

Federal Housing Finance Agency
Office of Inspector General



**Deficiencies in FHFA's Travel
Program From
April 1, 2022, Through March 31,
2023**



OFFICE OF INSPECTOR GENERAL
Federal Housing Finance Agency

400 7th Street SW, Washington, DC 20219

September 28, 2023

TO: Sandra L. Thompson, Director

FROM: James Hodge, Deputy Inspector General for Audits /s/

SUBJECT: Management Advisory: Deficiencies in FHFA's Travel Program From April 1, 2022, Through March 31, 2023

Pursuant to the Government Charge Card Abuse Prevention Act of 2012 and the Office of Management and Budget (OMB) Circular No. A-123, Appendix B (Revised August 27, 2019), *A Risk Management Framework for Government Charge Card Programs* (OMB A-123), we conducted a risk assessment of the Federal Housing Finance Agency's (FHFA or Agency) charge card program, covering both purchase cards and travel cards for the period from April 1, 2022, through March 31, 2023 (assessment period). Spending on those cards during the assessment period totaled \$1,258,825 and \$800,232, respectively. The objective of our risk assessment was to determine the scope, frequency, and number of periodic audits to perform. Overall, we found the risk of illegal, improper, or erroneous purchases and payments within FHFA's purchase card program was low, while the risk within the travel card program was moderate.¹

In connection with our risk assessment, we are issuing this management advisory concerning deficiencies within FHFA's travel card program that require management's immediate attention. Specifically, we found that some employees did not comply with applicable travel guidance as follows: (1) employees did not submit travel vouchers within 5 working days after travel; (2) approving officials did not review and approve travel vouchers within 5 calendar days after voucher submissions; and (3) some employees did not use their travel cards to pay for official travel expenses. As a result of these issues, we assessed the risk of illegal, improper, or erroneous purchases and payments in FHFA's travel card program ranging from moderate to high for four control objectives, as reported in our risk assessment and described in this advisory.

¹ See *OIG, Risk Assessment of FHFA's Charge Card Programs April 1, 2022 - March 31, 2023* (OIG-RA-2023-001; Sept. 28, 2023).

We make four recommendations to address the deficiencies identified in the Agency’s travel program. In a written management response (see Appendix), FHFA agreed with our recommendations.

This management advisory is not an audit or an evaluation. Therefore, it was not performed in accordance with the generally accepted government auditing standards issued by the Government Accountability Office (GAO) or the *Quality Standards for Inspection and Evaluation* issued by the Council of the Inspectors General on Integrity and Efficiency (CIGIE). We followed CIGIE’s *Quality Standards for Federal Offices of Inspector General* in preparing this management advisory. We believe that the evidence obtained provides a reasonable basis for the risk outlined in this management advisory.

This management advisory was prepared by Heath Wolfe, Director of Audit Operations, with assistance from Abdil Salah, Assistant Inspector General for Audits. We appreciate the cooperation of FHFA staff, as well as the assistance of all those who contributed to the preparation of this advisory.

This advisory was distributed to FHFA, Congress, OMB, GAO, and others and will be posted on our website, www.fhfaig.gov, and www.oversight.gov. We also issued a Risk Assessment (see OIG-RA-2023-001, dated September 28, 2023), outlining the results of our risk assessment of FHFA’s charge card programs.

Background

FHFA's Travel Program and Requirements

FHFA's Office of the Chief Operating Officer's Office of Budget and Financial Management oversees the Agency's travel program. FHFA had between 147 and 158 active travel cards during fiscal year 2022 with \$369,080 of total expenditures.² Through an interagency agreement, the Department of the Treasury's Bureau of the Fiscal Service's Administrative Resource Center (ARC) assists FHFA in managing its travel program.

ARC's Travel Sampling Plan stipulates that each month ARC reviews all travel vouchers of \$2,500 or more submitted by FHFA employees, and selected travel vouchers of less than \$2,500, to test compliance with the *Federal Travel Regulation* (FTR). ARC issues its results to FHFA on a quarterly basis for Agency management's review and action.

Among other things, the FTR requires that:

- Travelers must submit travel authorizations prior to commencing travel;
- Travel authorizations should detail the expenses that the agency will pay;
- Travelers must ensure that all travel expenses are prudent and necessary;
- Travelers must provide a lodging receipt and a receipt for every authorized expense over \$75 or a reason explaining why a receipt could not be furnished;
- Travelers with travel charge cards must use the cards for all official travel expenses unless exempted;
- Travelers must submit travel vouchers within 5 working days after they complete their trip or period of travel, or every 30 days if they are on continuous travel;
- Agencies must reimburse travelers within 30 calendar days after submission of a proper travel claim to the agency's designated approving office; and
- Travelers' mandatory use of the travel charge card does not relieve employees' obligation to honor the cardholder payment agreement.

Although not an appropriated federal agency, FHFA established a Travel Policy that requires FHFA to reimburse travel and travel-related expenses incurred in the performance of official business in accordance with the FTR and its Travel Policy. The Agency's Travel Policy also states that, to the extent inconsistencies arise between it and the FTR, the Travel Policy will take

² Historically, FHFA's annual travel card transactions have remained well below the \$10 million threshold that requires periodic audits, and this trend continued during the assessment period.

precedence. In the case of travel voucher approvals, FHFA's Travel Policy requires approving officials to approve travel reimbursements within five calendar days of receipt of the request in the Agency's electronic travel system.

Prior Audit of FHFA's Travel Card Program

In our last audit of FHFA's travel card program in fiscal year 2018,³ we reported that FHFA had adequate written policies and procedures for its travel cards, but those policies and procedures were not always followed. Among other things, we noted exceptions to travel requirements related to the late filing of travel vouchers and that FHFA employees on official travel did not use their government contractor-issued travel cards to pay for lodging expenses. We made one recommendation to which FHFA agreed. Subsequently, we confirmed in our 2019 charge card program risk assessment that the Agency took actions to address the deficiencies.⁴

Analysis of FHFA's Travel Program

For the assessment period, ARC reviewed 62 travel vouchers, totaling \$119,724, to determine whether they complied with the FTR. ARC found that 18 vouchers totaling \$27,226 were not submitted within 5 working days after the travelers completed their trips, and 3 travelers for 4 vouchers totaling \$7,290 did not use their travel cards to pay for all official travel expenses. While ARC's testing is limited to the FTR requirements, we determined that these exceptions were also violations of FHFA Travel Policy. Based on the nature and number of exceptions, we conducted additional analysis of the Agency's travel program during our risk assessment.

We reviewed FHFA's spreadsheet of all travel vouchers submitted during the assessment period. Of the 798 vouchers submitted, 273 (34.2 percent) were submitted 6 to 597 working days after the travelers completed their trips.⁵ Additionally, 110 vouchers (13.8 percent) were approved 6 to 558 calendar days after the travelers submitted them.⁶ Based on our analysis, we assessed a moderate to high risk of the following control objectives not being met:

- Suspicious card transactions (i.e., improper purchases) did not exist (moderate risk);
- Reportable card misuse requiring administrative or disciplinary actions did not exist (moderate risk);
- Previous audit recommendations were addressed (moderate risk); and

³ See OIG, [Audit of FHFA's Fiscal Year 2017 Government Travel Card Program: FHFA Needs to Emphasize Certain Program Requirements to Travelers and Approving Officials](#) (Sept. 25, 2018).

⁴ See OIG, [Risk Assessment of FHFA's Government Travel Card Program July 1, 2018 – June 30, 2019](#) (Sept. 10, 2019).

⁵ Of the 273 vouchers, 237 (86.8 percent) were submitted 6 to 30 working days late.

⁶ Of the 110 vouchers, 101 (91.8 percent) were approved 6 to 30 calendar days late.

- Payments on accounts were timely (high risk).

Findings

1. Employees did not submit travel vouchers within five working days after they completed their trips.
2. Employees did not use their travel cards to pay for all official travel expenses.
3. FHFA approving officials did not approve travel reimbursements within five calendar days of receipt of the request in the Agency's electronic travel system.

Conclusion

FHFA employees' noncompliance with the FTR and FHFA's Travel Policy pose increased risk of illegal, improper, or erroneous purchases and payments within the Agency's travel card program.

Recommendations

We recommend that FHFA management:

1. Reinforce FHFA's Travel Policy and *Federal Travel Regulation* requirements to employees and approving officials through ongoing training and periodic reminders of responsibilities.
2. Ensure that employees submit travel vouchers within five working days after completing their travel.
3. Ensure that employees are aware and periodically reminded that the travel cards must be used for all official travel expenses.
4. Ensure that approving officials approve travel reimbursements within five calendar days of receipt of the voucher in the Agency's electronic travel system.

FHFA Comments and OIG's Response

We provided a draft of this Management Advisory to FHFA and received a written management response. In its management response, which is included in the Appendix to this Management Advisory, FHFA agreed with our recommendations and committed to providing the Agency's planned corrective actions to OIG by November 30, 2023.

APPENDIX: FHFA MANAGEMENT RESPONSE.....

This page intentionally blank. See the following pages.



Federal Housing Finance Agency

MEMORANDUM

TO: James Hodge, Deputy Inspector General for Audits

THROUGH: Katrina D. Jones, Chief Operating Officer **KATRINA JONES**
Digitally signed by KATRINA JONES
Date: 2023.09.21 16:25:26 -04'00'

FROM: Mark Kinsey, Chief Financial Officer **Mark Kinsey**
Digitally signed by Mark Kinsey
Date: 2023.09.21 16:06:01 -04'00'

SUBJECT: Draft Management Advisory Report: *Deficiencies in FHFA's Travel Program From April 1, 2022, Through March 31, 2023*

DATE: September 22, 2023

Thank you for the opportunity to respond to the Office of Inspector General's (OIG) draft report. OIG conducted a risk assessment of the Federal Housing Finance Agency's (FHFA or Agency) charge card program, covering both purchase cards and travel cards for the period from April 1, 2022, through March 31, 2023. While OIG found that the risk of illegal, improper, or erroneous purchases and payments within FHFA's purchase card program was low, the assessment found the risk to the travel card program was moderate and identified deficiencies that require management's immediate attention.

FHFA has reviewed the report's findings and recommendations and agrees to implement corrective actions to address the deficiencies. FHFA is currently developing the corrective actions and will provide OIG with its planned corrective actions by November 30, 2023.

I would like to acknowledge the professionalism and rigor by the OIG staff who conducted this risk assessment. We find the report and its conclusions valuable in continuing to improve our charge card program. If you have any questions relating to our response, please contact Amy Boyles.

cc: Edom Aweke
John Major
Amy Boyles

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