

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

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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,

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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

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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.

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