NASA Travel Management Can Be Improved, Says NASA IG

Written by Nick Sanders
Monday, 27 February 2012 00:00

First, thanks to the Federal Times for bringing this issue to our attention. Its story on the topic can be found **here** . But we are not going to recap the FedTimes story, because we obtained the official **NASA IG report** in question, reviewed it and, thus, have our own opinion to share with you.

NASA's nearly 16,000 travelers spend roughly $80 Million on travel-related expenses each year. To use the hook from a popular 90's song: *isn't it ironic* that NASA seems to suffer from many of the same internal control issues that its contractors suffer from? The recommendations in the NASA IG report were reminiscent of many DCAA and other audit reports we've read throughout the years. For example—

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Failure   to review credit card usage reports to identify inactive cards

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Failure   to cancel employee credit cards upon separation/termination

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Employees   approving supervisor's expense reports

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Use   of company credit cards for personal expenses

See? *We're all in the same boat!*

 This is why you need to review the NASA IG report in some detail, to see if any of its recommendations can be applied to your own situation. If you think you have more important issues to deal with, we're going to have to disagree with your assessment of the situation.

 Improving controls over employee travel expense reimbursement is one of the more important initiatives that a growing government contractor (or, as it turns out, an established government agency) can tackle. At the same time, it's also one of the hardest, since it involves "cultural" issues and, often, issues of perceived employee entitlement. Because business travel often involves long hours and other aspects of personal sacrifice, there is (often) a sense on the employee's part that s/he is "owed" some type of offsetting compensation. Thus, there is a built-in rationale for violating company travel policy—especially in "gray areas" where the policy is ambiguous.

 To combat the temptation to violate company travel policy, it is important to have a very clear employee travel policy that minimizes the "gray areas" and explicitly sets forth expectations regarding what expenses will (and will not) be reimbursed. It is important to establish what expenses will (and will not) be claimed as allowable with respect to government billings. And it is important to establish rigorous internal controls that detect employee violations of company policy and which, by their very nature, act to deter potential wrongdoing.

 The foregoing advice is essentially what the IG told NASA management.

 The NASA IG reported that NASA's controls over its employee travel card program were "generally effective." The IG reported—

We found that NASA was effectively monitoring travel card use, that NASA's travel card policies and procedures are generally consistent with OMB guidelines, and that the Agency was providing employees with appropriate training. We also found that most NASA employees used their travel cards appropriately and paid their bills on time, and that NASA was effectively monitoring employee payments and reminding employees when their accounts were past due.

Regardless of the foregoing, the IG offered recommendations for improvement that would tend to strengthen existing controls. (When do they not?)   Here's what the NASA IG recommended—

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More   than 900, or 6 percent of travel cards, had never been used. NASA   should cancel them. In addition, NASA should periodically   monitor credit card usage and, based on usage,

establish appropriate   credit limits or cancel accounts.

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28   cardholders had separated from NASA, but still had active credit   card accounts. NASA should cancel accounts at the time the employees   leave the agency.

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The   IG tested a sample of 176 credit card transactions and found 9   instances of "improper or questionable use that had not been   detected by NASA." Nonetheless, it found that NASA's controls   were "generally effective." (Remember that error ratio the next   time DCAA reviews your controls.)

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4 of the 9 "gotchas" were for personal or non-travel related   expenses (*e.g.*, $773 for personal travel expenses); the employees had never sought   reimbursement but use of the NASA credit card for such expenses   violated policy.

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In   5 of the 9 transactions, the NASA IG was less certain: it reported   that "it was not clear whether charges were allowable because the   Federal Travel Regulation (FTR) does not clearly prohibit certain   types of expenses and NASA has not issued supplemental policy to   clarify the FTR." Examples of these "questionable" expenses   included purchases of in-room movies and expenses for additional   days that preceded or followed an official trip. The IG recommended that the existing NASA travel policy be revised to   address these ambiguous areas. In addition, the IG found that the   existing NASA travel policy was generally out-of-date and needed to   be brought current.

In addition to the points listed above, the NASA IG also had some findings that were buried in the report. These additional findings included—

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45   NASA employees had the authority to self-approve both travel   authorizations and

claims for travel reimbursement, so there was no   additional level of review being applied to their decision-making.   The IG found that 22 of the 45 should have been submitting their travel reimbursement claims for additional review/approval, but were   not doing so. The IG noted, "During our audit period, NASA   self-approvers incurred $552,000 in travel expenses charged to their   individual credit cards."

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Subordinate   employees approved the travel reimbursement claims of their   superiors in violation of existing NASA policy.

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NASA   could not adequately demonstrate that applying the rebates it   received from the credit card issuer (about $5 million) as a credit   to its general working capital fund met the OMB requirements that   the rebates be applied to the "appropriation or account from which the funds for purchases were expended." (Readers may recall that **other   contractors** have   had problems in this area.)

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"NASA's   charge card issuer reported that from June 2010 through July 2011,   36.5 percent of purchase cards and 3 percent of travel cards had   been compromised in the sense that card information (e.g., card   number, cardholder's name) may have been obtained by an   unauthorized source." This is possibly a finding more related to   the security of the credit card provider than it is a NASA-related   finding—but it does point out the need to *discuss credit card security within applicable policies*
,   and to
educate   employees about what to do
if   they learn that their information has been compromised in some   fashion. A strong policy has a defined process flow and provides   employees with appropriate points of contact from whom to obtain any   required assistance.

To conclude, we very much appreciate the findings and recommendations within the NASA Inspector General report, because we think it offers our clientele (and readership) an opportunity to evaluate their own policies and controls, and identify opportunities to enhance and improve them. In our view, it would be a shame to ignore these valuable lessons just because they related to a government agency, or because you are too busy fighting fires elsewhere.