only a small percentage of travel reimbursements for fiscal year 2001, excess reimbursements reduce the amount of available travel funds. Further, vouchers that are not supported by related receipts make it difficult to determine if the reimbursement amounts are proper.

Contents

Letter

Results in Brief	1
Background	2
Scope and Methodology	3
HHS Travel Card Monitoring Process Has Effectively Minimized Delinquencies and Write-offs, but Some Unauthorized Use Still Occurs	7
Controls over Travel Voucher Processing Could Be Improved	9
Conclusions	18
Recommendations for Executive Action	20
Agency Comments and Our Evaluation	21

Appendixes

Appendix I: Objectives, Scope, and Methodology	23
Appendix II: Comments from the Department of Health and Human Services	27
Appendix III: GAO Contact and Staff Acknowledgments	30

Tables

Table 1: Fiscal Year 2001 Travel Card Activity at HHS Component Agencies Selected for Review	7
Table 2: Write-offs of Travel Card Charges	11
Table 3: Estimate of Unauthorized Fiscal Year 2001 Travel Card Transactions	15
Table 4: Number and Category of Unauthorized Travel Card Transactions	15
Table 5: Estimate of Travel Vouchers Related to Fiscal Year 2001 Travel Card Transactions That Were in Excess of Proper Travel Expenses or Were Not Properly Supported	19
Table 6: Number of Travel Vouchers Related to Fiscal Year 2001 Travel Card Transactions That Were in Excess of Proper Travel Expenses or Were Not Properly Supported	19
Table 7: Fiscal Year 2001 Travel Card Activity at HHS Component Agencies Selected for Review	23
Table 8: Estimates of Fiscal Year 2001 Unauthorized Travel Card Transactions	25
Table 9: Summary of Cardholders with Unauthorized Transactions Who Had Their Accounts Written Off during Fiscal Year 2001	25

Table 10: Estimates of Travel Vouchers Relating to Fiscal Year 2001 Travel Card Transactions That Were Not Properly Supported or Were Overstated	26
--	----

Figure

Figure 1: HHS Travel Card Delinquency Rates for Fiscal Years 2001 and 2002 Compared to Governmentwide Rates	10
--	----

Abbreviations

ATM	automated teller machine
CMS	Centers for Medicare and Medicaid Services
FDA	Food and Drug Administration
GSA	General Services Administration
HHS	Department of Health and Human Services
IHS	Indian Health Service
NIH	National Institutes of Health
OMB	Office of Management and Budget
OS	Office of the Secretary

This is a work of the U.S. Government and is not subject to copyright protection in the United States. It may be reproduced and distributed in its entirety without further permission from GAO. It may contain copyrighted graphics, images or other materials. Permission from the copyright holder may be necessary should you wish to reproduce copyrighted materials separately from GAO's product.



United States General Accounting Office
Washington, D.C. 20548

February 21, 2003

The Honorable James Greenwood
Chairman
Subcommittee on Oversight and Investigations
Committee on Energy and Commerce
House of Representatives

Dear Mr. Chairman:

The Department of Health and Human Services (HHS), like other federal agencies, issues travel cards to personnel for expenses related to official government travel. The travel card program is intended to improve convenience for the traveler and to reduce the government's administrative costs. By their nature, determining and paying allowable travel costs pose substantial risk, making effective internal control crucial. Because of this and weaknesses identified in our reviews of travel card usage at the Department of Defense,¹ you asked us to review HHS's travel program. Specifically, you requested that we determine whether (1) HHS has an effective process for monitoring its travel card program to minimize delinquency rates, write-offs, and unauthorized use of the card and (2) HHS's controls over travel voucher processing are effective in helping ensure that travelers are not receiving reimbursements in excess of proper travel expenses. This report provides the results of our review of travel card use at five HHS component agencies for fiscal year 2001.

¹U.S. General Accounting Office, *Travel Cards: Control Weaknesses Leave Army Vulnerable to Potential Fraud and Abuse*, [GAO-02-863T](#) (Washington, D.C.: July 17, 2002); *Travel Cards: Control Weaknesses Leave Navy Vulnerable to Fraud and Abuse*, [GAO-03-148T](#) (Washington, D.C.: Oct. 8, 2002); and *Travel Cards: Control Weaknesses Leave Army Vulnerable to Potential Fraud and Abuse*, [GAO-03-169](#) (Washington, D.C.: Oct. 11, 2002).

Results in Brief

HHS's process for monitoring its travel card program has been effective in minimizing delinquencies and write-offs. HHS's travel card delinquency rates were lower than the governmentwide rates in fiscal years 2001 and 2002. For example, in December 2001, the governmentwide rate was 12.6 percent, compared to HHS's rate of 9.3 percent, and in August 2002, the governmentwide rate was 6.6 percent, while HHS's rate had declined sharply to 1.9 percent. Similarly, HHS's write-off rate—the amount of unpaid travel card charges written off as a percentage of total travel card charges—was slightly lower than the governmentwide rate. The HHS travel card write-off rate was .29 percent as compared to the governmentwide rate, which was .44 percent.²

We attribute HHS's better-than-average performance to its monitoring process, which includes reviews of monthly bank reports by program coordinators to identify delinquent cardholders and actions such as contacting the cardholders and their supervisors to inform the cardholders that they need to pay their travel card bills. The low delinquency and write-off rates can also be attributed to workforce demographics. HHS employees whose jobs require travel tend to be higher paid and have many years of work experience making them more likely to pay their bills on time.

While HHS's monitoring efforts help keep delinquencies and write-offs lower than other federal agencies, the efforts have not always identified or prevented unauthorized use of the card. We found instances of unauthorized travel card use at each of the five component agencies we reviewed. The percentage of unauthorized transactions ranged from 7 percent at one component to 22 percent at another.³ Examples of unauthorized use included (1) personal charges for meals and automated teller machine (ATM) withdrawals, (2) charges that were for business-related purposes, but still unauthorized, such as parking for local meetings, and (3) charges for which the component agencies did not provide us with documentation supporting that the transactions were related to official government travel. When employees are issued travel cards, they sign agreements that they will use the travel cards only for authorized official

²The amount of write-offs is for the period from the inception of the current travel card contract in November 1998 through August 2002. The total amount of travel card charges is for all of fiscal years 1999-2001 and fiscal year 2002 through August.

³See app. I for confidence intervals associated with these estimates.

government travel expenses. The cases of unauthorized use we identified had minimal negative effect because the majority of the cardholders who made these charges paid their travel card bills on time. At the same time, using the travel card for unauthorized purposes violates the *Federal Travel Regulation*, and, left unchecked, could lead to increased delinquencies and write-offs in the future.

Our review also determined that weaknesses in HHS controls over travel voucher processing at five component agencies resulted in some employees being reimbursed for amounts that were not correct or not properly supported, mainly because of inadequate review of travel vouchers and poor record retention. The most common errors that we identified were reimbursement for (1) per diem in excess of authorized amounts and (2) items such as telephone calls and hotel taxes that the hotel charged to the traveler, and then credited to the traveler's account. We found such errors in 20 of the 349 vouchers we reviewed. The amount of excess reimbursements we identified ranged from about \$2 on one voucher to over \$250 on another. While these amounts alone are insignificant, they relate to only a small percentage of travel reimbursements for fiscal year 2001, and if extrapolated to all travel reimbursements, the amounts could be significant. Excess amounts reimbursed reduce the amount of travel funds available during the year for other mission-related activities requiring travel. In addition, we could not determine the validity of reimbursements for 14 of the 349 vouchers because the component agencies did not maintain adequate supporting documentation. Therefore, neither they nor we can determine if the travel voucher reimbursements are proper.

This report makes recommendations that, if fully implemented, will help HHS to reduce unauthorized and personal use of travel cards and help ensure that travelers are not receiving reimbursements in excess of proper travel expenses. HHS concurred with our recommendations and stated that it is working to implement them. HHS's written comments and separate technical comments are evaluated in the "Agency Comments and Our Evaluation" section near the end of our report.

Background

HHS is the U.S. government's principal agency for protecting the health of all Americans and providing essential human services. To help fulfill its mission, HHS requires many of its employees to travel throughout the country, and the world, to inspect food and drug manufacturers, administer Medicare and Medicaid programs, attend conferences, and perform other

functions in furthering its mission. Federal regulations require most HHS employees who travel to use the government travel card—a type of charge card—for all official travel-related expenses. The federal government’s travel card program is significantly different from its purchase card program in that the cardholder is directly responsible for all charges incurred on his or her travel card account and the monthly bill is sent to the cardholder for payment. The cardholder is responsible for submitting a properly documented travel voucher and is reimbursed by HHS for all valid expenses related to official government travel. In contrast, all purchase card charges are billed directly to the government for payment.

Travel Cards

In 1983, the General Services Administration (GSA) awarded a governmentwide master contract with a private company to provide government-sponsored, contractor-issued travel cards to federal employees to be used to pay for costs incurred on official government travel. The intent of the travel card program was to improve convenience for the traveler and to reduce the government’s cost of administering travel by reducing the need for cash advances to the traveler and the administrative workload associated with processing and reconciling travel advances. Under the current GSA master contract, HHS entered into a task order with U.S. Bank to provide travel card services.

The Travel and Transportation Reform Act of 1998 (P.L. 105-264) expanded the use of government travel cards by mandating the use of the cards for all official travel expenses unless specifically exempted. The act is intended to further reduce the overall cost of travel to the federal government through reduced administrative costs and by taking advantage of rebates from the travel card contractor based on the volume of transactions incurred using the card and on cardholders paying their monthly travel card bills on time. To help cardholders pay their monthly bills on time, the act also requires that agencies reimburse cardholders for proper travel claims within 30 days of submission of proper travel vouchers. Further, the act allows, but does not require, agencies to offset a cardholder’s pay for amounts the cardholder owes to the travel card contractor as a result of travel card delinquencies not disputed by the cardholder. As required by the act, GSA incorporated its requirements into the *Federal Travel Regulation*, which governs travel and transportation and relocation allowances for all federal government employees, including overall policies and procedures governing the use of government travel cards. Agencies are required to follow the requirements of GSA’s *Federal Travel*

Regulation, but can augment these with their own implementing regulations.

In accordance with the act, HHS employees are required to use the travel card for official travel expenses, including cash advances through ATM machines. Travelers do not have to use their travel cards for laundry and dry cleaning, parking, taxi, tips, meals when the use of the card is not practical, and in cases where the vendor does not accept the card. The travel card is not to be used for personal purchases or ATM withdrawals unrelated to official travel. In fiscal year 2001, HHS had almost 40,000 individually billed travel card accounts and about \$73.4 million in related travel card charges.

Travel cardholders are responsible for paying their travel card bills upon receipt of their monthly statements. The bank may suspend an account if payment for any undisputed principal amount is not received within 60 calendar days from the closing date on the statement on which the unpaid charge first appeared. Suspension means the cardholder will be unable to use the travel card until the bank receives payment. The bank may cancel an account if (1) the account has been suspended twice during a 12-month period for nonpayment of undisputed principal amounts and is past due again with payment not received within 45 calendar days from the closing date on the billing statement in which the charge first appeared or (2) the account is 126 days past due from the closing date on the billing statement in which the unpaid charge first appeared. When the card is canceled due to nonpayment, the bank may report the delinquency to credit bureaus and refer the account to collection agencies. If an account becomes 180 days past due, the bank can write off the account.

HHS component agencies receive quarterly rebates from U.S. Bank based on the volume of transactions incurred using the card and on cardholders paying their monthly travel card bills on time. The rebate amount is reduced if significant numbers of cardholders do not pay their bills on time.

Each of the component agencies has program coordinators⁴ who are responsible for the travel card program in their offices. We were told that individuals were given this responsibility as a collateral duty, in addition to other travel-related or administrative duties.⁵ The program coordinators monitor travel card usage, serve as focal points for answering questions, submit travel card applications to the bank on behalf of the travelers, issue travel cards, and retrieve the cards from employees when they leave HHS. Program coordinators told us they monitor travel card usage by reviewing monthly reports from U.S. Bank, mainly to identify delinquent cardholders. Once the delinquent cardholders are identified, the program coordinators told us that they contact the cardholders and their supervisors to take action to get the bills paid.

Travel Process

Each of the five component agencies we reviewed has its own travel process and system, although they all operate similarly. In most cases, travel orders and travel vouchers are prepared and approved electronically. When a cardholder is required to travel for official government purposes, either administrative staff or the traveler prepares a travel order by entering travel information in the component agency's automated travel system. The information entered includes duration and points of travel, amounts of per diem and ATM advances authorized, and mode of travel. The travel order is then automatically routed to the appropriate authorizing official(s) for approval.

Within 5 working days of return, the traveler is required to submit a voucher claiming allowable expenses incurred while on travel. The traveler (or the agency's administrative staff) prepares a travel voucher, which includes an itemized list of travel expenses. The automated system routes the travel voucher to one or more persons for approval. The final approving official, depending on the component agency, may be the traveler's supervisor or a staff member in the travel/financial management office. The approving official is to ensure proper receipts are attached, per diem rates are correct, and expenses are properly claimed.

⁴Program coordinators are also called travel card coordinators, agency/organization program coordinators, and agency points of contact.

⁵As we discuss later in this report, Centers for Medicare and Medicaid Services staff members told us that they have recently designated a staff member to work full-time on travel card monitoring.

The voucher is then routed to the payment office for reimbursement to the traveler. Some vouchers are selected for audit either before or after payment is made, depending on the component agency. These audits are to consist of a complete, thorough review of the voucher, including verifying that (1) correct per diem rates were used, (2) applicable receipts are attached and the amounts claimed on the voucher are supported by the receipts, (3) all other expenses are properly claimed, and (4) calculations are correct. The vouchers selected for audit include (1) all vouchers for senior executive staff and political appointees, (2) all vouchers over \$1,500 or \$2,500, depending on the component agency, (3) all relocation vouchers, and (4) a sample of the remaining vouchers. In accordance with the Travel and Transportation Reform Act of 1998 and implementing federal regulations, HHS has 30 days after the traveler submits a proper travel voucher to reimburse the traveler.

Scope and Methodology

We selected five HHS component agencies for review based on the amount of travel card activity and delinquency rates in fiscal year 2001. Table 1 shows the amounts of travel card activity for these component agencies in fiscal year 2001. These five component agencies, which incurred approximately 370,000 transactions in the amount of \$48.8 million, covered nearly 70 percent of HHS's travel card activity in fiscal year 2001.

Table 1: Fiscal Year 2001 Travel Card Activity at HHS Component Agencies Selected for Review

Component agency	Number of travel card transactions	Dollar value of transactions
Centers for Medicare and Medicaid Services (CMS)	68,248	\$9.0 million
Food and Drug Administration (FDA)	83,552	14.2 million
Indian Health Service (IHS)	99,167	7.6 million
National Institutes of Health (NIH)	43,173	7.6 million
Office of the Secretary (OS)	75,700	10.4 million

Source: U.S. Bank data provided by HHS.

To determine whether HHS has an effective process for monitoring its travel card program to minimize delinquency rates, write-offs, and unauthorized use of the card, we obtained an understanding of the travel card program, both departmentwide and for the five individual component

agencies. We interviewed HHS staff and officials and reviewed HHS's departmentwide and individual component agencies' policies and procedures to identify procedures for monitoring their travel card programs. We also obtained data from GSA on delinquency rates and write-offs and compared HHS to other federal agencies. We did not assess the reliability of the GSA data.

To determine the extent of unauthorized use of travel cards during fiscal year 2001, we tested a statistical sample of travel card transactions from each of the five component agencies. To select the sample, we obtained (1) a database of HHS travel card transactions for fiscal year 2001 from U.S. Bank, the contractor that administers the HHS travel card program, and (2) lists of fiscal year 2001 travel orders and vouchers from the five component agencies. From the U.S. Bank data, we selected random samples of travel card transactions for each of the five component agencies. Using the list of travel orders and vouchers and information about each travel card transaction (i.e., date of transaction, location of merchant, etc.), we determined whether the selected transactions were for expenses of official travel. We also used information provided by the component agencies about individual transactions to determine whether they were authorized. Using the U.S. Bank data, we determined whether those cardholders who used their travel cards for unauthorized purposes paid their bills timely.

To determine whether controls over travel voucher processing are effective in helping ensure that travelers are not receiving reimbursements in excess of proper travel expenses, we identified the travel voucher covering each of the transactions in our statistical sample and tested whether the reimbursement amount was proper. For each voucher in the sample, we verified that correct per diem rates were used, verified that ATM cash withdrawal fees were calculated correctly, determined if the necessary receipts were attached and the correct amounts were claimed on the voucher, and verified that the calculations on the voucher were accurate.

Appendix I provides further detail on our scope and methodology. We conducted our work from May 2002 through November 2002 in accordance with generally accepted government auditing standards. We requested comments on a draft of this report from the Secretary of Health and Human Services or his designee. We received written comments as well as separate technical comments which we have considered and incorporated into our report as appropriate. We have reprinted the written comments in appendix II.

HHS Travel Card Monitoring Process Has Effectively Minimized Delinquencies and Write-offs, but Some Unauthorized Use Still Occurs

Two key indicators of how well agencies monitor their travel card programs are delinquency rates⁶ and write-off rates.⁷ For the past 2 years, HHS's delinquency rates and write-off rates have been lower than the governmentwide rates. HHS's lower delinquency and write-off rates indicate that its monitoring process is effective, but also can be attributed to demographics of the workforce. Travel card program coordinators monitor monthly bank reports to identify delinquent cardholders and follow up with them to get their bills paid. However, because the monitoring efforts focus primarily on delinquencies, some unauthorized use goes undetected. We found unauthorized transactions such as charges for personal meals and charges for business-related purposes that should not have been paid for with the travel card. In assessing the impact that unauthorized use had on the travel card program, we determined that the majority of the employees responsible for the unauthorized use paid their bills timely, thus having minimal effect on the rebate amount. However, when employees use their travel cards for unauthorized purposes, it increases the risk that they could become delinquent and have their accounts written off, thus reducing the agency's future rebates.

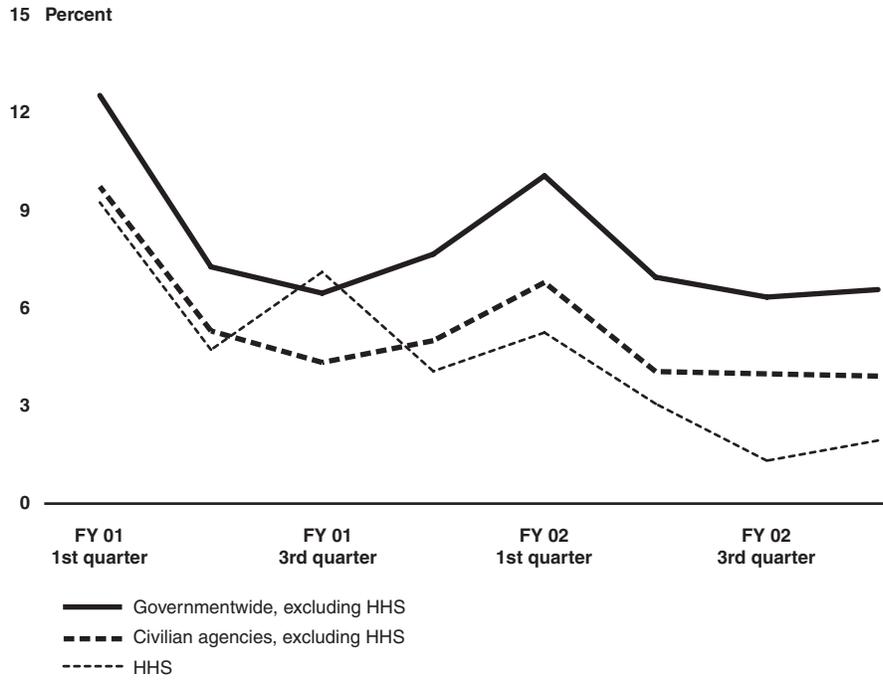
Monitoring Process Is Generally Effective

Travel card program coordinators monitor monthly bank reports to identify delinquent cardholders. According to the program coordinators, when they identify these cardholders, they take action, such as contacting the cardholders and their supervisors to inform them that they need to pay their travel card bills so that the delinquencies do not continue. These procedures have been effective in minimizing HHS's delinquency rates and write-off amounts. At the end of fiscal year 2001, HHS's delinquency rate was lower than the governmentwide rate. Figure 1 shows HHS's delinquency rates for fiscal years 2001 and 2002 (through August) compared to the governmentwide rates, excluding HHS, and to the rates of other civilian agencies, excluding HHS.

⁶An account is delinquent when it has a balance outstanding for 61 or more days. The delinquency rate is the percentage of the travel card balances outstanding for 61 or more days. Under the terms of the cardholder's agreement with U.S. Bank, payment of the travel card statement is due to U.S. Bank upon receipt.

⁷The write-off rate is the total amount of unpaid travel card charges written off as a percentage of total travel card charges.

Figure 1: HHS Travel Card Delinquency Rates for Fiscal Years 2001 and 2002 Compared to Governmentwide Rates



Source: GSA data.

Paying travel card bills on time and, thus, maintaining low delinquency and write-off rates is important to the travel card program because banks that administer the program offer agencies incentives in the form of rebates. The GSA master contract requires the banks to pay a quarterly rebate to agencies and GSA related to card usage. The rebate to the agency is reduced, or eliminated, if significant numbers of an agency's cardholders do not make timely payments. Because the vast majority of HHS cardholders pay their bills on time, write-offs as a percentage of total travel card charges were lower than the governmentwide write-offs. Table 2 shows a comparison, based on the best available data, of the amount and percentage of write-offs since inception of the travel card contract on November 30, 1998, through August 2002 to total charges over a similar period for HHS, governmentwide excluding HHS, and other civilian agencies excluding HHS.⁸

Table 2: Write-offs of Travel Card Charges

Agency	Cumulative (fiscal years 1999 through 2002)		
	Travel card write-offs ^a	Travel card charges ^b	Write-offs as a percentage of charges
HHS	\$885,534	\$307,709,183	.288%
Governmentwide, excluding HHS	79,732,485	18,066,158,852	.441%
Civilian agencies, excluding HHS	18,172,713	5,976,032,608	.304%

Source: GSA data.

^aAmount of write-offs since inception of the travel card program in November 1998.

^bAmount of travel card charges for fiscal years 1999 through 2002 (as of August).

The monitoring process that HHS has in place for its travel card program has helped it achieve better-than-average travel card performance. HHS designates program coordinators to monitor the travel card program in each HHS component agency and take corrective or disciplinary action when necessary. Each month, U.S. Bank sends reports to the department

⁸Governmentwide is defined as the 24 Chief Financial Officers Act agencies. However, the amounts of travel card charges for the Agency for International Development and the Office of Personnel Management were not available for fiscal year 1999, and Department of the Interior data were not available for fiscal year 2000 and Interior's fiscal year 2001 and 2002 amounts included amounts for some purchase card charges. We used cumulative write-off amounts because they were the best available data.

and to the component agencies. These reports contain information on delinquencies and details on each cardholder's travel card usage. The department's Office of Financial Policy also sends a monthly report that it prepares based on U.S. Bank data to each of the component agency program coordinators, which summarizes data on delinquencies and write-offs. The Office of Financial Policy includes messages with these reports reminding each component agency about the need to monitor the travel card program effectively. Program coordinators told us they routinely review the U.S. Bank reports to identify delinquent cardholders, and during this review, they may also identify unauthorized charges. One program coordinator told us he specifically looks for potential unauthorized or personal use by all cardholders by checking the location where transactions occurred (to detect purchases in the local area where employees work) and the name of merchants where transactions occurred. However, others only focused on delinquent cardholders.

Program coordinators issue messages to all staff reminding them of their responsibility to pay their travel card bills on time and that the card is to be used only for authorized expenses related to official travel. In addition, U.S. Bank staff, departmental staff, and component agency program coordinators participate in monthly conference calls to discuss issues related to travel card policy and identify areas where additional monitoring may be needed.

As monitoring procedures have identified agency- or employee-specific problems, component agencies have implemented corrective or disciplinary actions to address the problems. For example, at the beginning of fiscal year 2002, IHS limited ATM withdrawals to \$60 per day not to exceed \$360 per week, from the prior limits of \$300 per day not to exceed \$600 per week. It also lowered the credit limit for most of its cardholders to \$3,500 per month. The limits had been as high as \$15,000. In addition, the IHS program coordinator sends letters to cardholders, their supervisors, and unit managers containing specific details of the problems and actions that can or will be taken. These additional controls may have contributed to the decrease in IHS's delinquency rate from almost 11 percent at the end of fiscal year 2001 to 3.8 percent in August 2002.

CMS staff members told us of recent actions taken by CMS related to its travel card program. CMS has designated a staff member to work full-time on monitoring travel card use and delinquencies. They also told us that CMS lowered the travel card monthly purchase limits to \$7,500 from prior limits that were as high as \$25,000.

HHS component agencies have also taken disciplinary action against cardholders who become delinquent and in danger of having their accounts canceled or written off and who use their travel cards for unauthorized purposes. These actions range from verbally reprimanding employees to canceling travel card accounts. Specific examples are discussed in the next section.

In addition to monitoring travel cards and taking action when problems arise, HHS staff members responsible for the travel card program told us that low delinquency and write-off rates can also be attributed to the demographics of its workforce. They told us that most HHS employees in the component agencies we reviewed whose jobs require travel tend to be mid- to higher-level workers who have many years of work experience and higher rates of pay. An exception is IHS, which had the highest delinquency rates of the five component divisions we reviewed.⁹ According to IHS officials, its traveling workforce tends to be less experienced and lower paid than employees in the other component agencies. We found similar circumstances during our review of travel at the Army.¹⁰ We reported that most of the cardholders responsible for the Army's high delinquency and write-off rates were young, low- and mid-level enlisted military personnel with relatively low incomes and little experience in handling personal finances.

HHS continues developing plans to implement more controls over its travel card program. In June 2002, HHS established a remedial action plan for its travel card program in response to the Office of Management and Budget's (OMB) request that all federal agencies develop remedial action plans to ensure the integrity of their travel card programs. In its plan, HHS listed some other controls it is implementing HHS-wide, including the following:

- Adjusting spending limits—HHS will work with U.S. Bank to review spending patterns of cardholders and to establish criteria for lowering authorized spending limits.

⁹According to U.S. Bank data provided by HHS, at the end of fiscal year 2001, IHS's delinquency rate was 11.6 percent while the rates for CMS, FDA, NIH, and OS ranged from 1.3 percent to 3.5 percent. Similarly, in August 2002, IHS's delinquency rate was 3.8 percent and the other four component agency rates ranged from 1.5 percent to 2.9 percent.

¹⁰[GAO-03-169](#).

-
- Putting a message on billing statements—HHS will work with U.S. Bank to use the billing statement message space to remind cardholders to file timely vouchers and pay travel card bills on time.
 - Canceling cards that are used infrequently—Departmental management will ask component agencies to consider deactivation, or cancellation, of infrequently used travel cards.

HHS has also established a goal for further reducing its delinquencies. In its letter to OMB, HHS noted that although it recognizes that there will always be some delinquencies, the department has established a goal of reducing its delinquency rate to 1 percent or less by September 30, 2003. We agree that the delinquency rate should be minimal because the program is designed so that employees receive reimbursement for their travel expenses, which they are to use to pay their travel card bills. Implementing its planned actions and continuing its monitoring efforts will be key to HHS achieving this goal.

Despite Monitoring Efforts, Unauthorized Use Still Occurs

Federal regulations, HHS policies, and the agreement a cardholder signs with U.S. Bank when obtaining a travel card all state that the travel card may be used only for official travel-related expenses. For each of the five component agencies, we tested a random sample of 86 fiscal year 2001 travel card transactions (for a total of 430 transactions) to determine whether the transactions were for authorized purposes related to official government travel. At each of the five HHS components we reviewed, we found transactions that we characterized as unauthorized, either because we determined that they were for personal use or the component agencies were unable to provide approved travel orders or other documentation to demonstrate that the transactions were official travel expenses. Table 3 shows the estimate of unauthorized fiscal year 2001 travel card transactions.¹¹

¹¹For comparison, the estimate of the percentage of unauthorized use at four Army sites we reviewed and reported on earlier this year ranged from 15 percent at one site to 45 percent (at a 95 percent confidence level) at another site. At three Navy sites we reviewed and reported on, the estimate of unauthorized use ranged from 7 percent to over 26 percent (at a 95 percent confidence level).

Table 3: Estimate of Unauthorized Fiscal Year 2001 Travel Card Transactions

Component agency	Estimates of the percentage of unauthorized travel card transactions ^a
CMS	17
FDA	17
IHS	22
NIH	19
OS	7

Source: GAO analysis.

^aSee app. I for confidence intervals associated with these estimates.

Unauthorized transactions we identified that were for personal use included charges for lodging, meals, and ATM withdrawals unrelated to official government travel. In some of these cases, cardholders indicated that they inadvertently used the travel card, rather than their personal credit card. For other transactions, the component agency provided documentation, such as a local travel voucher, that indicated the transaction was business related but was unauthorized. Table 4 shows the number of the unauthorized transactions (out of the 86 tested at each component agency) we identified in the following categories: (1) personal, (2) business related but unauthorized, and (3) charges for which the component agencies did not provide us with adequate documentation to make such a determination.

Table 4: Number and Category of Unauthorized Travel Card Transactions

Component agency	Category of unauthorized use			Totals
	Personal use	Business related	Inadequate support	
CMS	1	2	12	15
FDA	1	1	13	15
IHS	14	0	5	19
NIH	10	4	2	16
OS	3	1	2	6
Total	29	8	34	71

Source: GAO analysis.

IHS had the marginally highest rate of unauthorized use, 19 of the 86 sampled transactions. We estimate that 22 percent¹² of IHS travel card transactions for fiscal year 2001 were for unauthorized purposes. Most of the IHS unauthorized use was for personal purchases, such as gas and ATM charges, or purchases made while on local travel. In one of these cases, IHS told us that the employee was terminated in October 2001 for misuse of his travel card. In another case, IHS told us the card had been canceled, and in a third case, the employee had received a verbal reprimand for the personal transaction. In other cases, IHS told us the matter was referred to the cardholder's administrative officer to determine action.

At NIH, we found that 16 of the 86 sampled transactions we reviewed were considered unauthorized use of the travel card. We estimate that 19 percent¹³ of the NIH travel card transactions for fiscal year 2001 were used for unauthorized purposes. Ten of the 16 unauthorized transactions were for personal charges, including a charge at The Sports Authority. Four of the 16 were for business-related purposes, such as using the card for parking and registration fees for local meetings. This may indicate that some cardholders are not aware that these types of charges are unauthorized.

At CMS and FDA, we estimate that 17 percent¹⁴ of travel card transactions for fiscal year 2001 at each component were for unauthorized purposes. These instances of unauthorized use mainly represent transactions for which the component agencies did not provide documentation to support that the transactions were authorized and for official travel or were unauthorized.

At OS, we estimate that 7 percent¹⁵ of fiscal year 2001 travel card transactions were unauthorized. We identified personal charges for gas

¹²We are 95 percent confident that the actual percentage lies between 14 percent and 32 percent.

¹³We are 95 percent confident that the actual percentage lies between 11 percent and 29 percent.

¹⁴We are 95 percent confident that the actual percentage lies between 10 percent and 27 percent.

¹⁵We are 95 percent confident that the actual percentage lies between 3 percent and 15 percent.

and ATM withdrawals and one business-related transaction for parking at a meeting.

In some cases, the component agencies had already identified unauthorized transactions that were in our sample and had taken action, and in other cases, the component agencies were not aware of the unauthorized use until we brought it to their attention. For example, one of the transactions in our NIH sample was a personal purchase of gasoline. NIH provided documentation showing that the cardholder had several prior instances of personal use of the card and had been delinquent in paying his travel card bill. NIH canceled his travel card in June 2002, and the employee voluntarily resigned. For two other unauthorized transactions in our sample, NIH told us that the purchases were not identified until we started our review. NIH also told us that in June 2002, it sent a document containing the policy on proper use of the travel card to all cardholders who had to certify that they read and understood the rules.

In addition to our assessment of unauthorized use, we took steps to determine the potential impact that these instances of unauthorized use had on the travel card program. Specifically, we determined whether the employees responsible for the unauthorized use were late in paying their bills or had their accounts written off. This is key because unauthorized use of the travel card by itself has no direct negative monetary affect on the government unless the cardholders do not pay their bills on time. Delinquencies and write-offs affect how the bank calculates the amount of an agency's rebate. We reviewed U.S. Bank data for fiscal year 2001 to determine whether those cardholders in our sample whose transactions were personal, unauthorized, or undocumented paid their bills on time. Of the 71 unauthorized or undocumented transactions that we reviewed, 3 were made by cardholders who did not pay their bills timely and had their accounts written off. These 3 write-offs totaled \$13,446.

While the majority of the cardholders in our samples who used their travel cards for unauthorized and personal purposes paid their bills timely, using the card for these purposes is against government regulations. Because HHS's monitoring efforts focus on identifying delinquent accounts, they may not identify the majority of personal and other unauthorized use. Although HHS's delinquency rates are comparatively low, left unchecked, personal and other unauthorized use of travel cards has the potential to increase delinquencies and write-offs in the future.

Controls over Travel Voucher Processing Could Be Improved

To assess whether controls over travel voucher processing were effective in helping to ensure that travelers were not receiving reimbursements for unallowable expenses or in excess of proper travel expenses,¹⁶ we tested 349 travel vouchers¹⁷ related to the sample of travel card transactions we discussed earlier. While we did not find any cardholders who were reimbursed for outright unallowable expenses, we did find some errors that were not caught during the voucher review process, resulting in reimbursements that exceeded proper expenses. The two most common types of errors we identified were reimbursement for (1) per diem in excess of authorized amounts and (2) items such as telephone calls and hotel taxes that the hotel charged to the traveler, and then credited to the traveler's account. We could not determine the validity of some reimbursements because the component agencies did not provide us with all the receipts supporting the reimbursement amounts. Without the proper supporting documentation, neither we nor the travel voucher reviewers can determine with certainty whether reimbursements of travel expenses are proper and correct.

Table 5 shows the estimate of travel vouchers in which the reimbursement amounts were in excess of proper travel expenses or were not properly supported.

¹⁶We found some underpayments but did not include them as errors.

¹⁷The number of vouchers tested (349) is less than the number of transactions tested (430) because (1) there are no travel vouchers for the unauthorized transactions, (2) some authorized transactions, such as airfare, were charged, but then the trips were canceled so no vouchers were prepared, and (3) we did not receive complete copies of some vouchers from HHS, so we were not able to review them.

Table 5: Estimate of Travel Vouchers Related to Fiscal Year 2001 Travel Card Transactions That Were in Excess of Proper Travel Expenses or Were Not Properly Supported

Component agency	Estimates of the percentage of travel vouchers that were overstated or were not properly supported ^a
CMS	10
FDA	13
IHS	9
NIH	10
OS	6

Source: GAO analysis.

^aSee app. I for confidence intervals associated with these estimates.

Table 6 gives a breakdown of the number of vouchers that we reviewed in which the reimbursement amounts were in excess of proper travel expenses or were not properly supported.

Table 6: Number of Travel Vouchers Related to Fiscal Year 2001 Travel Card Transactions That Were in Excess of Proper Travel Expenses or Were Not Properly Supported

Component agency	Reimbursement exceeds proper expenses	Not properly supported	Totals
CMS	3	4	7
FDA	2	7	9
IHS	6	0	6
NIH	6	1	7
OS	3	2	5
Total	20	14	34

Source: GAO analysis.

As table 6 shows, the main reason for problems at FDA was poor record retention. FDA did not provide sufficient documentation (mainly required receipts for expenses like lodging and airfare) to determine whether the reimbursements were proper. The most common type of problem that we identified in testing vouchers for IHS and NIH was that per diem was reimbursed for 1 day more than the number of days of actual travel or in excess of authorized amounts. At IHS, three vouchers we tested included reimbursement amounts totaling \$95 related to excess per diem, and five

NIH vouchers we tested included reimbursement amounts totaling \$378 related to excess per diem. This situation should have been identified in the process, either by employees when they signed the vouchers before submitting them for review, or by the reviewers before the vouchers were paid.

The problems we found in testing vouchers for CMS and OS were lack of receipts and excess reimbursement for items such as telephone calls and hotel taxes that the hotel charged to the traveler, and then credited to the traveler's account. The amount of excess reimbursement by CMS for items credited to hotel bills was about \$33 and the amount for OS was about \$159. We also found that CMS improperly reimbursed about \$12 to a traveler for fees claimed on the voucher twice, and OS paid about \$12 in excess per diem. While these amounts are minimal, they relate to only a small percentage of travel voucher reimbursements for fiscal year 2001, and if extrapolated to all travel reimbursements, the amount could be significant. Reimbursing employees for amounts that exceed proper expenses potentially reduces the amount of travel funds available during the year for other important mission-related activities requiring travel. Further, in cases where the component agencies did not maintain adequate documentation to support the amounts reimbursed on travel vouchers, neither they nor we can determine if the travel voucher reimbursements are proper.

Conclusions

HHS's process for monitoring its travel card program has been effective in reducing delinquencies and write-offs. However, because the focus is primarily on identifying and addressing existing delinquencies as opposed to preventing or detecting unauthorized use, unauthorized use is not always identified. Unchecked, unauthorized use could lead to increased delinquencies and write-offs, thus reducing the rebates HHS earns on its travel card program. In addition, while component agencies have controls over travel voucher processing, these controls were not always effective in ensuring that per diem amounts claimed were proper and that reimbursements did not include amounts for which travelers had received credits on their hotel bills. Also, weaknesses in controls related to record retention impede reviewers' ability to ensure that travel voucher reimbursement amounts are proper and accurate.

Recommendations for Executive Action

To reduce unauthorized and personal use of travel cards and help ensure that travelers are not receiving reimbursements in excess of proper travel expenses, we recommend that the Secretary of Health and Human Services require component agencies to

- include procedures in their monitoring efforts for periodically testing a sample of travel card transactions to identify unauthorized travel card charges and any adverse trends that would warrant further testing or additional controls,
- issue an alert to voucher processing staff/reviewers reminding them to check vouchers for proper per diem amounts and amounts credited on hotel bills, and
- issue an alert to voucher processing staff/reviewers reminding them to obtain and retain the necessary receipts needed to determine the correct amount of travel reimbursement.

Agency Comments and Our Evaluation

In written comments on a draft of this report, which are reprinted in appendix II, HHS concurred with our recommendations and stated that it is working to implement them. According to HHS, some of the component agencies we reviewed are taking, or have taken, various actions to implement our recommendations. These actions should help to reduce unauthorized and personal use of travel cards and help ensure that travelers are not receiving reimbursement in excess of proper travel expenses. We urge HHS to ensure that the recommendations are addressed departmentwide.

In separate technical comments, CMS took issue with three transactions that we determined to be unauthorized because the agency did not provide supporting documentation. As stated in our report, we characterized certain transactions as unauthorized because we determined that they either were for personal use or the component agencies did not provide us an approved travel order or other documentation to demonstrate that the transaction was an official travel expense.

These three transactions did not have cardholder names associated with them in U.S. Bank's database. CMS stated that it could not provide documentation to support the transactions without a traveler name, and therefore, these transactions should not be considered errors. We disagree.

We had several conversations with representatives from U.S. Bank about the data. Based on other data elements in its database, U.S. Bank representatives told us that they had determined the transactions were made with travel cards issued to CMS employees. CMS and the bank were both aware of the account numbers associated with these three transactions and other transaction information such as the merchant name and address and transaction date. This information would have provided them an avenue to ascertain the cardholder names.

As agreed with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 7 days after its date. At that time, we will send copies to interested congressional committees, the Secretary of Health and Human Services, and the Director of the Office of Management and Budget. Copies will also be made available to others upon request. In addition, this report will be available at no charge on GAO's Web site at <http://www.gao.gov>.

Please contact me at (202) 512-9508 or by E-mail at calboml@gao.gov if you or your staff has any questions concerning this report. An additional GAO contact and staff acknowledgments are provided in appendix III.

Sincerely yours,



Linda M. Calbom
Director, Financial Management
and Assurance

Objectives, Scope, and Methodology

The objectives of our review were to determine whether (1) the Department of Health and Human Services (HHS) has an effective process for monitoring its travel card program to minimize delinquency rates, write-offs, and unauthorized use of the card and (2) HHS's controls over travel voucher processing are effective in helping ensure that travelers are not receiving reimbursements in excess of proper travel expenses. We selected five HHS component agencies to review based on the amount of travel card activity and delinquency rates in fiscal year 2001. Table 7 shows the amounts of travel card activity for these component agencies in fiscal year 2001. These five component agencies, which incurred approximately 370,000 transactions in the amount of \$48.8 million, covered nearly 70 percent of HHS's travel card activity in fiscal year 2001.

Table 7: Fiscal Year 2001 Travel Card Activity at HHS Component Agencies Selected for Review

Component agency	Number of travel card transactions	Dollar value of transactions
Centers for Medicare and Medicaid Services (CMS)	68,248	\$9.0 million
Food and Drug Administration (FDA)	83,552	14.2 million
Indian Health Service (IHS)	99,167	7.6 million
National Institutes of Health (NIH)	43,173	7.6 million
Office of the Secretary (OS)	75,700	10.4 million

Source: U.S. Bank data provided by HHS.

To determine whether HHS has an effective process for monitoring its travel card program to minimize delinquency rates, write-offs, and unauthorized use of the card, we obtained an understanding of the travel card program, both departmentwide and for the five individual component agencies. We interviewed HHS staff members and officials and reviewed HHS's departmentwide and individual component agencies' policies and procedures to identify procedures for monitoring their travel card programs. We also obtained data from the General Services Administration on delinquency rates and write-offs and compared HHS to other federal agencies.

To determine the extent of unauthorized use of travel cards during fiscal year 2001, we tested random samples of travel card transactions from each of the five component agencies. To select the samples, we obtained (1) a database of HHS travel card transactions for fiscal year 2001 from U.S.

Bank, the contractor that administers the HHS travel card program, and (2) lists of fiscal year 2001 travel orders and vouchers from the five component agencies. We verified that the population of transactions in the database agreed with control totals for the number and amount of transactions provided by U.S. Bank. We were not able to verify the completeness of the lists of travel orders and vouchers.

From the U.S. Bank data, we selected random samples of 86 travel card transactions for each of the five component agencies, for a total of 430 transactions. Then, based on the date of the transactions and the dates of travel, we identified the travel order related to each transaction. We asked the component agencies to provide the travel order, travel voucher, and all documentation and receipts supporting the amount claimed on the travel voucher for each of the sampled transactions. Because we were not able to ensure that the lists of travel orders were complete, in cases where we could not identify a related order, we provided the component agencies with information on the transactions, including cardholders' names and account numbers, merchant names and addresses, and dates of transaction, so that they could try to identify the related orders through other means. In some cases, the component agencies were able to locate the related travel orders and vouchers, and they provided the documents to us, or they provided us with documentation stating that the transactions were not for authorized expenses related to official travel. In other cases, the component agencies provided us with travel orders and vouchers, but we determined that they did not relate to the transactions, or the component agencies did not provide any documentation for some transactions. We concluded that a transaction was an authorized use of the travel card if there was an approved travel order related to the transaction. We concluded the transaction was unauthorized if (1) the component agency acknowledged unauthorized use, (2) the travel order we were provided did not relate to the transaction, or (3) we were not provided with any documentation. Table 8 shows the results of our tests, including the point estimates and the two-sided, 95 percent confidence intervals for fiscal year 2001 travel card transactions that were unauthorized.

Table 8: Estimates of Fiscal Year 2001 Unauthorized Travel Card Transactions

Component agency	Number of unauthorized transactions	Estimate of percentage of unauthorized transactions	Confidence interval at a 95 percent confidence level
CMS	15 of 86	17%	10% to 27%
FDA	15 of 86	17%	10% to 27%
IHS	19 of 86	22%	14% to 32%
NIH	16 of 86	19%	11% to 29%
OS	6 of 86	7%	3% to 15%

Source: GAO analysis.

To determine the potential impact that the unauthorized transactions had on the travel card program,¹ we reviewed the U.S. Bank data and determined whether those cardholders who used their travel cards for unauthorized purposes paid their bills on time. Table 9 shows the number of cardholders with unauthorized transactions who were delinquent and who had their accounts written off during fiscal year 2001.

Table 9: Summary of Cardholders with Unauthorized Transactions Who Had Their Accounts Written Off during Fiscal Year 2001

Component agency	Number of unauthorized transactions (cardholders)	Number of cardholders who were delinquent	Number of delinquent cardholders whose accounts were written off	Total balances written off
CMS	15	5	0	
FDA	15	4	0	
IHS	19	12	2	\$6,600.42
NIH	16	6	1	6,845.23
OS	6	1	0	
Total	71	28	3	\$13,445.65

Source: GAO analysis of U.S. Bank data.

¹If cardholders do not pay their bills timely, the agency's rebate amount can be reduced or eliminated.

To determine whether controls over travel voucher processing are effective in helping ensure that travelers are not receiving reimbursements in excess of proper travel expenses, we tested the travel voucher covering each of the authorized transactions in our samples to determine whether the reimbursement amount was properly supported and not overstated. For each voucher in the sample, we verified that correct per diem rates were used; verified that automated teller machine cash withdrawal fees were calculated correctly, ensured that the necessary receipts were attached and the correct amounts were claimed on the voucher, and verified that the calculations on the voucher were accurate. Table 10 shows the results of our tests, including the point estimates and the two-sided, 95 percent confidence intervals for fiscal year 2001 travel vouchers relating to authorized travel card transactions.

Table 10: Estimates of Travel Vouchers Relating to Fiscal Year 2001 Travel Card Transactions That Were Not Properly Supported or Were Overstated

Component agency	Number of vouchers not properly supported or overstated	Estimate of percentage of travel vouchers not properly supported or overstated	Confidence interval at a 95 percent confidence level
CMS	7 of 67	10%	4% to 20%
FDA	9 of 70	13%	6% to 23%
IHS	6 of 67	9%	3% to 19%
NIH	7 of 67	10%	4% to 20%
OS	5 of 78	6%	2% to 14%

Source: GAO analysis.

We conducted our work from May 2002 through November 2002 in accordance with generally accepted government auditing standards. We requested comments on a draft of this report from the Secretary of Health and Human Services or his designee. Written comments were received from HHS and are reprinted in appendix II. These written comments and separate technical comments we received are evaluated in the “Agency Comments and Our Evaluation” section near the end of our report.

Comments from the Department of Health and Human Services



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Inspector General

Washington, D.C. 20201

FEB 4 2003

Ms. Linda M. Calbom
Director, Financial Management and Assurance
United States General
Accounting Office
Washington, D.C. 20548

Dear Ms. Calbom:

Enclosed are the department's comments on your draft report entitled, "Department of Health and Human Services: Controls Over Travel Program Are Generally Effective, But Some Improvements Are Needed." The comments represent the tentative position of the department and are subject to reevaluation when the final version of this report is received.

The department also provided several technical comments directly to your staff.

The department appreciates the opportunity to comment on this draft report before its publication.

Sincerely,

A handwritten signature in cursive script that reads "Janet Rehnquist".

Janet Rehnquist
Inspector General

Enclosure

The Office of Inspector General (OIG) is transmitting the department's response to this draft report in our capacity as the department's designated focal point and coordinator for General Accounting Office reports. The OIG has not conducted an independent assessment of these comments and therefore expresses no opinion on them.

Appendix II
Comments from the Department of Health
and Human Services

Comments of the Department of Health and Human Services on the General Accounting Office's Draft Report, "Department of Health and Human Services: Controls Over Travel Program Are Generally Effective, But Some Improvements Are Needed" (GAO-03-334)

The Department of Health and Human Services (department) appreciates the opportunity to comment on this draft report.

Recommendations for Executive Action

To reduce unauthorized and personal use of travel cards and help ensure that travelers are not receiving reimbursements in excess of proper travel expenses, we recommend that the Secretary of Health and Human Services:

- Require component agencies to include procedures in their monitoring efforts for periodically testing a sample of travel card transactions to identify unauthorized travel card charges and any adverse trends that would warrant further testing or controls
- Require component agencies to issue an alert to voucher processing staff/reviewers reminding them to check vouchers for proper per diem amounts and amounts credited on hotel bills
- Require component agencies to issue an alert to voucher processing staff/reviewers reminding them to obtain and retain the necessary receipts needed to determine the correct amount of travel reimbursement.

Department Response

The department concurs with these recommendations and is working to implement the GAO's recommendations.

With regards to the first recommendation, the National Institutes of Health (NIH) plans to instruct their travel card coordinators to perform this sampling on a quarterly basis. The size of the sample will vary and assistance will be provided to the travel coordinators in determining an appropriate sample size. When the final GAO report is issued, NIH will summarize the recommendations and incorporate them into travel alerts.

The Centers for Medicare and Medicaid Services (CMS) will work with U.S. Bank to develop specifications to generate a sample of travel card transactions. On a semiannual basis, CMS will try to match these transactions back to the travel orders and travel vouchers contained in its automated system. For those selected transactions, a review will be undertaken to determine if the travel reimbursements are proper according to Federal Travel Regulations (FTR) and existing policies and that all required receipts are attached.

With regards to the second and third recommendations, CMS plans to issue notices to travel approvers on an ongoing basis reminding them of their responsibilities when

Appendix II
Comments from the Department of Health
and Human Services

processing travel vouchers for reimbursements. These instructions will include an alert that vouchers be reviewed for proper per diem amounts and amounts credited on hotel bills. The instructions will also include the types of receipts that are required by FTR to support expenses claimed as well as length of time all receipts must be maintained to support amounts reimbursed.

Also regarding the second and third recommendations, the Food and Drug Administration's (FDA) travel processes have changed significantly since fiscal year (FY) 2001, which was the year that the GAO reviewed for the audit. Since FY 2001, FDA has implemented an automated travel system, Travel Manager by Gelco, to process all FDA travel. Travel Manager obligates, authorizes, audits, and pays each voucher. In addition to the automated audit of every travel voucher to ensure compliance with the travel regulations and policies, FDA has developed a post-audit review that manually reviews a sufficient sample of all travel vouchers. Currently, Travel Manager has been implemented at approximately 50 percent of the agency. The FDA expects complete implementation of Travel Manager by the end of FY 2003.

GAO Contact and Staff Acknowledgments

GAO Contact

Kimberly Brooks, (202) 512-9038

Acknowledgments

In addition to the contact named above, Sharon Byrd, Don Campbell, Johnny Clark, Lisa Crye, Harold Fulk, Darren Goode, Kelly Lehr, Diane Morris, Chanetta Reed, Taya Tasse, and Cynthia Teddleton made key contributions to this report.

GAO's Mission

The General Accounting Office, the audit, evaluation and investigative arm of Congress, exists to support Congress in meeting its constitutional responsibilities and to help improve the performance and accountability of the federal government for the American people. GAO examines the use of public funds; evaluates federal programs and policies; and provides analyses, recommendations, and other assistance to help Congress make informed oversight, policy, and funding decisions. GAO's commitment to good government is reflected in its core values of accountability, integrity, and reliability.

Obtaining Copies of GAO Reports and Testimony

The fastest and easiest way to obtain copies of GAO documents at no cost is through the Internet. GAO's Web site (www.gao.gov) contains abstracts and full-text files of current reports and testimony and an expanding archive of older products. The Web site features a search engine to help you locate documents using key words and phrases. You can print these documents in their entirety, including charts and other graphics.

Each day, GAO issues a list of newly released reports, testimony, and correspondence. GAO posts this list, known as "Today's Reports," on its Web site daily. The list contains links to the full-text document files. To have GAO e-mail this list to you every afternoon, go to www.gao.gov and select "Subscribe to GAO Mailing Lists" under "Order GAO Products" heading.

Order by Mail or Phone

The first copy of each printed report is free. Additional copies are \$2 each. A check or money order should be made out to the Superintendent of Documents. GAO also accepts VISA and Mastercard. Orders for 100 or more copies mailed to a single address are discounted 25 percent. Orders should be sent to:

U.S. General Accounting Office
441 G Street NW, Room LM
Washington, D.C. 20548

To order by Phone: Voice: (202) 512-6000
 TDD: (202) 512-2537
 Fax: (202) 512-6061

To Report Fraud, Waste, and Abuse in Federal Programs

Contact:

Web site: www.gao.gov/fraudnet/fraudnet.htm

E-mail: fraudnet@gao.gov

Automated answering system: (800) 424-5454 or (202) 512-7470

Public Affairs

Jeff Nelligan, Managing Director, NelliganJ@gao.gov (202) 512-4800
U.S. General Accounting Office, 441 G Street NW, Room 7149
Washington, D.C. 20548

**United States
General Accounting Office
Washington, D.C. 20548-0001**

**Official Business
Penalty for Private Use \$300**

Address Service Requested

**Presorted Standard
Postage & Fees Paid
GAO
Permit No. GI00**

